
**ROSTELECOM REPORTS FIRST QUARTER 2008 RAS OPERATING PROFIT GROWTH
OF 19.8%; OIBDA MARGIN OF 30.3%**

- Revenue for the first quarter of 2008 increased by 1.0% to RUB 15,355.7 million.
- Domestic long-distance traffic rose 2.1%¹ year on year. Outgoing international traffic decreased by 3.9 %.
- Incoming international traffic increased 13.0%.
- OIBDA² rose by 18.8% to RUB 4,645.9 million, representing an OIBDA margin of 30.3%.
- First quarter 2008 net profit amounted to RUB 2,755.5 million compared to RUB 2,899.3 million a year ago.

Moscow – May 6, 2008 – Rostelecom (NYSE: ROS; RTS, MICEX: RTKM, RTKMP), Russia's national long-distance telecommunications operator, today announced its unaudited first quarter 2008 results in accordance with Russian Accounting Standards (RAS).

Rostelecom's first quarter 2008 revenues amounted to RUB 15,355.7 million - a year-on-year increase of 1.0%.

Domestic long-distance (DLD) traffic for the first three months 2008 grew by 2.1% to 2,544.8 million minutes. First quarter 2008 DLD revenues decreased by 1.3% and totaled RUB 7,590.1 million. The primary cause of the slight decrease in revenues was the implementation of lower price cap tariffs as mandated by the regulatory authorities.

Outgoing international long-distance (ILD) traffic decreased by 3.9% to 444.7 million minutes. ILD revenues from Russian operators and subscribers amounted to RUB 2,900.7 million, down 6.8% year on year. The decrease in revenues was primarily attributable to increased competition and the changes in traffic mix.

First quarter 2008 incoming ILD traffic totaled 749.4 million minutes which represents a year-on-year increase of 13.0%. 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 9.5% year on year to RUB 1,328.6 million.

Revenue from other business segments increased by 11.0% year on year to RUB 3,536.3 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. For the first three months of 2008, revenues from leased line services grew 4.1% year on year to RUB 2,053.5. Revenues from data transmission and telematic services saw a substantial increase of 4.4 times compared to Q1 2007, amounting to RUB 486.6 million, while revenues from intelligent network services rose to RUB 321.4 million representing a year-on-year increase of 43.9%.

Rostelecom's operating expenses for the first quarter 2008 amounted to RUB 11,781.7 million – a year-on-year decrease of 3.6%.

¹ All traffic data provided in the press release is preliminary.

² OIBDA is calculated as total revenues less operating expenses excluding depreciation.

Depreciation for the first three months of 2008 amounted to RUB 1,071.9 million. The increase of 15.7% compared to the same period last year is a result of property, plant and equipment additions during 2007.

OIBDA for the first quarter 2008 grew 18.8% year on year to RUB 4,645.9 million, representing an OIBDA margin of 30.3%. The increase compared to the same period last year was mainly attributable to the decrease in the Company's operating expenses due to the elimination, as of January 1, 2008, of a compensation surcharge.

First quarter 2008 operating profit amounted to RUB 3,574.0 million, up 19.8% year on year.

Other gains and losses for the first three months of 2008 totaled RUB 87.9 million compared to RUB 902.9 million a year ago. The decrease was mainly driven by the sale of a number of financial investments, a reduction in the number of financial investments to be revaluated, along with foreign exchange loss in the first quarter 2008.

Rostelecom's net profit for the first quarter 2008 decreased by 5.0% and totaled RUB 2,755.5 million.

Profit and Loss Statement, RUB Million			
	3mo 2008	3mo 2007	% change, y-o-y
Revenue	15,355.7	15,206.2	1.0%
Operating expenses, incl.	(11,781.7)	(12,222.2)	-3.6%
<i>Depreciation</i>	(1,071.9)	(926.6)	15.7%
OIBDA	4,645.9	3,910.6	18.8%
Operating profit	3,574.0	2,984.0	19.8 %
Other gains & losses, incl.	87.9	902.9	-90.3%
<i>Profit (loss) from revaluation of financial investments</i>	(242.5)	848.4	n/a
Profit before tax	3,661.9	3,886.9	-5.8%
Profit tax	(906.4)	(987.6)	-8.2%
Net Profit	2,755.5	2,899.3	-5.0%
Key ratios			
	3 mo 2008	3 mo 2007	
Operating margin, %	23.3%	19.6%	
OIBDA margin, %	30.3%	25.7%	
Net margin, %	17.9%	19.1%	

Balance Sheet, RUB Million			
	Jan. 01, 08	Mar. 31, 08	% change, y-o-y
ASSETS			
Non-current assets, incl.	47,038.1	36,239.9	-23.0%
Intangible assets	0.0	0.0	n/a
Fixed assets	22,534.6	21,708.3	-3.7%
Construction in progress	6,362.1	7,238.7	13.8%
Long-term financial investments	13,935.8	3,249.1	-76.7%
Deferred tax assets	-	-	n/a
Other non-current assets	4,205.6	4,043.8	-3.8%
Current assets, incl.	21,065.3	34,628.3	64.4%
Inventory	367.9	360.7	-2.0%
VAT on obtained property	536.0	280.7	-47.6%
Accounts receivable	10,321.1	11,119.0	7.7%
Short-term financial investments	6,742.7	6,785.1	0.6%
Cash and cash equivalents	3,097.4	16,082.6	419.2%
Other current assets	0.2	0.2	0.0%
BALANCE	68,103.4	70,868.2	4.1%
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	51,668.4	54,419.7	5.3%
Liabilities, incl.	16,435.0	16,448.5	0.1%
Long-term liabilities, incl.	6,481.1	4,506.0	-30.5%
<i>Loans due more than in 12 months</i>	4,044.3	3,947.3	-2.4%
Short-term liabilities, incl.	9,953.9	11,942.5	20.0%
<i>Loans due less than in 12 months</i>	515.9	537.8	4.2%
BALANCE	68,103.4	70,868.2	4.1%

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