

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.

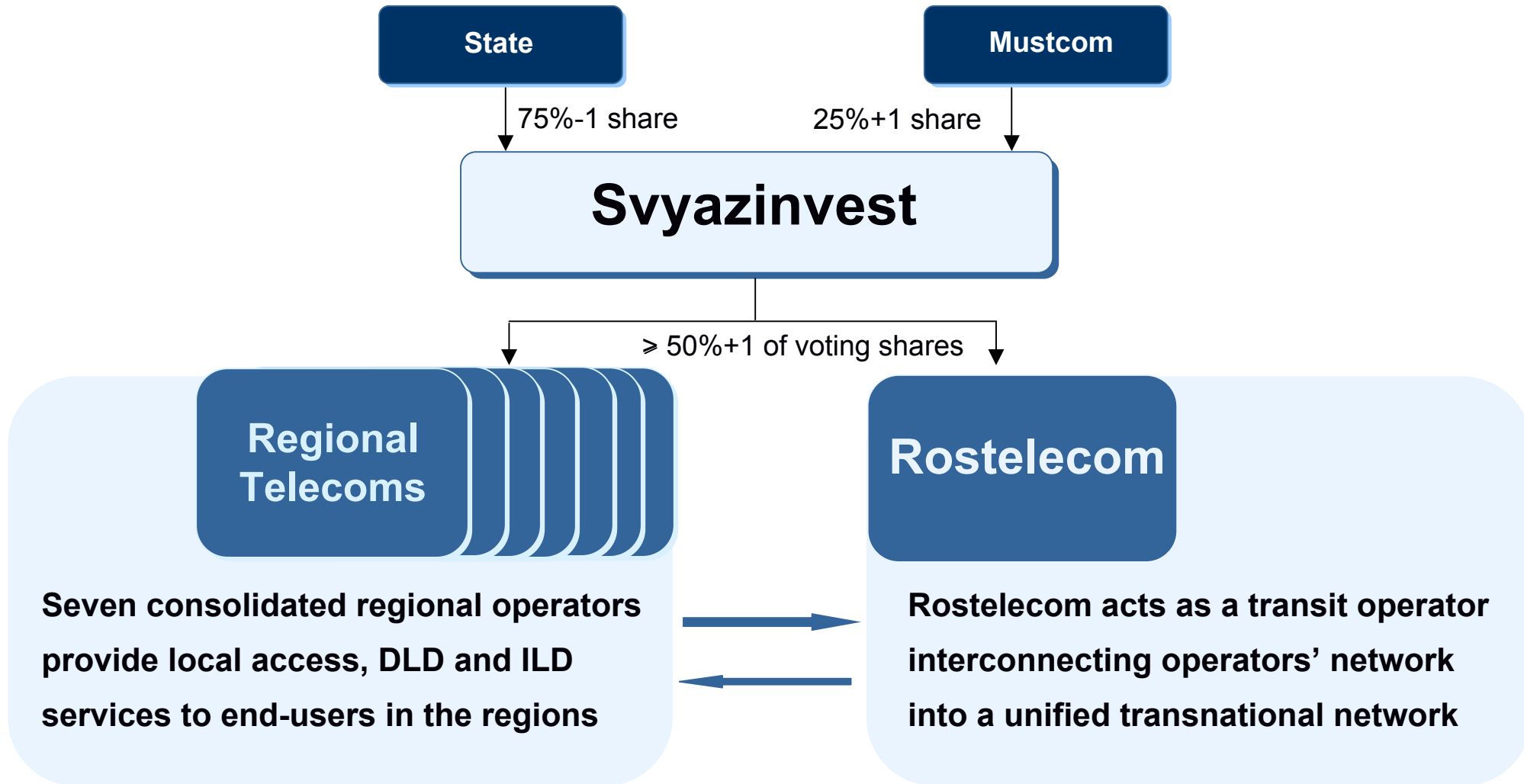
These forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

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.

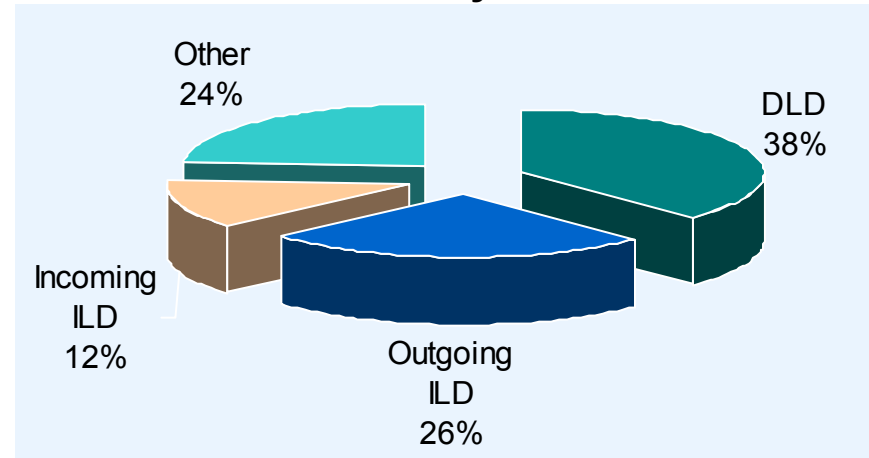
Rostelecom is Part of Svyazinvest - the Largest Telecommunications Group in Russia



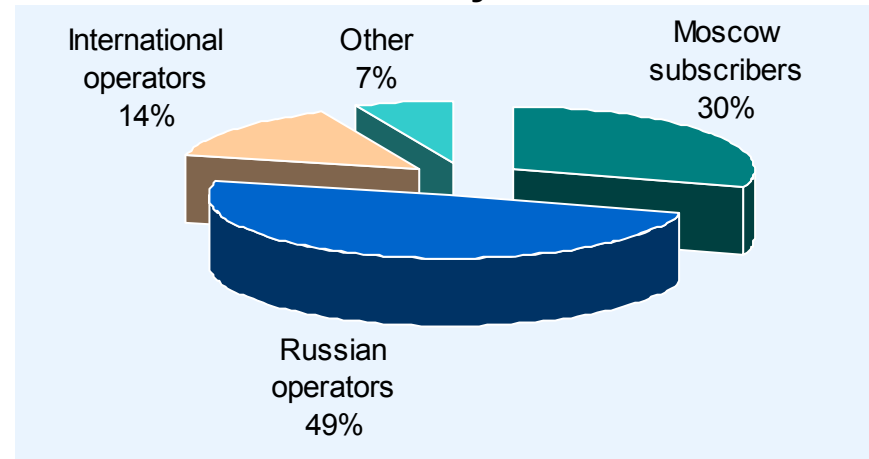
Rostelecom at a Glance

- ✓ Rostelecom owns and operates national trunk network covering almost the whole territory of Russia
- ✓ In every region except Moscow Rostelecom is a “carriers’ carrier”, interconnecting public operators’ networks into a unified transnational network
- ✓ The only operator licensed to carry both outgoing and incoming international voice traffic
- ✓ In Moscow, Rostelecom offers DLD and ILD services to end-users

Revenue breakdown by service*



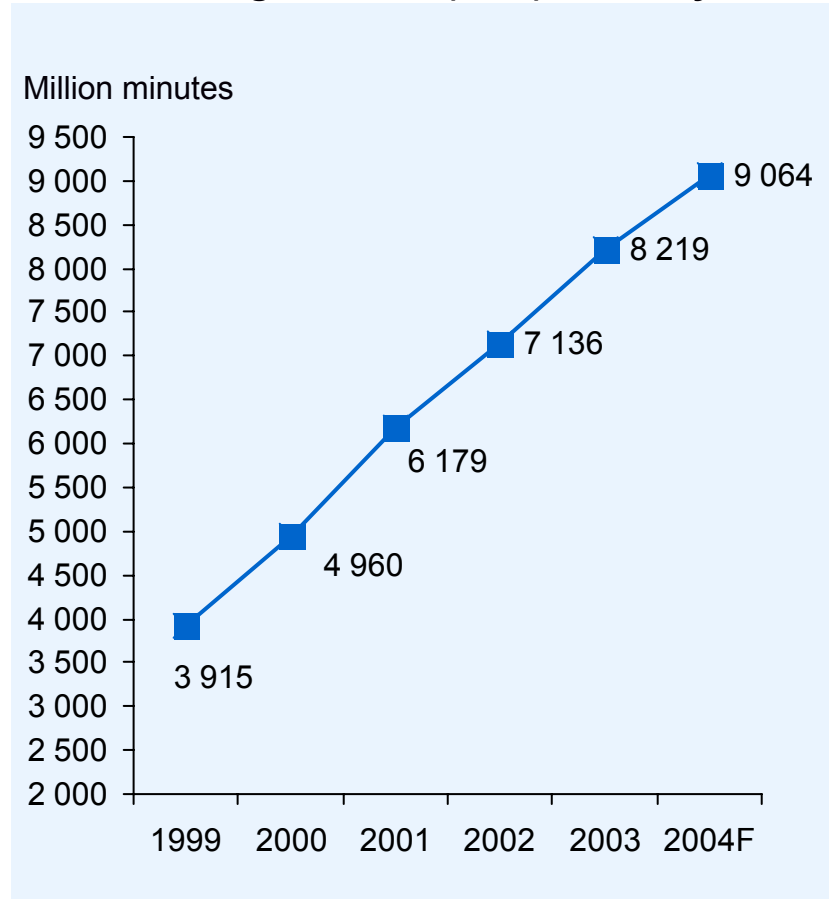
Revenue breakdown by client*



* In accordance with 9mo2003 IAS results

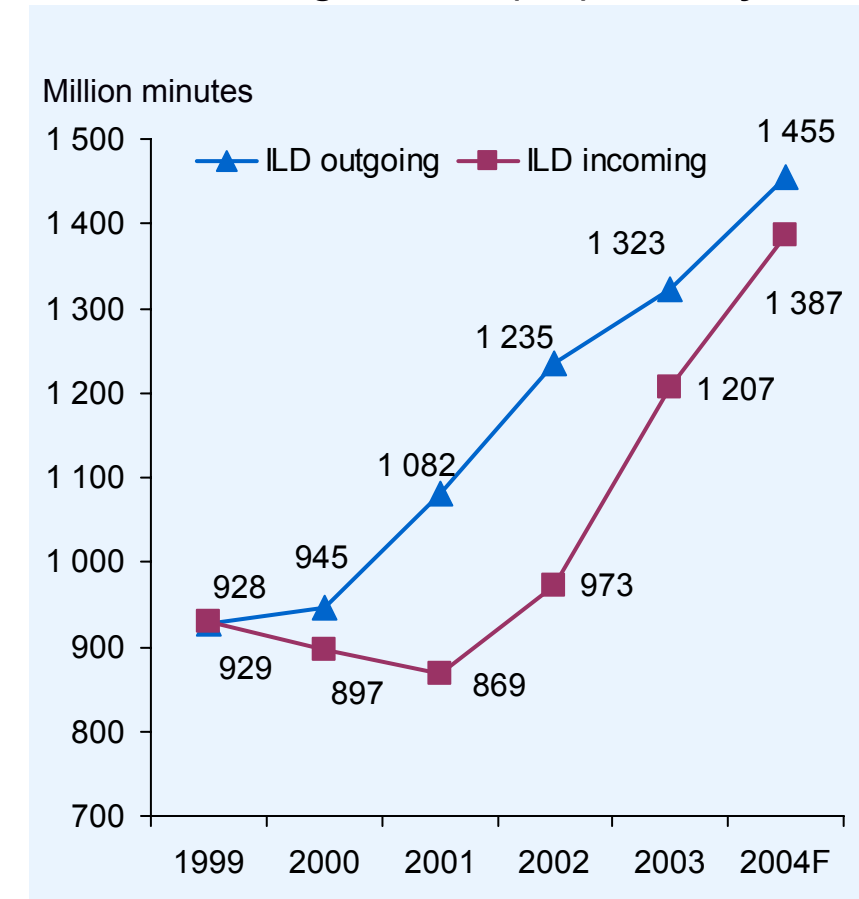
Russian Market Continues Strong Traffic Growth

Domestic long-distance (DLD) traffic dynamics



✓ DLD traffic growth of 10-15% p.a.

International long-distance (ILD) traffic dynamics

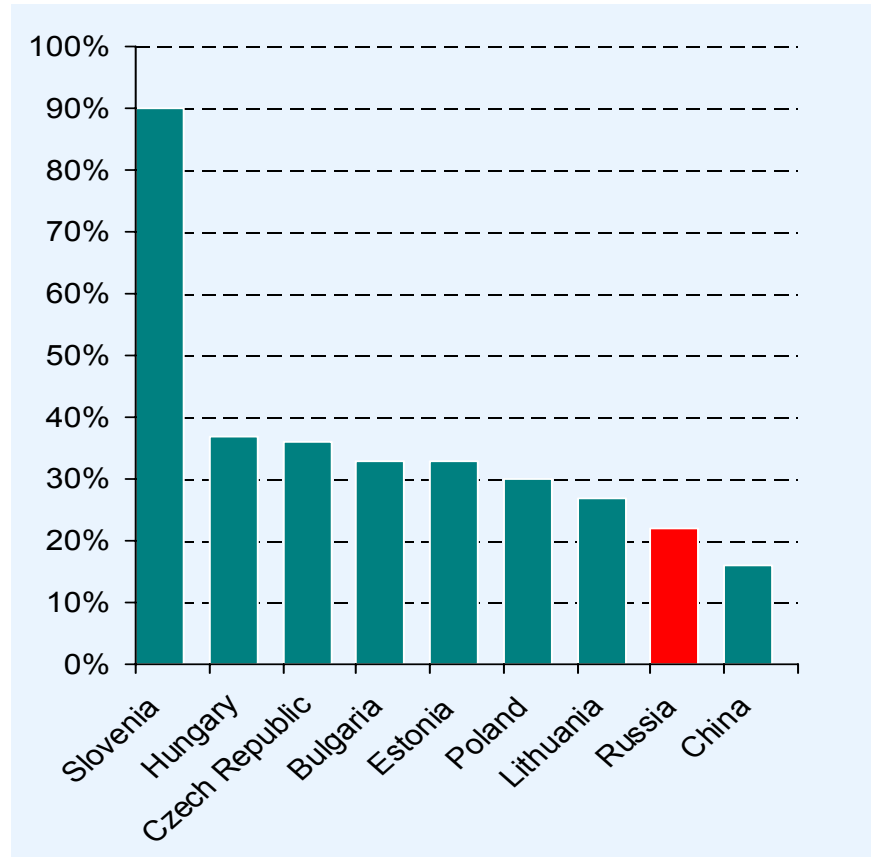


✓ Incoming ILD traffic growth at 15%,
outgoing ILD – at over 5%

Low Penetration Rates Underpin Growth Potential

Russia added an estimated 1.5m new lines in 2003

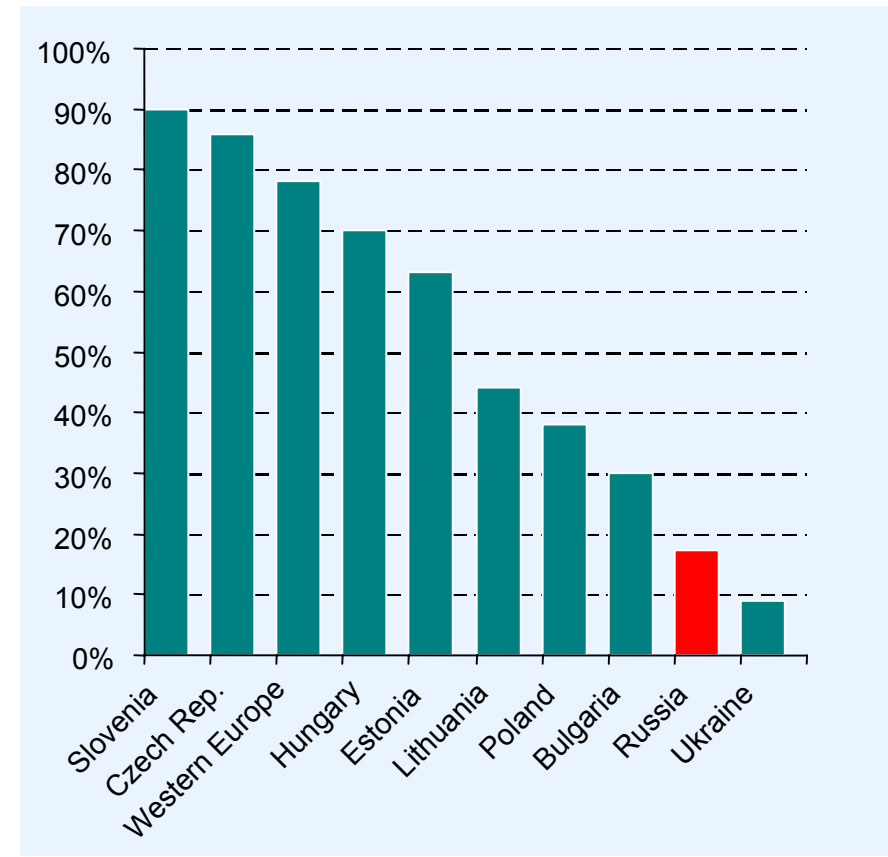
International fixed-line penetration rates



Source: World Bank, UFG Research estimates

Russia added an estimated 18m mobile subscribers in 2003

International mobile penetration rates



Source: World Bank, UFG Research estimates

Rostelecom's Network Has Unique Scale in Russia

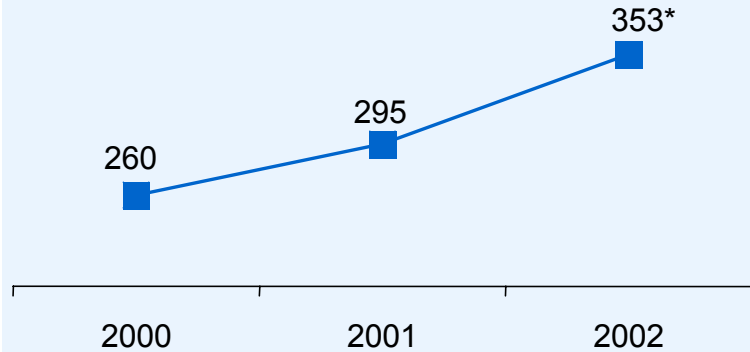
- ✓ Almost 200,000 km. of trunk lines
- ✓ Transmission capacity digitalization level – 85%

- ✓ 11 international switching centers
- ✓ Eight powerful automatic switching nodes
- ✓ Over 90% of switching capacity is digital

- ✓ Direct international connections with 96 operators in 72 countries
- ✓ Participation in 30 international cable systems
- ✓ Relationships with around 200 international operators and companies

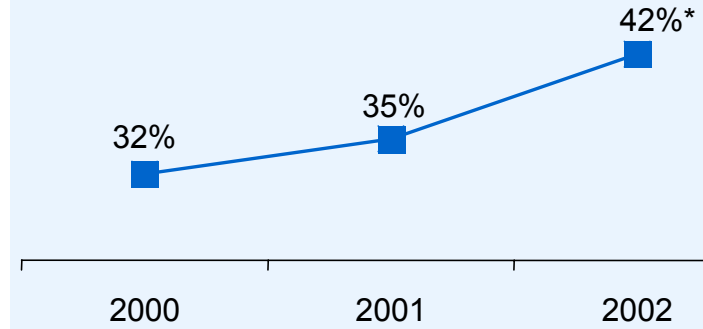
Corporate Restructuring in 2001-2002 Built Strong Foundation

EBITDA, USD million



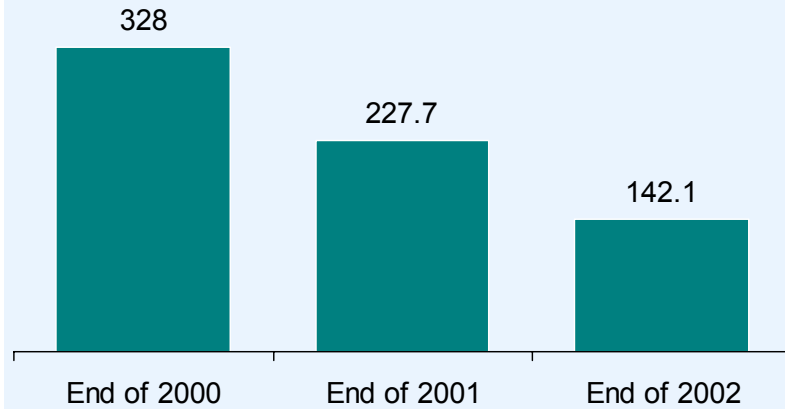
*excluding one-off non-cash items

EBITDA margin, %

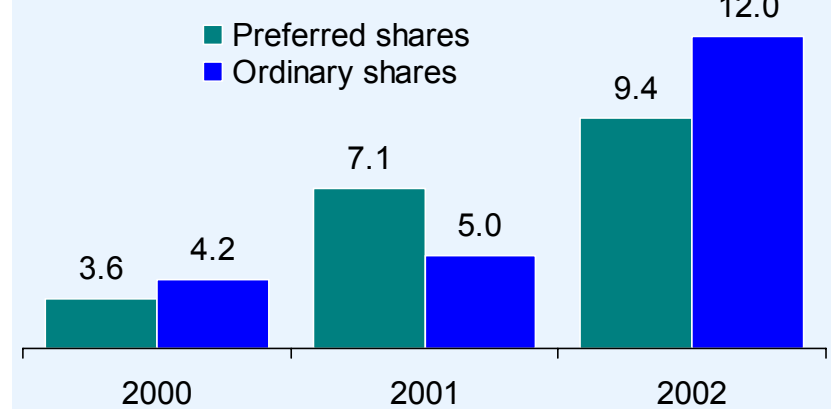


*excluding one-off non-cash items

Non-consolidated debt, USD million



Dividends, USD million



Today's Priorities Focus on Growth



Clear Business Objectives in Each Market

Leadership in Regions

- **Over 10% DLD and outgoing ILD traffic growth**
- **Revenue growth in line with sector**

Moscow Position

- **Positive revenue dynamics**
- **Gain market share**

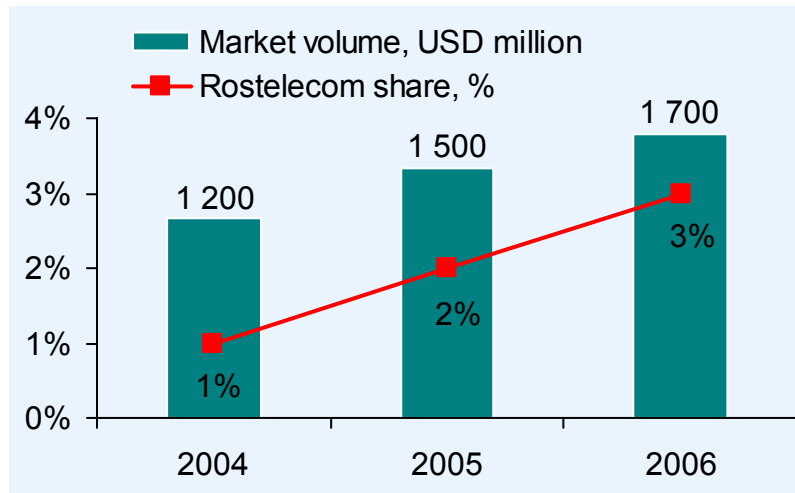
Incoming ILD Market

- **Revenue stabilization**
- **Further growth in market share**

Entry into Europe–Asia Transit Market Will Add to Future Potential

Opportunities

- ✓ A more than 10-fold increase in traffic between Europe and Asia is expected by 2007
- ✓ 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

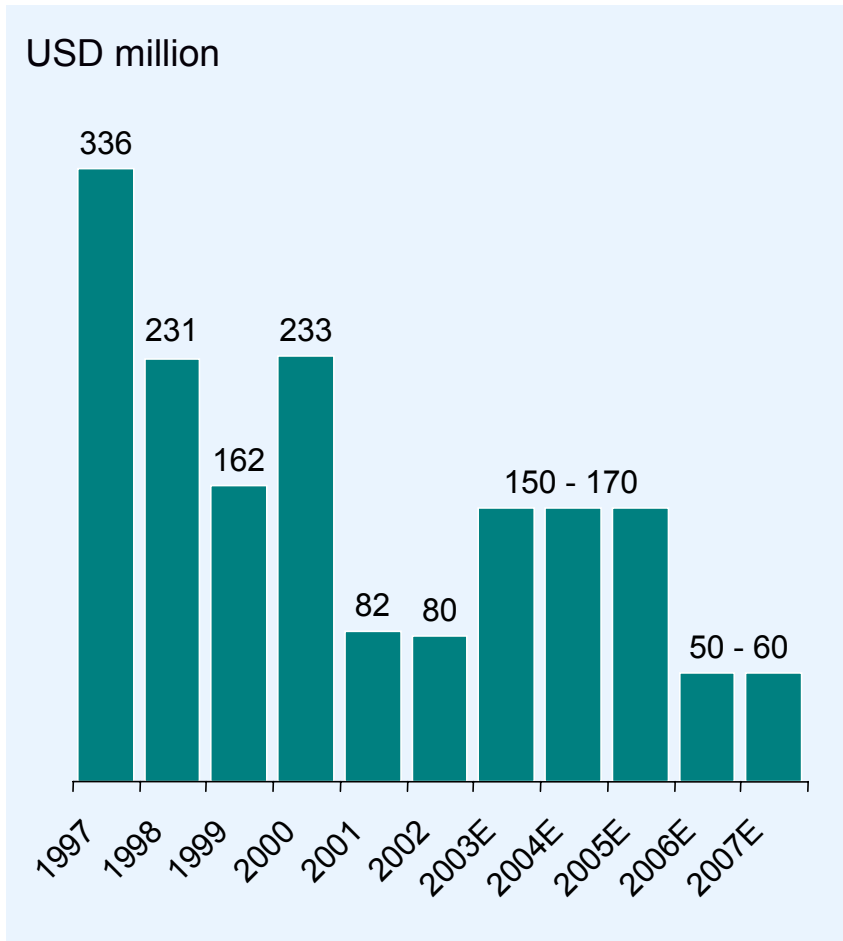


Source: OVUM, Rostelecom estimates

Rostelecom strengths

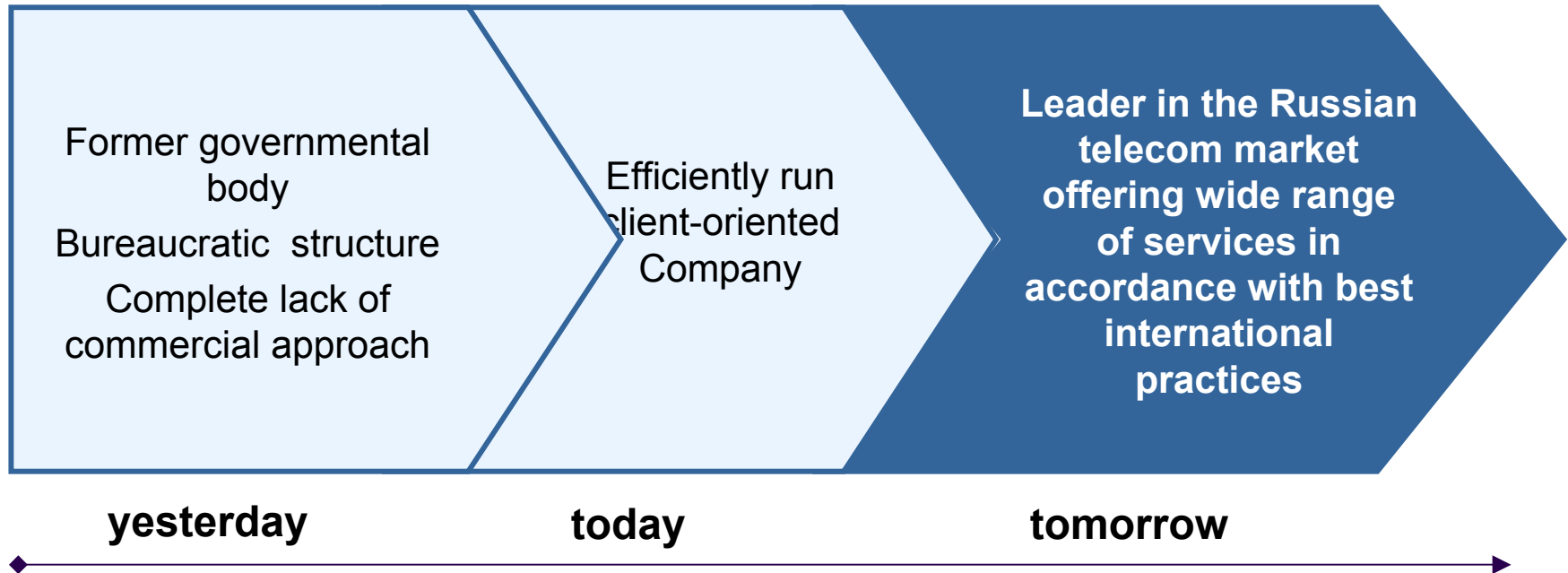
- ✓ Unique geographical location – shortest route between Europe and Asia
- ✓ Rostelecom already has fiber-optic backbone in place
- ✓ Better quality and reliability of routing
- ✓ Competitive pricing
- ✓ Agreements on cooperation in principle reached with operators of China and Kazakhstan
- ✓ Capacity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

Capital Expenditure Dynamics and Priorities



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

Rostelecom in 2004 and beyond



Thank you!