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Investor Meetings, September 2005

Rostelecom

Investor Presentation



Disclaimer

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.

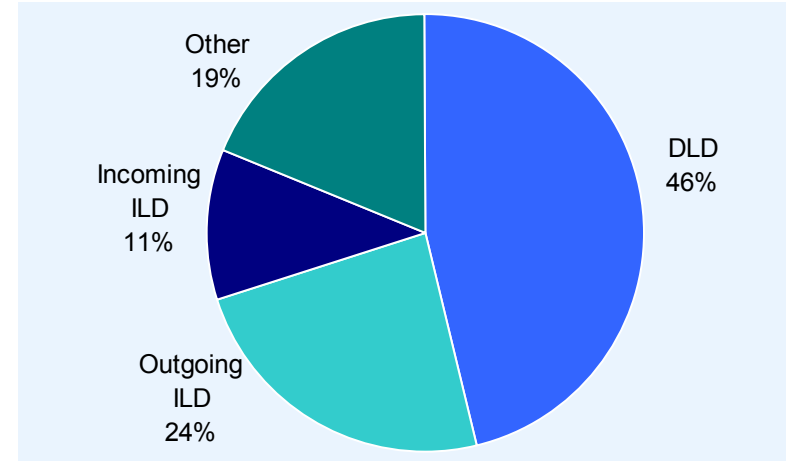
For a more detailed discussion of these and other factors, see the Company’s Annual Report on Form 20-F for its most recently completed fiscal year and the Company’s other public filings with The U.S. Securities and Exchange Commission. Many of these factors are beyond the Company’s ability to control 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.

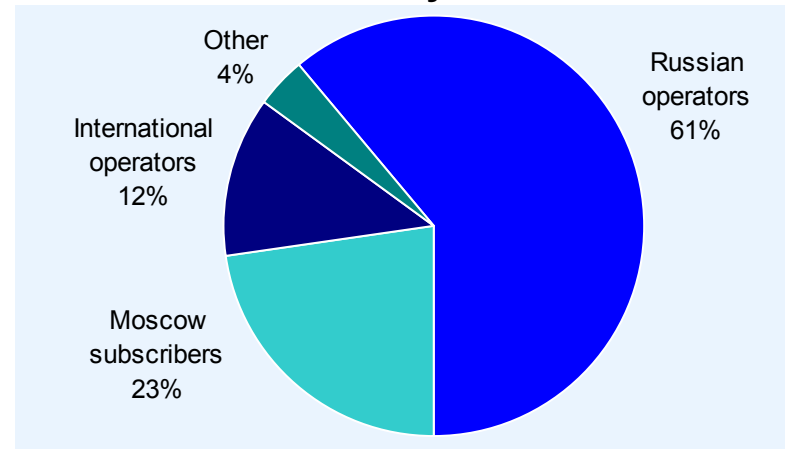
Rostelecom at a Glance

- ✓ 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 2004 full year IFRS results

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

- ✓ Traffic growth continues to rapidly increase in Russian telecom market
 - Russian telecommunications market grew by an impressive 38% in 2004 and is likely to grow by further 30% in 2005¹⁾
- ✓ Unique nationwide infrastructure presents enduring competitive advantage
 - 3-year modernization and capacity expansion program to support top-line growth
- ✓ Corporate restructuring and efficiency programs clearly paying off
 - OIBDA margin²⁾ ³⁾ increased to 40.5% in 2004 (IFRS)
 - Operating expenses³⁾ decreased 1.4%
- ✓ Rostelecom's top-line growth strategy is yielding results
 - Consolidated revenue³⁾ increased 8.9% in 2004 (IFRS)
 - 2004 FY non-consolidated revenue³⁾ increased 14.8% (RAS)
- ✓ Financial strength supports strategic aims
 - S&P long-term credit upgrade to "B+" with stable outlook in February 2005

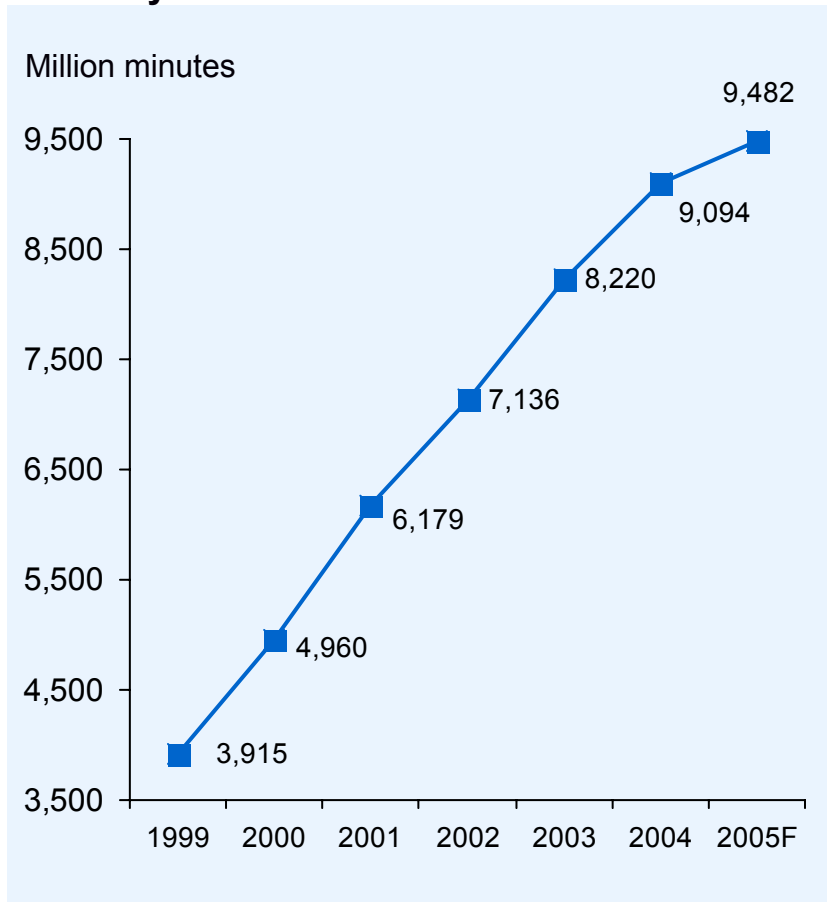
1) According to the Russian Ministry of Information Technology and Telecommunications

2) 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

3) Excluding the effect of the new settlement system

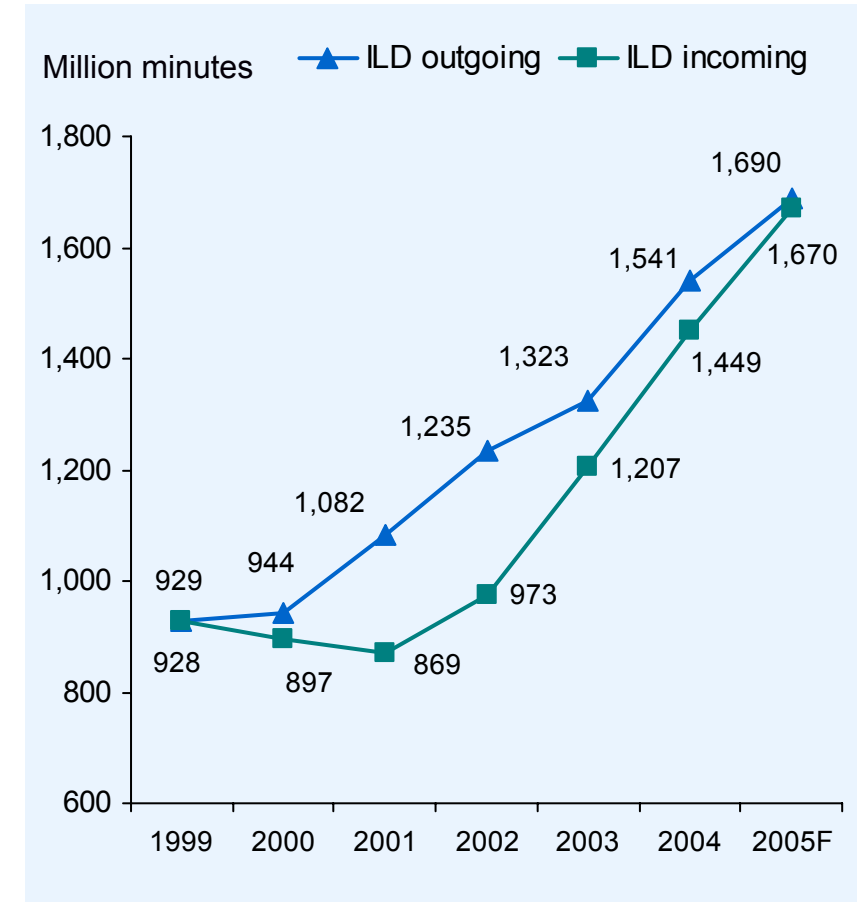
Strong Traffic Growth in Russian Market

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



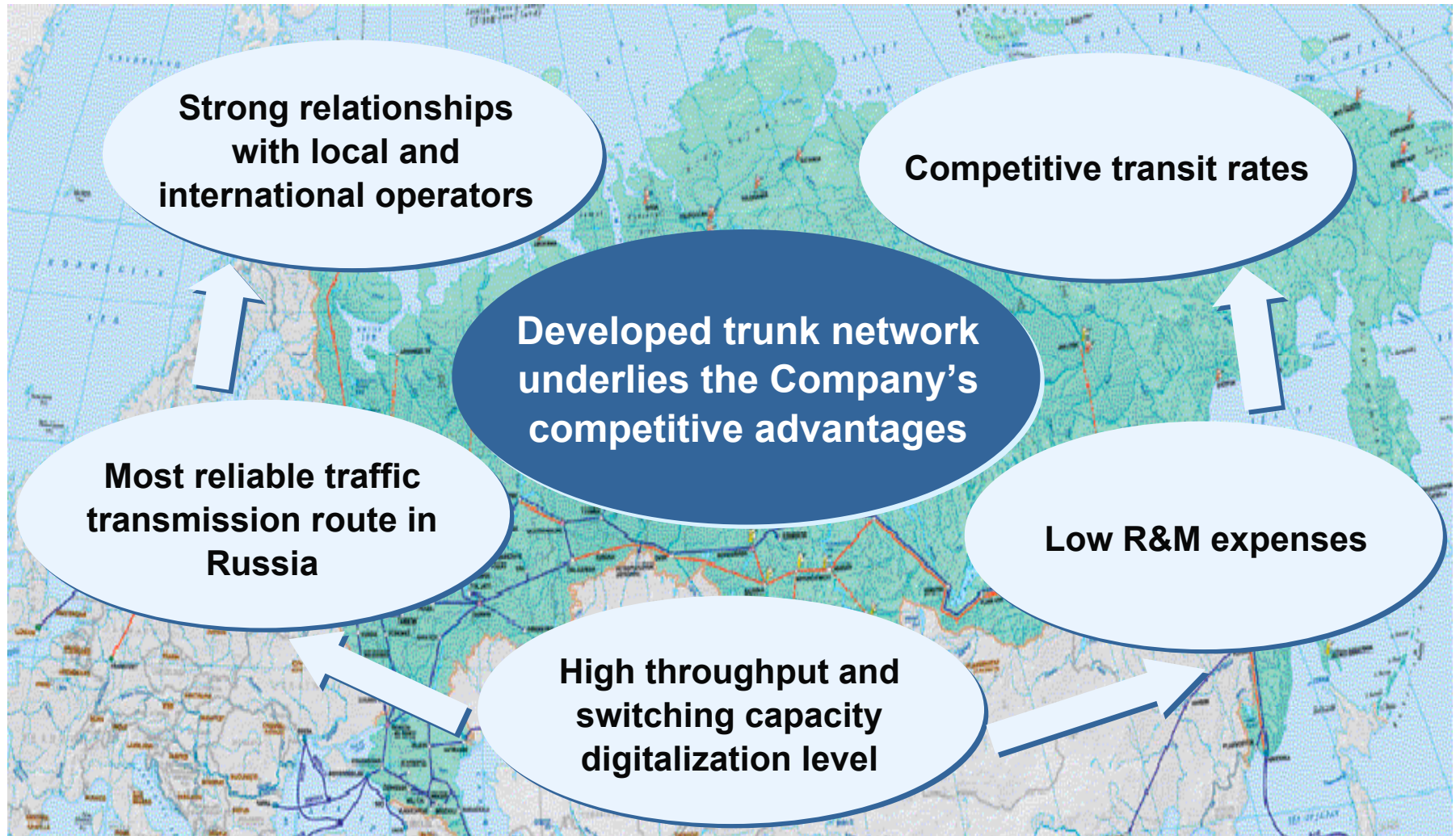
✓ DLD traffic growth of 10% p.a.

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



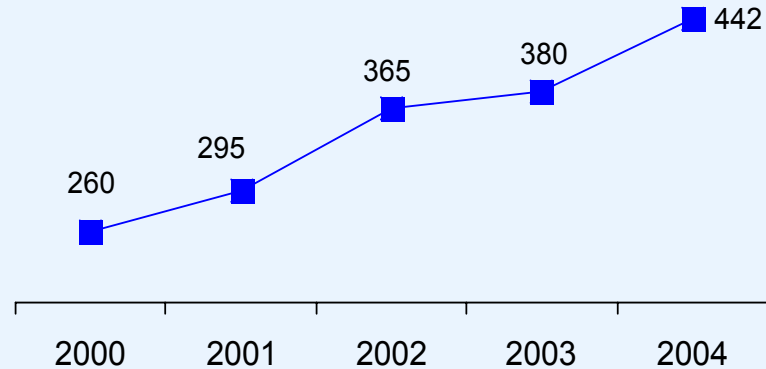
✓ Incoming ILD traffic growth at 20% p.a., outgoing ILD – at 10% p.a.

Nationwide Network Underpins Rostelecom's Competitive Market Position

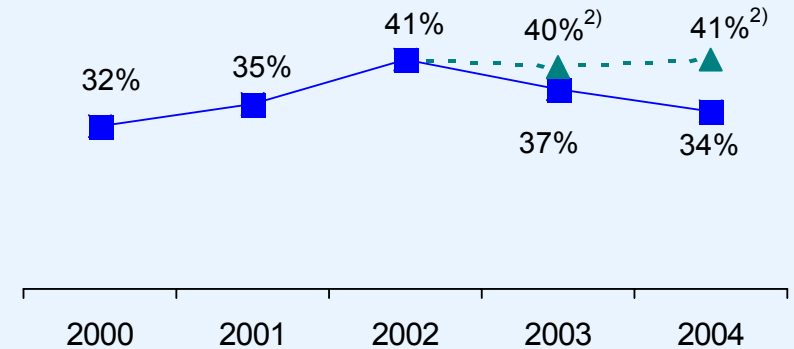


Corporate Restructuring Has Made Rostelecom Financially Strong and Efficient

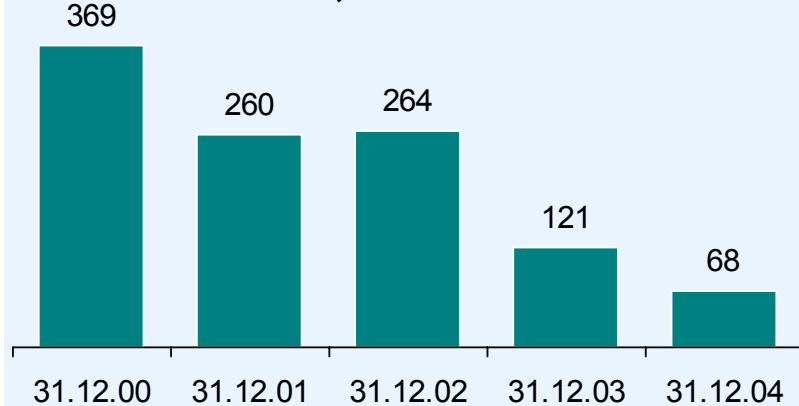
OIBDA ¹⁾, USD million



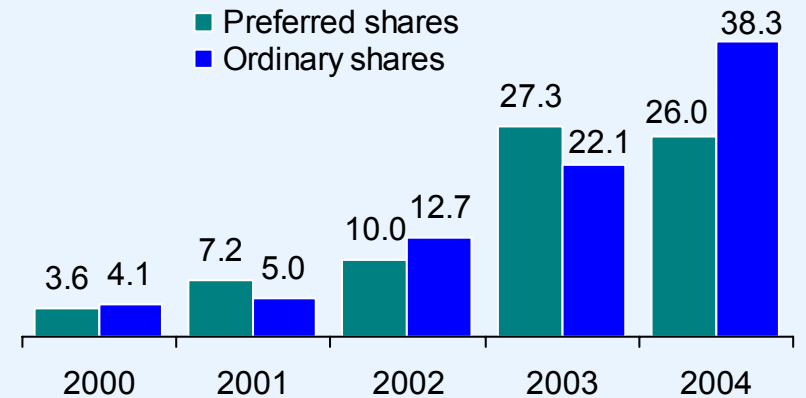
OIBDA margin, %



Consolidated debt, USD million



Dividends, USD million



¹⁾ 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.

²⁾ OIBDA margin excluding effect of the new settlement system

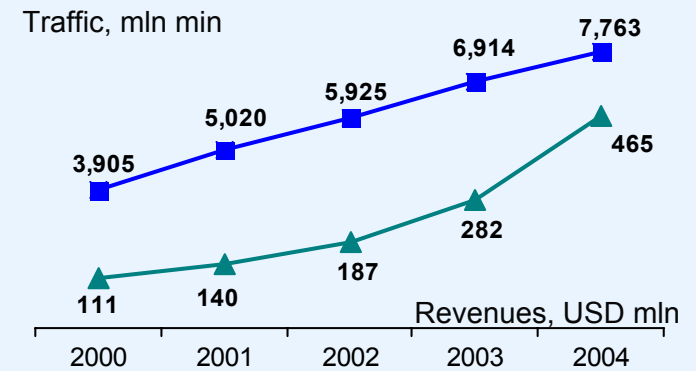
Regional Market: Strengthening Leadership

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

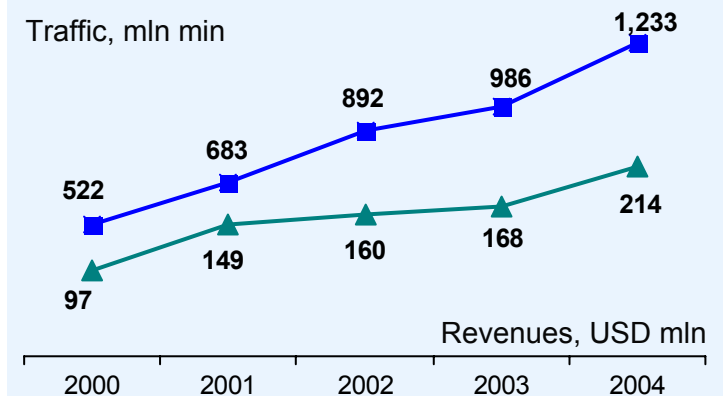
- ✓ Settlement system reform ensured market transparency and furthered the development of a rational, market-based mechanism in telecom sector
- ✓ Active cooperation with alternative operators resulted in sharp increase in traffic volumes
- ✓ Tariff rebalancing strengthened competitiveness
- ✓ New settlement 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

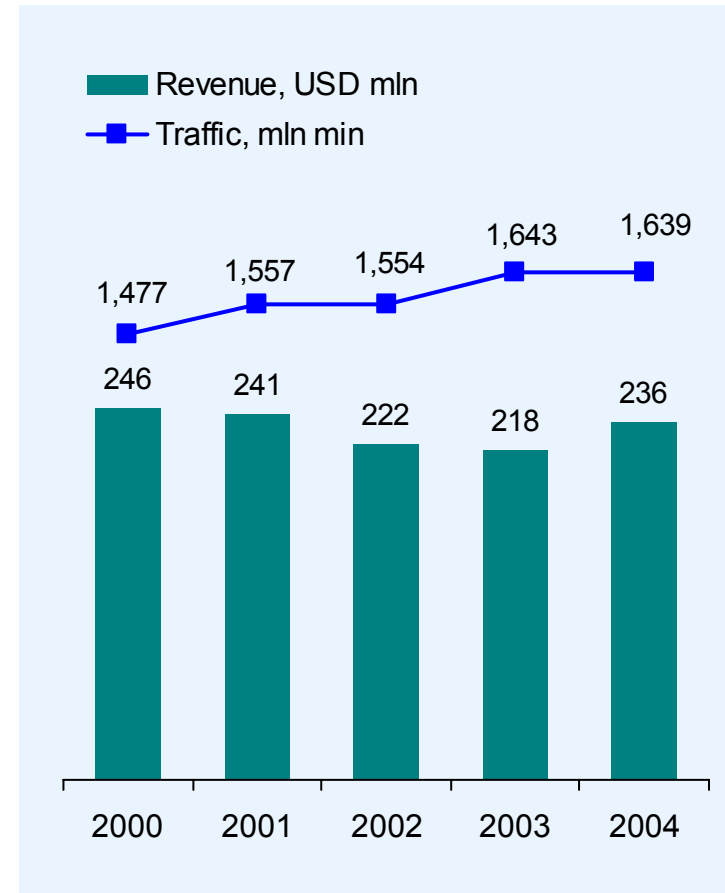


Moscow Market: Active Marketing Efforts Rewarded; Negative Revenue Trend Reversed

- ✓ 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

- ✓ Stable traffic dynamics
- ✓ Negative revenue dynamics reversed

Traffic and revenue from Moscow subscribers



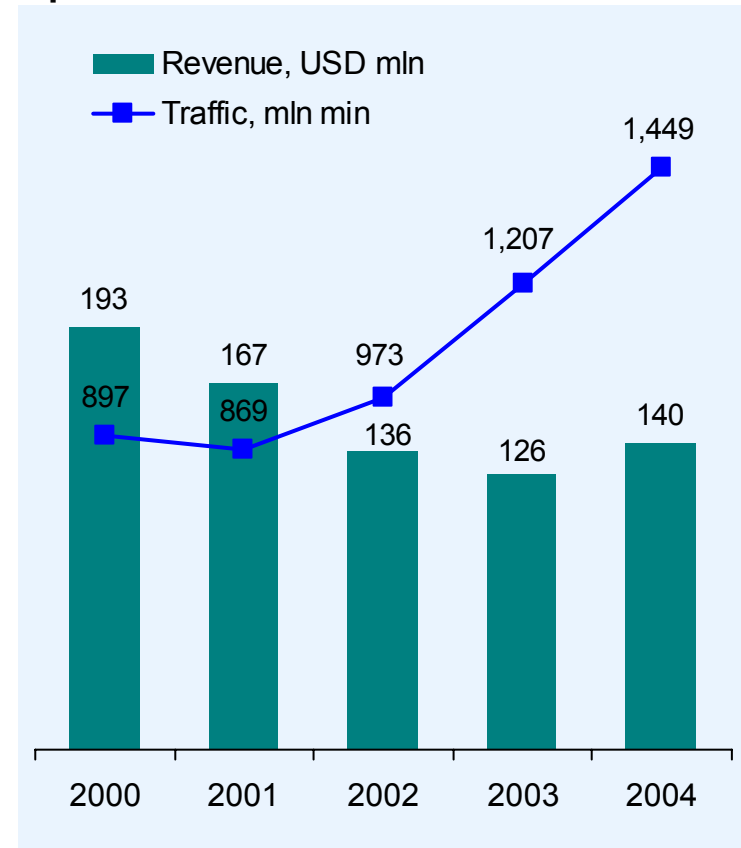
International Market: Further Market Share Gains

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



Leased Line Services: Sharp Increase in Revenue Driven by Strong Growth in Demand

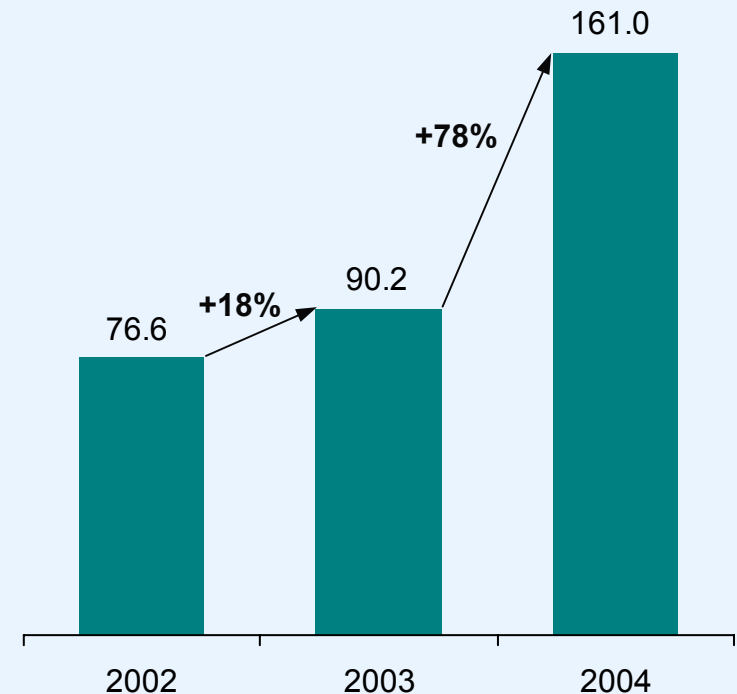
Strong growth in demand and competitive prices boost revenues from leased line services

- ✓ Unique scale and capacity of Rostelecom's nationwide network
- ✓ Strong growth in demand for leased line services across Russia
- ✓ Further expansion of flexible multiplexers network
- ✓ High quality of service and brand awareness

- ✓ Rostelecom enjoys strong position in the leased line market
- ✓ Sustained growth in revenues

Revenue from Leased Line Services

USD mln



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

Active marketing efforts and organic growth in demand boost VAS revenues

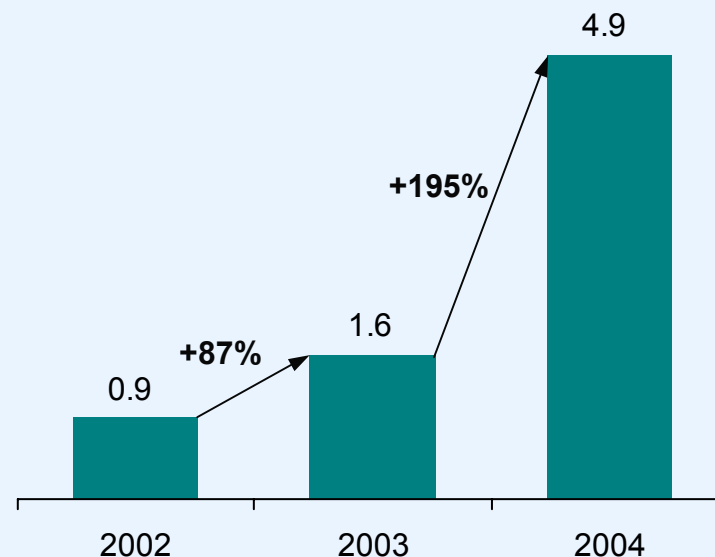
Rostelecom's Intelligent Network Services (INS)

- ✓ 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, length, poor quality & reliability

Rostelecom strengths

- ✓ Unique geographic 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

Today's Priorities Focus on Growth and Efficiency

Retaining and strengthening competitive positions

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

Launch and promotion of new services, entering new markets

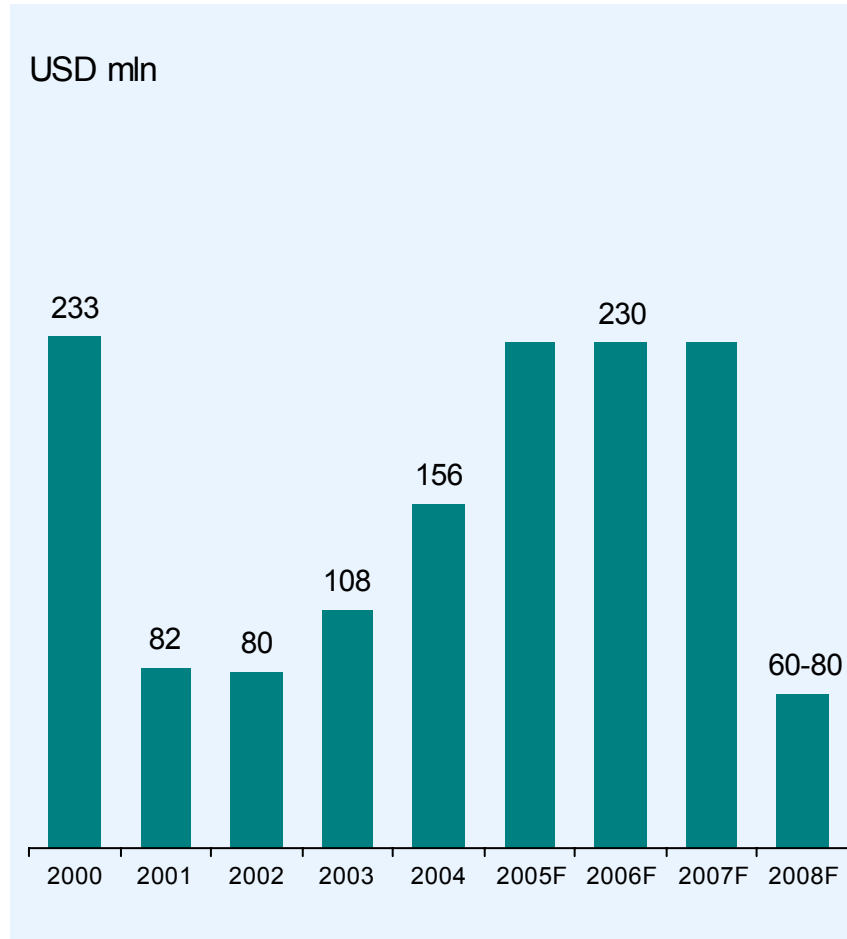
- ✓ Active promotion of Europe-Asia traffic transit service
- ✓ Active promotion of existing and launch of new intelligent network services
- ✓ Expansion of multi-service network

Further operational efficiency enhancement

- ✓ Disposal of underperforming and non-core assets
- ✓ Business processes and organizational structure optimization
- ✓ Further headcount reduction

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

Capital Expenditure Programs to Enhance Rostelecom's Competitive Advantages



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

2004 FY IFRS Financial Highlights: Sharp Increase in Profits on Top-line Growth and Efficiency Gains

<i>min mn</i>	2004	2003	% change y-o-y
DLD	9,094	8,220	10.6%
Outgoing ILD	1,541	1,323	16.4%
Incoming ILD	1,449	1,207	20.0%
RUR mn	2004	2003	% change y-o-y
Revenue	37,318	31,267	19.4%
<i>Revenue, excluding effect of new settlement system</i>	31,394	28,823	8.9%
OIBDA	12,720	11,651	9.2%
<i>OIBDA margin*, %</i>	34.1%	37.3%	
<i>OIBDA margin excluding effect of new settlement system, %</i>	40.5%	40.0%	
Operating income	5,005	2,185	129.1%
<i>Operating margin, %</i>	13.4%	7.0%	
Net loss from discontinued operations, net of tax	-	3,109	
Net profit	4,298	398	979.9%
<i>Net margin, %</i>	11.5%	1.3%	

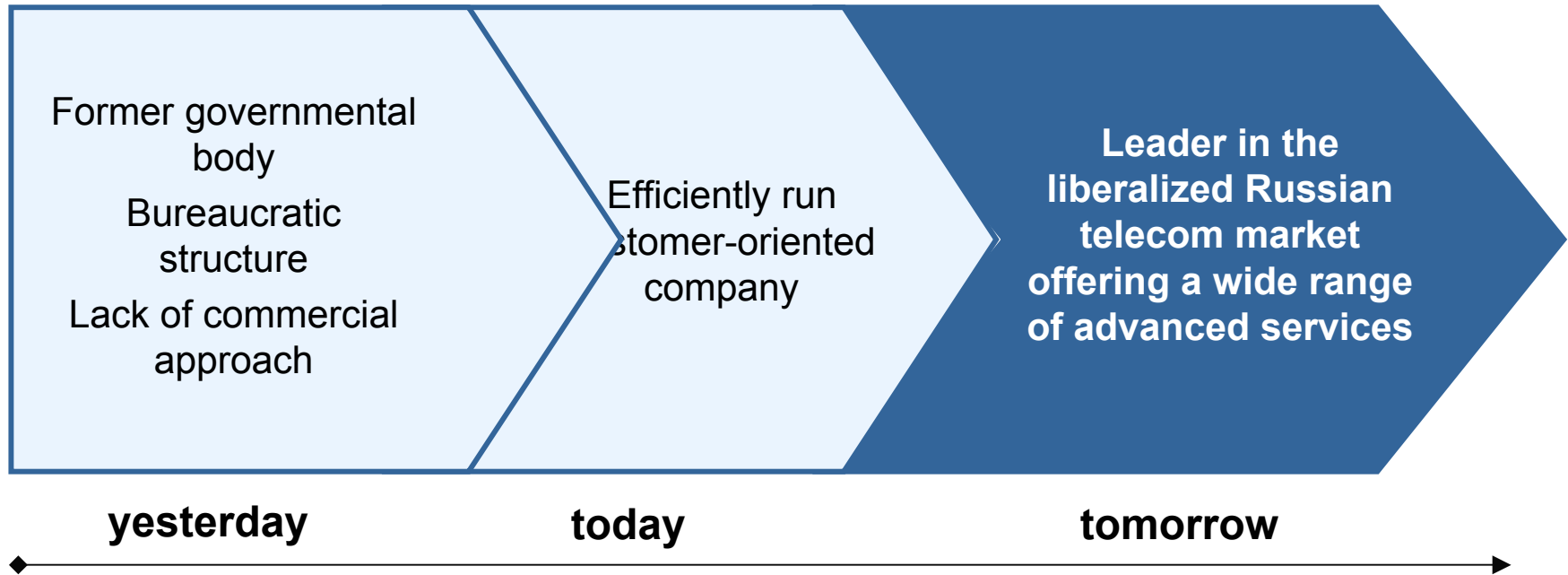
* Decline in OIBDA margin is explained by the new settlement system

Strong 2004 FY Operating and Financial Performance Under RAS

<i>min mn</i>	2004	2003	% change y-o-y
DLD	9,094	8,220	10.6%
Outgoing ILD	1,541	1,323	16.4%
Incoming ILD	1,449	1,207	20.0%
RUR mn	2004	2003	% change y-o-y
Revenue	37,470	27,928	25.2%
<i>Revenue, excluding effect of the new settlement system</i>	31,546	27,484	14.8%
EBITDA	13,983	12,376	13.0%
<i>EBITDA margin, %</i>	37.3% ¹⁾	41.4%	
<i>EBITDA margin excluding effect of new settlement system, %</i>	44.3%	44.5%	
Operating profit	11,920	8,949	33.2%
<i>Operating margin, %</i>	31.8%	29.9%	
Net profit	7,221	7,899	-8.6%
Net profit excluding one-time gains from non-core activities	7,221	6,258	15.4%
<i>Net margin, %</i>	19.3%	26.4%	

¹⁾ Decline in EBITDA margin is explained by the new settlement system

Rostelecom in 2005 and beyond



Rostelecom - Investment Profile

- **Listings:**

NYSE, RTS, MICEX

- **Free float:**

62% (49% ORD and 100% PREF)

- **Market capitalization:**

USD 2.04 bn

- **Recent stock price (08/19/2005):**

ORD: USD 2.26 (59 WK HI/LO: USD 2.64 / 1.68)

PREF: USD 1.65 (59 WK HI/LO: USD 1.81 / 1.27)

- **2004 Dividend yield:**

2.3% (ORD) / 6.3% (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 disclosing by S&P in 2004**

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