

A stylized world map composed of white dots on a blue background, with some dots highlighted in green and yellow. The map is positioned in the upper left quadrant of the slide.

Annual General Shareholders' Meeting

• www.rt.ru

Dmitry Ye. Yerokhin
General Director
Rostelecom

June 25, 2005

The Rostelecom logo, a stylized blue 'S' shape, is positioned to the left of the company name.

ROSTELECOM
always in touch

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.

I. Key management priorities in 2004

- ✓ II. Management's review of 2004 achievements
 - ✓ Strengthening competitive position
 - ✓ Enhancing operational efficiency
 - ✓ Improving financial performance
 - ✓ Investments in growth
 - ✓ Improving corporate governance standards
 - ✓ Social program implementation

- ✓ III. Objectives for 2005

Strengthening competitive position and improving revenue dynamics

- ✓ DLD and outgoing ILD traffic growth of at least 10%, incoming ILD traffic growth - 20%
- ✓ Stable traffic and revenue dynamics from Moscow subscribers
- ✓ Further market share gains in international segments
- ✓ Revenue increase of at least 11%

Enhancing operational efficiency

- ✓ Organizational structure and headcount optimization
- ✓ Phasing out analogue lines and other underperforming assets.

Developing technical infrastructure

- ✓ Network throughput & switching capacity expansion
- ✓ New fiber-optic line construction
- ✓ Development of flexible multiplexers network

✓ I. Key management priorities in 2004

✓ **II. Management's review of 2004 achievements**

✓ **Strengthening competitive position**

✓ Enhancing operational efficiency

✓ Improving financial performance

✓ Investments in growth

✓ Improving corporate governance standards

✓ Social program implementation

✓ III. Objectives for 2005

Strengthening of competitive positions in the main markets produced...

Regional market

- ✓ ILD tariff rebalancing for subscribers of Russia's super-regional telecom operators
- ✓ Active cooperation with alternative operators

Moscow

- ✓ Reorganization of the customer care function
- ✓ Readying state-of-the-art call-center
- ✓ Expansion of points of payment for long-distance and international calls

International operators' market

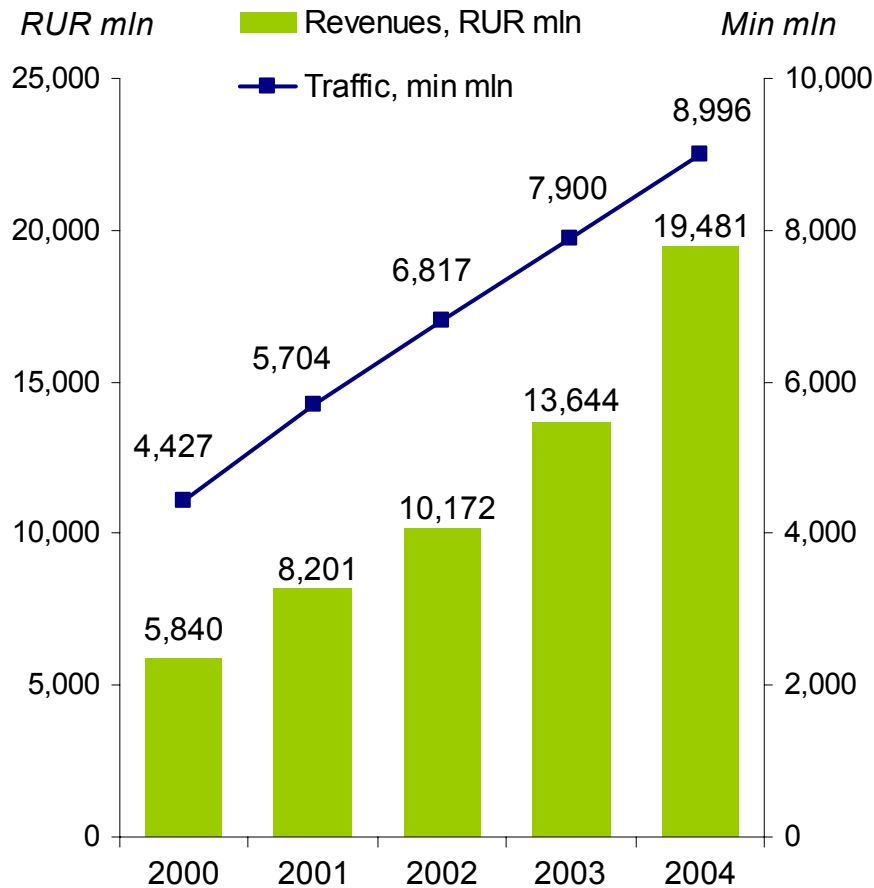
- ✓ Active cooperation with international operators

Leased line services, intelligent network services

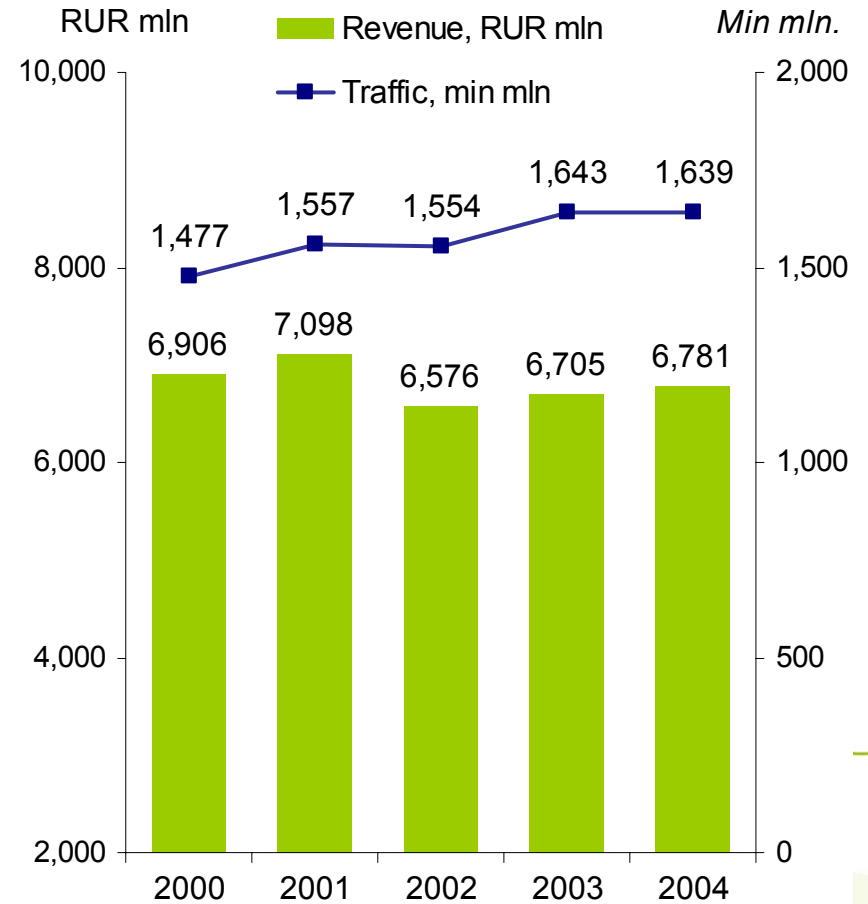
- ✓ Further development of the flexible multiplexers network
- ✓ Launch and active promotion of the *Karta Svyazy* prepaid card
- ✓ Launch of "Premium Rate (809-200)" services

... traffic and revenue growth from regional operators and Moscow subscribers...

Traffic and revenues from Russian operators*



Traffic and revenues from Moscow subscribers*

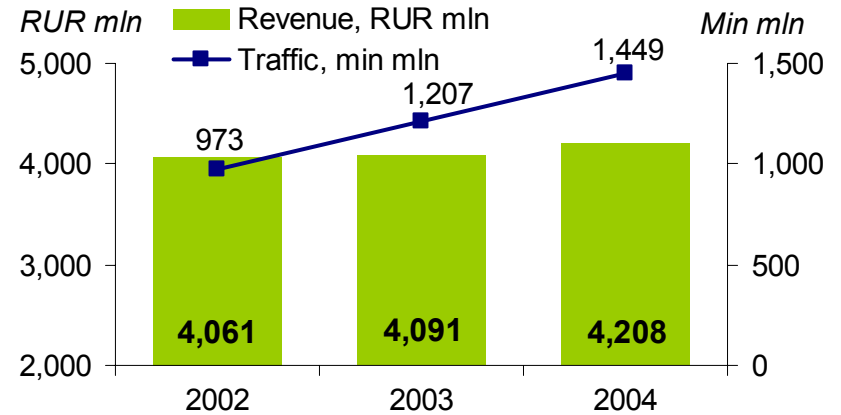


* According to Russian Accounting Standards

...revenue growth from international operators, leased line services and new services

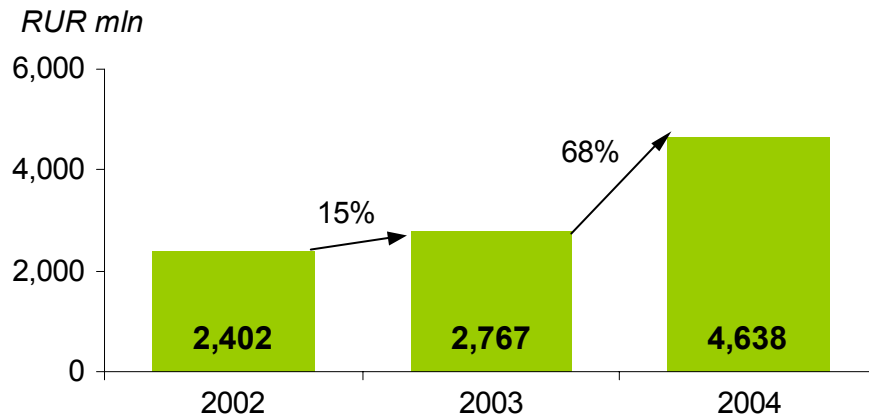
- ✓ In 2004 incoming ILD traffic volume grew by 20.0% year on year to 1,449 million minutes; revenues from international operators increased by 2.8% to RUR 4,208 million
- ✓ Revenues from leased line services rose 67.6% year on year to RUR 4,638 million
- ✓ Revenues from intelligent network services totaled RUR 142 million, a nearly threefold increase year on year

Incoming international traffic and revenues from international operators*

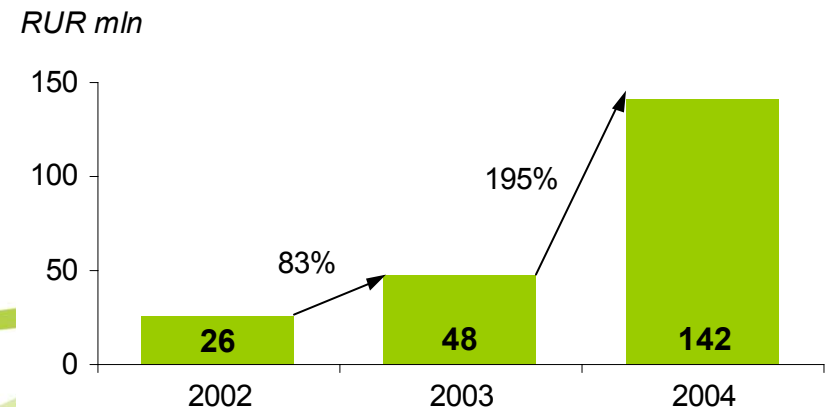


* According to Russian Accounting Standards

Revenues from leased line services



Revenues from intelligent network services



I. Key management priorities in 2004

II. Management's review of 2004 achievements

- ✓ Strengthening competitive position
- ✓ **Enhancing operational efficiency**
- ✓ Improving financial performance
- ✓ Investments in growth
- ✓ Improving corporate governance standards
- ✓ Social program implementation

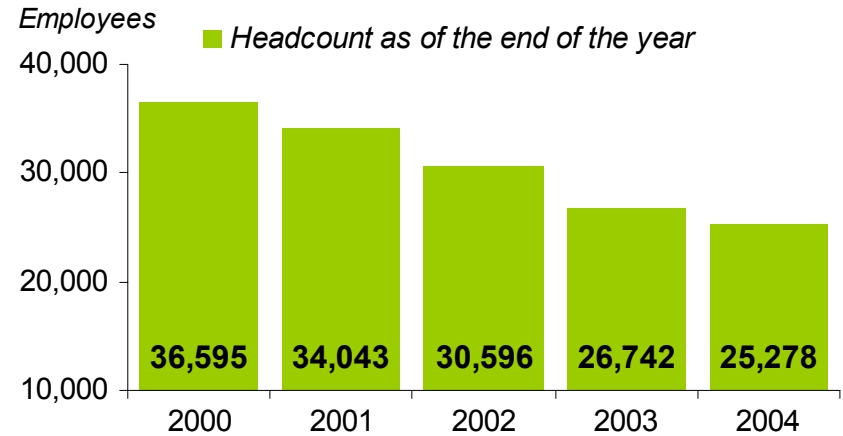
III. Objectives for 2005

Efficiency enhancement drove positive financial results in 2004

✓ Organizational streamlining and headcount optimization

- Identification of areas for additional headcount reduction in Rostelecom’s regional branches.
- Consolidation of regional centers and the creation of joint departments
- 5% headcount reduction to 25.3 thousand employees

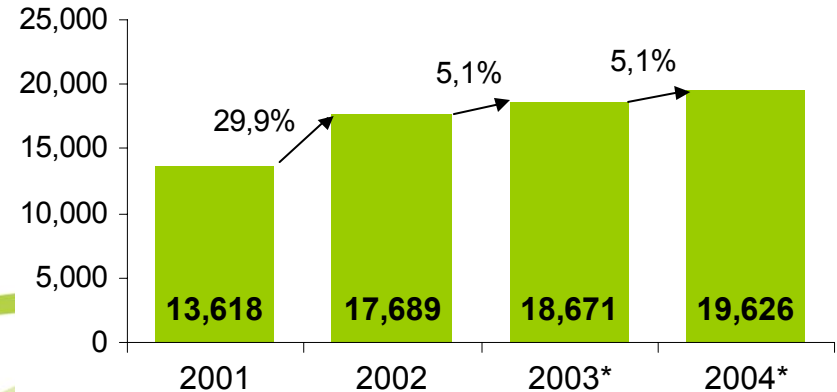
Headcount



✓ Effective cost control

- In 2004 operating expenses* rose by 5.1%
- EBITDA* grew 14.2%, while EBITDA margin* amounted to 44.3%

Operating expenses



* Excluding the effect of the new settlement system

I. Key management priorities in 2004

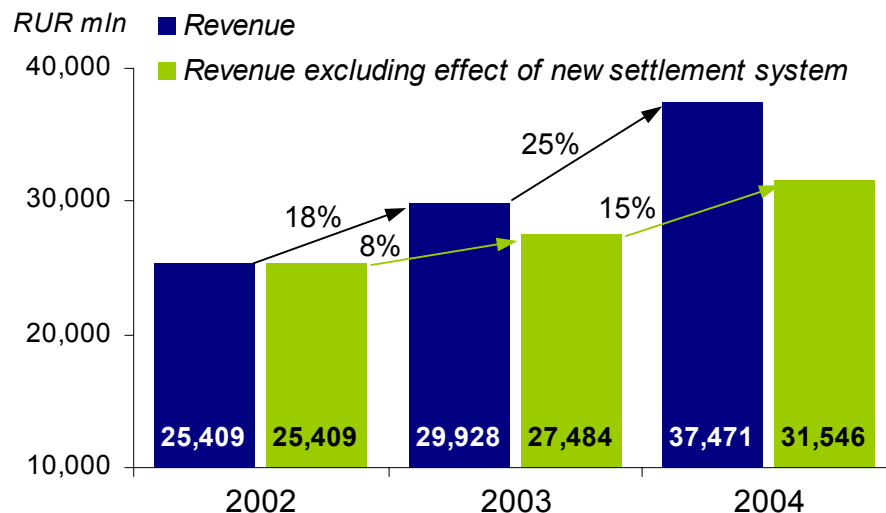
II. Management's review of 2004 achievements

- ✓ Strengthening competitive position
- ✓ Enhancing operational efficiency
- ✓ **Improving financial performance**
- ✓ Investments in growth
- ✓ Improving corporate governance standards
- ✓ Social program implementation

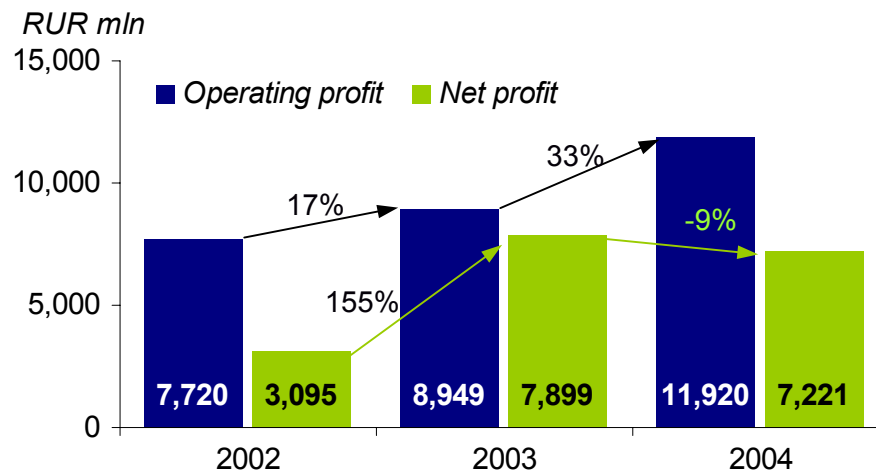
III. Objectives for 2005

- ✓ 2004 full year revenue increased by 25.2% and totaled RUR 37,471 million
- ✓ Excluding the effect of the introduction of the new settlement system, revenue grew by 14.8%, to RUR 31,546 million
- ✓ 2004 full year EBITDA²⁾ totaled RUR 13,983 million, a 13.0% increase year on year
- ✓ Operating profit amounted to RUR 11,920 million – a year-on-year increase of 33.2%
- ✓ Net profit was RUR 7,221.3 million in 2004, compared to RUR 7,899 million in 2003. Excluding one-time gains that the Company recorded from non-core activities in 2003, 2004 net profit increased by 15.4% year on year

Revenue ¹⁾



Operating profit & Net profit ¹⁾



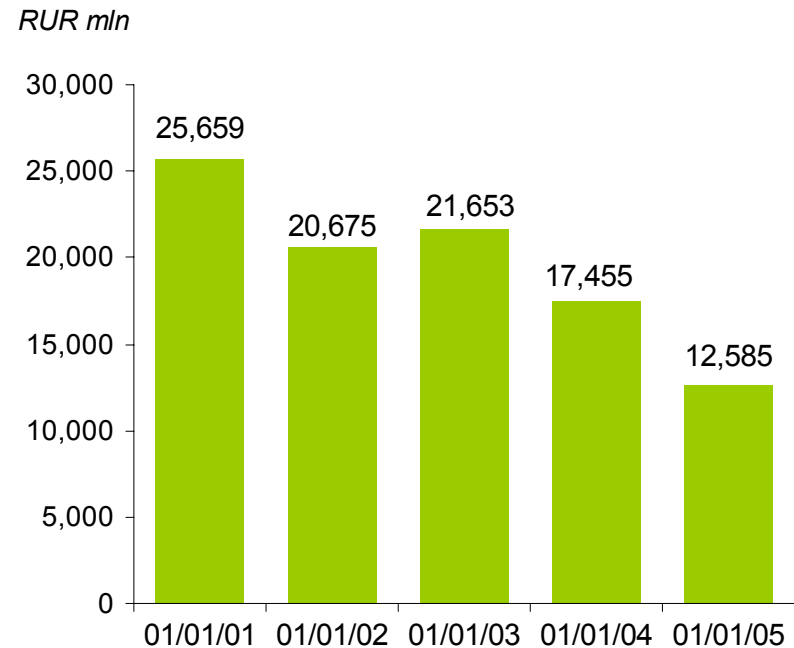
¹⁾ According to Russian Accounting Standards

²⁾ EBITDA is calculated as total revenues less operating expense excluding depreciation

Balance sheet strength and improved credit quality

- ✓ Rostelecom continued to improve its balance sheet structure in 2004, strengthening the Company's financial health and flexibility
- ✓ As of December 31, 2004, shareholder's equity increased 21% to RUR 32,011 million
- ✓ As of December 31, 2004, the Company's liabilities (both long and short-term) totaled RUR 12,585 million, a decrease of 28% compared to the end of 2003
- ✓ In the first quarter of 2004, Rostelecom completed the restructuring of its lease receivables to RTC-Leasing and no longer has any leasing obligations

Non-consolidated debt *



* According to Russian Accounting Standards

In February 2005, Standard & Poor's raised its long-term corporate credit rating on Rostelecom from «B» to «B+» with a stable outlook

I. Key management priorities in 2004

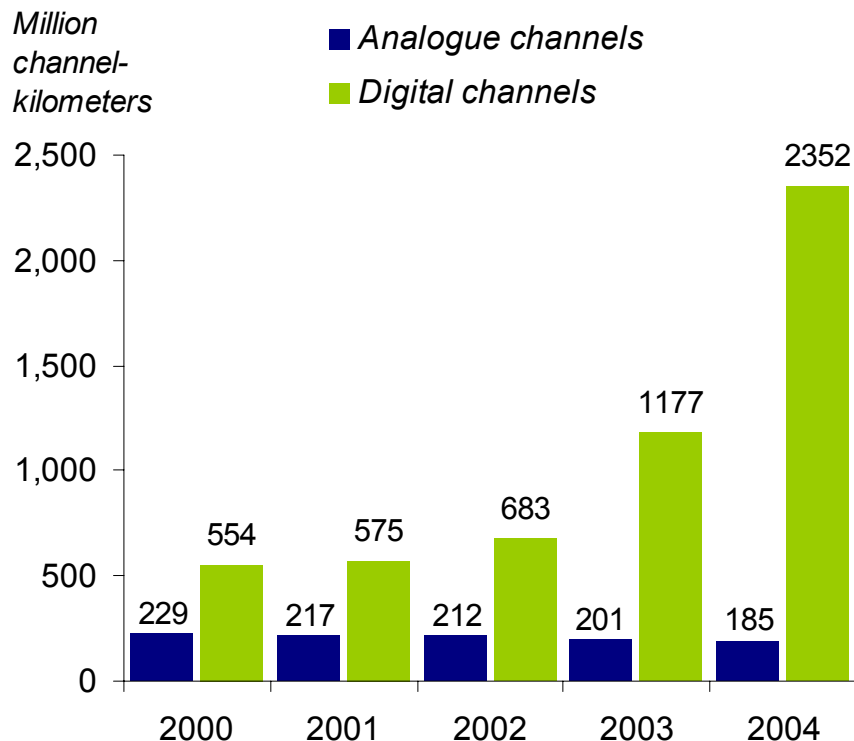
II. Management's review of 2004 achievements

- ✓ Strengthening competitive position
- ✓ Enhancing operational efficiency
- ✓ Improving financial performance
- ✓ **Investments in growth**
- ✓ Improving corporate governance standards
- ✓ Social program implementation

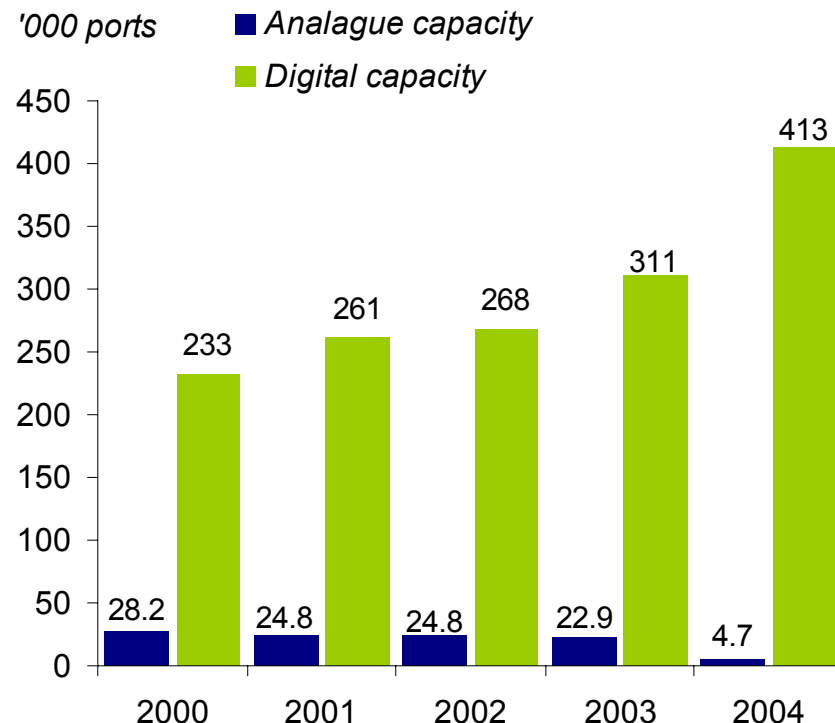
III. Objectives for 2005

Rostelecom's trunk network development in 2000-2004

Primary network development



Switching capacity development



✓ Level of network digitalization in channel-kilometers – 93%

✓ Level of switching capacity digitalization – 100%

Capital expenditure program to support growth of services and revenues

Construction of new fiber-optic lines

- ✓ Access to key international routes
- ✓ Digital links to key cities
- ✓ Back-up capacity

Network modernization

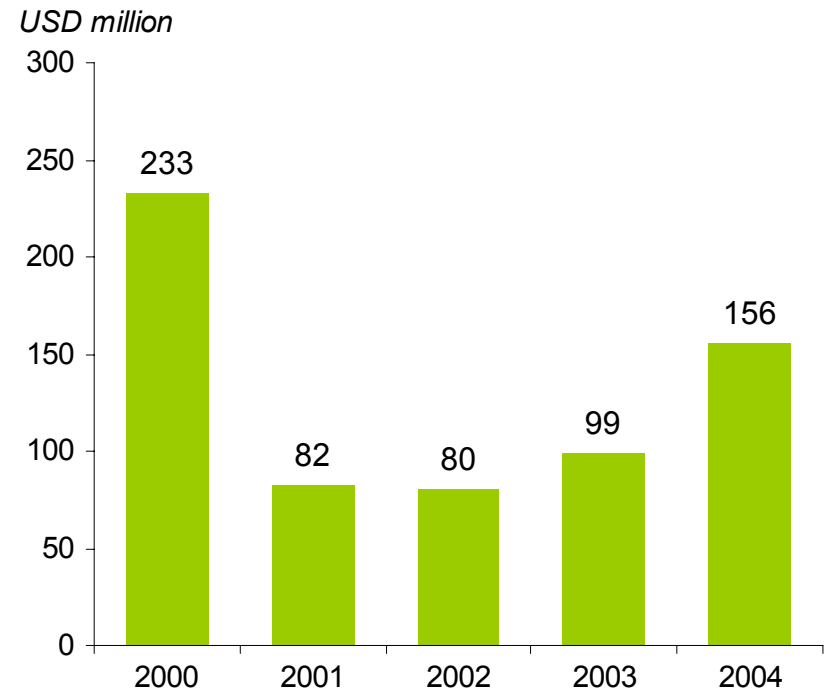
- ✓ Modernization of trunk lines using DWDM equipment
- ✓ Increased switching capacity of the secondary network
- ✓ Expansion of flexible multiplexers network

Development of infrastructure to support the launch of new services

- ✓ Multi-service network development
- ✓ Construction of VoIP network

- ✓ Modernization and expansion of throughput capacity of Moscow - Khabarovsk and Moscow-Novorossiysk trunk lines using DWDM equipment
- ✓ Construction of fiber-optic line from Ekaterinburg to Perm using DWDM equipment
- ✓ Modernization and expansion of secondary network
- ✓ Development of flexible multiplexers network

Capital expenditure



Rostelecom's capital expenditures amounted to USD 156 million. Investments are projected to increase to USD 230 million in 2005.

I. Key management priorities in 2004

II. Management's review of 2004 achievements

- ✓ Strengthening competitive position
- ✓ Enhancing operational efficiency
- ✓ Improving financial performance
- ✓ Investments in growth
- ✓ **Improving corporate governance standards**
- ✓ Social program implementation

III. Objectives for 2005

Rostelecom's efforts to further enhance corporate governance practices ...

- ✓ In January 2004, the Tender Committee was created, reporting to the Management Board
- ✓ In April 2004, Rostelecom's Board of Directors adopted the Corporate Governance Code and the Code of Ethics
- ✓ The Board of Directors approved Rostelecom's Information Disclosure Policy and Dividend Policy Guidelines
- ✓ In December 2004, the Audit Committee was created, reporting to the Board of Directors

...have won international recognition from independent professional bodies

- ✓ February 2005: Standard & Poor's awarded to Rostelecom a corporate governance score of "CGS-6" on S&P's global scale
- ✓ October 2004: Rostelecom was ranked first among Russian companies for transparency by Standard & Poor's
- ✓ November 2004: Rostelecom was named Central & Eastern Europe leader in corporate governance by *Euromoney* magazine
- ✓ Rostelecom received Class A 2004 National Corporate Governance rating

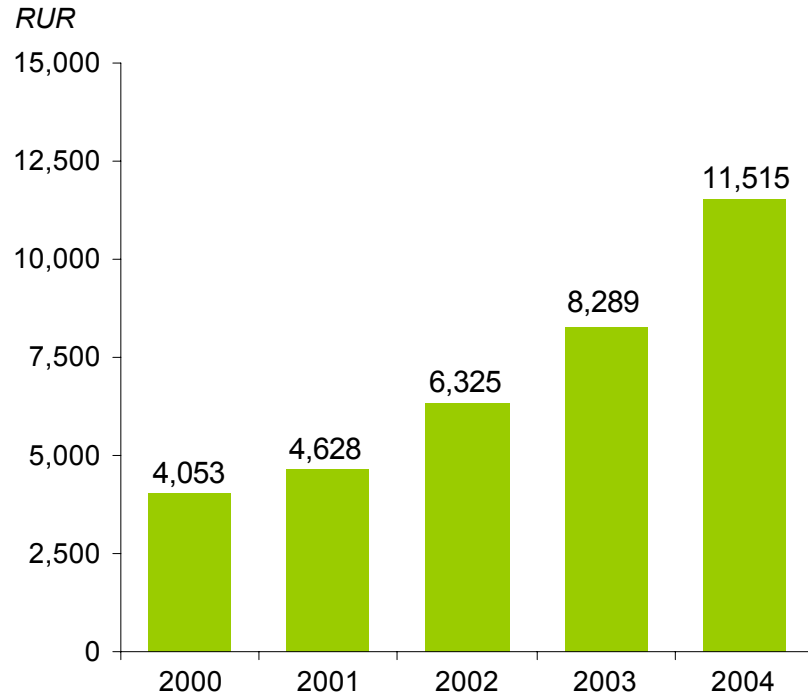
I. Key management priorities in 2004

II. Management's review of 2004 achievements

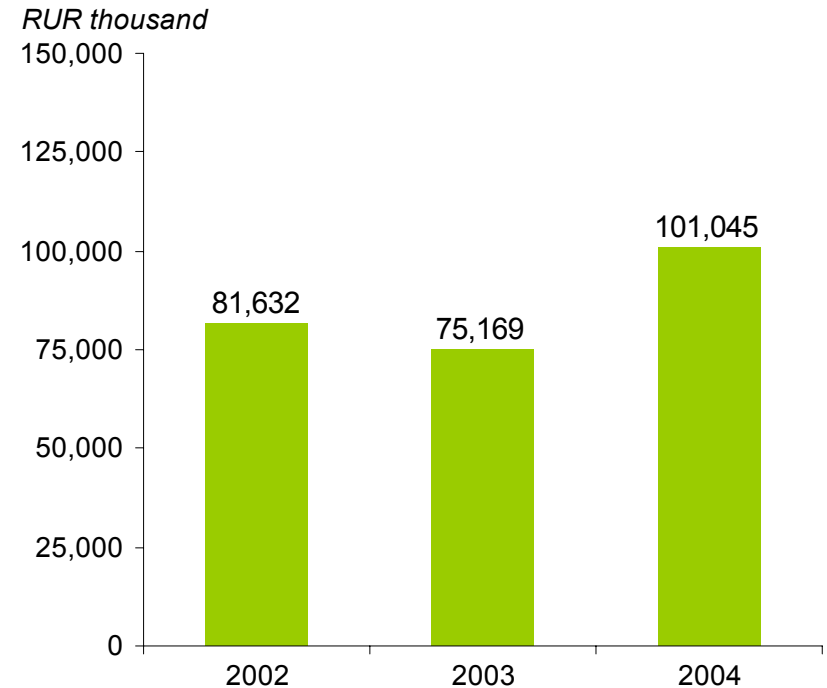
- ✓ Strengthening competitive position
- ✓ Enhancing operational efficiency
- ✓ Improving financial performance
- ✓ Investments in growth
- ✓ Improving corporate governance standards
- ✓ **Social program implementation**

III. Objectives for 2005

Average salary of Rostelecom employees



Rostelecom's contributions to non-state pension funds



✓ In 2004 average salary level increased by 39%

✓ Rostelecom's contributions to non-state pension funds increased by 34.4% to RUR 101.0 million in 2004

I. Key management priorities in 2004

II. Management's review of 2003 achievements

- ✓ Strengthening competitive position
- ✓ Enhancing operational efficiency
- ✓ Improving financial performance
- ✓ Investments in growth
- ✓ Improving corporate governance standards
- ✓ Social program implementation

III. Objectives for 2005

Rostelecom's key objectives for 2005

Retaining and strengthening competitive positions

- ✓ Further growth in traffic and revenue from regional operators
- ✓ Strengthening Rostelecom's competitive position in Moscow
- ✓ Defending our leadership in the international market
- ✓ Further trunk network modernization and expansion

Launch and promotion of new services and entry into new markets

- ✓ Active promotion of Europe-Asia traffic transit services
- ✓ Promotion and launches of new intelligent network services
- ✓ Expansion of the Company's multi-service network

Further operational efficiency enhancements

- ✓ Phasing out of underperforming assets (analogue lines)
- ✓ Streamlining of business processes and organizational structure, headcount optimization
- ✓ Disposal of non-core assets (social assets)

Thank you!