

Appendix No.2 to Item No.1 of the Agenda of
OJSC Rostelecom Annual General Meeting upon the results of the year 2008

**AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF
THE OPEN JOINT STOCK COMPANY LONG-DISTANCE AND INTERNATIONAL
TELECOMMUNICATIONS "ROSTELECOM"
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008**

To the shareholders of the Open Joint Stock Company Long-Distance and International Telecommunications
"Rostelecom"

INFORMATION ON THE AUDIT FIRM

Name of the audit firm:	Closed Joint Stock Company KPMG.
Location (legal address):	18/1, Olympiysky prospect, Room 3035, Moscow 129110.
Postal address:	Naberezhnaya Tower Complex, Block C, 18, Krasnopresnenskaya Naberezhnaya, Moscow 123317.
State registration:	Registered by the Moscow Registration Chamber on 25 May 1992, Registration No. 011.585. Included in the Unified State Register of Legal Entities on 13 August 2002 by Moscow's Inter-Regional Tax Inspectorate No.39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700125628, Certificate series 77 No. 005721432.
License:	Audit Licence No. E 003330 issued on the basis of Order No. 9 of the Ministry of Finance of the Russian Federation on 17 January 2003. The Licence was extended until 17 January 2013.
Accredited professional audit organisation membership:	Member of the Chamber of Auditors of Russia.

INFORMATION ON THE AUDITED COMPANY

Name of audited company:	Open Joint Stock Company Long-Distance and International Telecommunications "Rostelecom".
Location (legal address):	15, Dostoevskogo st., Saint-Peterburg, 191002.
Postal address:	14, 1st Tverskaya-Yamskaya st., Moscow, 125047.
State registration:	Registered by Moscow registration body on 23 September 1993, Registration No. 021.833. Included in the Unified State Register of Legal Entities on 9 September 2002 by Moscow's Tax Authorities of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700198767, Certificate series 77 No. 004891969. Changes entered in the Unified State Register of Legal Entities on 13 July 2006 by Moscow's Inter-Regional Tax Inspectorate No.46 of the Federal Authority for Taxes and Duties of the Russian Federation, Registration No. 2067755256127, Certificate series 77 No. 009473616.

AUDITORS' REPORT

We have audited the accompanying financial statements of the Open Joint Stock Company Long-Distance and International Telecommunications "Rostelecom" (hereinafter the "Company") for the period from 1 January to 31 December 2008 inclusive.

The financial statements, set on 72 pages, comprise:

- the balance sheet as at 31 December 2008;
- the income statement for 2008;
- appendices to the balance sheet and income statement including:
 - statement of changes in equity for 2008;
 - cash flow statement for 2008;
 - attachments to the balance sheet;
- explanatory notes to the financial statements.

The Executive Body of the Company is responsible for keeping the accounts, the preparation and presentation of the Financial Statements. Our responsibility is to express an opinion on the reliability of the Financial Statements based on our audit in all material respects, and whether the accounting procedures are, in all material respects, in compliance with the legislation of the Russian Federation.

We performed audit in accordance with the Federal Law *On Auditing* (as amended), the Federal Rules (Standards) On Auditing, internal KPMG auditing methodology, the rules and standards adopted by the Chamber of Auditors of Russia and the Institute of Professional Accountants and Auditors of Russia.

The audit was planned and performed to obtain reasonable assurance that the financial statements are free of material misstatement. The audit was performed on a sample basis and included examination, on a test basis, of evidence supporting the amounts presented in the financial statements and the information disclosed therein on the financial performance of the Company. The audit also included an assessment of the Company's compliance with the accounting principles and rules in the preparation of the financial statements and a review of key estimates made by management, as well as an evaluation of the presentation of the financial statements. We believe that the performed audit provides sufficient grounds to express our opinion on the reliability of the financial statements in all material respects, and on the compliance of the accounting records and procedures, in all material respects, with the legislation of the Russian Federation.

In our opinion, the accompanying financial statements present reliably, in all material respects, the financial position of the Company as at 31 December 2008 and its financial performance for the period from 1 January to 31 December 2008 inclusive, and the accounting records and procedures serving as the basis for the preparation of the financial statements comply, in all material respects, with the legislation of the Russian Federation.

31 March 2009

Shvetsov Andrei Viktorovich

Director of ZAO KPMG,
(power of attorney dated 2 October 2006 No. 182)

Artamonova Natalia Vasilievna

In charge of the audit,
auditor's qualification certificate for general audit No K011857,
valid for an indefinite period

OJSC Rostelecom
Annual Financial Statements for 2008
(the balance sheet and the profit & loss statement)

BALANCE SHEET

as of **December 31, 2008**
 Organization **OJSC Rostelecom**
 Taxpayer Identification Number **7707049388**
 Type of Activity **Telecommunications**
 Organizational and legal form/ form of ownership **Open joint stock company**
 Unit of measure **Thousand rubles**
 Address **15 Dostoevskogo st., St. Petersburg, 191002**

OKUD Form No. 1
 Date (year, month, day) **31.12.2008**
 OKPO code **17514186**
 TIN **7707049388**
 OKVED code **64.20**
 OKOPF/ OKFS code **47/16**
 OKEI code **384**

CODES
0710001
31.12.2008
17514186
7707049388
64.20
47/16
384

ASSETS	Note	Line code	Index code	At the beginning of the reporting period	At the end of the reporting period
1	2	2a	2b	3	4
I. NON-CURRENT ASSETS					
Intangible assets		110	110	15	437
including: Patents, licenses, trademarks (service marks), other similar rights and assets		111		15	437
Organization expenses		112		X	X
Goodwill		113		X	X
Fixed assets:	6.1	120	120	22,534,639	23,895,582
including: Land plots and natural resources		121		12,130	16,489
Buildings, plant and equipment		122		17,420,770	18,042,243
Construction in progress	6.1	130	130	6,362,044	7,704,730
Profitable investments in tangible assets:		135	135	-	-
including: Property for leasing		136		-	-
Property provided for rent		137		-	-
Long-term financial investments:	6.2	140	140	13,935,806	3,778,248
including: Investments		141		13,871,428	3,743,439
<i>including: Investments into subsidiaries</i>		1411		2,018,272	3,517,418
<i>including: Investments into associates</i>		1412		20,869	8,119
<i>including: Investments into other companies</i>		1413		11,832,287	217,902
Other long-term financial investments		142		64,378	34,809
Deferred tax assets		145	145	-	-
Other non-current assets	6.3	150	150	4,205,608	3,804,603
TOTAL for Section I		190	190	47,038,112	39,183,600

ASSETS	Note	Line code	Index code	At the beginning of the reporting period	At the end of the reporting period
1	2	2a	2б	3	4
II. CURRENT ASSETS					
Inventories		210	210	367,912	447,560
including:					
Raw materials, consumables, and other assets	6.4	211	211	304,192	309,371
Work in progress costs (commercial costs)	6.4	213	213	-	-
Finished products and goods for resale	6.4	214	214	2,436	2,256
Shipped goods		215	215	-	-
Deferred expenses	6.3	216	216	61,284	111,352
Other reserves and expenses		217	217	-	24,581
Value-added tax on acquired assets		220	220	536,060	226,928
Accounts receivable (payment due more than 12 months after the reporting date):		230	230	28,043	26,402
including:					
Buyers and customers		231	231	15,714	12,652
Bills of exchange receivable				-	-
Accounts receivable from subsidiaries and associates				-	-
Prepayments		232		12,313	12,178
Other debtors		233		16	1,572
Accounts receivable (payment due within 12 months after the reporting date):		240	240	8,794,160	10,515,122
including:					
Buyers and customers	6.5	241	241	7,107,692	8,464,282
Bills of exchange receivable				-	-
Accounts receivable from subsidiaries and associates				-	-
Prepayments	6.6	242		361,782	351,758
Other debtors	6.6	243		1,324,686	1,699,082
Amounts owed by participants (founders) in respect of contributions to charter capital		244		X	X
Short-term financial investments	6.2	250	250	6,742,676	10,997,013
including:					
Loans to organizations due within 12 months		251		-	-
Other short-term financial investments		253		6,742,676	10,997,013
Monetary assets:		260	260	3,097,371	9,336,020
including:					
Cash		261		1,595	1,609
Banking accounts in rubles		262		2,993,232	8,742,615
Banking accounts in foreign currencies		263		100,294	587,637
Other monetary assets		264		2,250	4,159
Other current assets		270	270	169	185
TOTAL for Section II		290	290	19,566,391	31,549,230
BALANCE (sum of lines 190+290)		300	300	66,604,503	70,732,830

LIABILITIES	Note	Line code	Index code	At the beginning of the reporting period	At the end of the reporting period
1	2	2a	2b	3	4
III. CAPITAL AND RESERVES					
Charter capital	6.9	410	410	2,429	2,429
Own shares redeemed from shareholders	6.10	440	411	-	-
Additional capital	6.11	420	420	8,020,318	6,670,430
Reserve capital:		430	430	364	364
including: Statutory reserves		431	431	364	364
Reserves formed in accordance with foundation documents		432	432	-	-
Social fund		450		X	X
Undistributed profit of previous years		460		43,645,265	41,289,262
Uncovered losses of previous years		465		-	-
Undistributed profit of the reporting year		470	470	-	8,418,342
Uncovered losses of the reporting year		475		-	-
TOTAL for Section III		490	490	51,668,376	56,380,827
IV. LONG-TERM LIABILITIES					
Loans and credits	6.13	510	510	4,044,280	3,822,833
including: Bank credits repayable more than 12 months after the reporting date		511		1,733,262	1,511,815
Loans repayable more than 12 months after the reporting date		512		2,311,018	2,311,018
Deferred tax liabilities	6.14	515	515	2,377,908	568,694
Other long-term liabilities	6.15	520	520	58,898	46,058
TOTAL for Section IV		590	590	6,481,086	4,437,585
V. SHORT-TERM LIABILITIES					
Loans and credits	6.12	610	610	515,903	564,046
including: Bank credits repayable within 12 months of the reporting date		611		515,504	563,648
Loans repayable within 12 months of the reporting date		612		399	398
Accounts payable		620	620	5,810,697	7,716,437
including: Suppliers and contractors	6.16.1	621	621	3,790,056	4,462,891
Bills of exchange payable				-	-
Accounts payable to subsidiaries and associates				-	-
Receipts in advance		622	622	673,302	829,334
Amounts owed to employees		623	623	739	1,102
Amounts owed to state extrabudgetary fund		624	624	62,210	38,791
Amounts owed to the budget	6.16.2	625	625	169,911	901,400
Other creditors	6.16.2	626	626	1,114,479	1,482,919
Income payable to participants (founders)		630	630	74,896	88,137
Deferred income	6.17	640	640	107,074	70,380
Provisions for expenses	6.18	650	650	1,946,471	1,475,418
Other short-term liabilities		660	660	-	-
TOTAL for Section V		690	690	8,455,041	9,914,418
BALANCE (sum of lines 490 + 590 + 690)		700	700	66,604,503	70,732,830

STATEMENT OF ASSETS ON OFF-BALANCE ACCOUNTS

Item	Note	Line code	Index code	At the beginning of the reporting period	At the end of the reporting period
1	2	2a	2б	4	4
Rented fixed assets		910	910	2,343,043	3,201,076
including leased assets		911	911	-	-
Valuables in custody		920	920	1,476,895	4,267,023
Materials accepted for processing		921		-	-
Equipment accepted for assembly		922		-	-
Consigned goods		930	930	559	98
Bad debts written off as losses		940	940	2,090,397	2,167,843
Received collateral for obligations and payments	6.19	950	950	1,295,450	2,247,608
Issued collateral for obligations and payments	6.19	960	960	2,122,786	1,732,618
Depreciation of housing		970	970	41,711	37,945
Depreciation of amenities and similar facilities		980	980	-	-
Strict accountability forms		990	990	687	394
Fixed assets provided for lease		991		-	-
Implements and economic accessories		992		215,295	220,071
Pre-paid telecommunication cards		993		-	22,109
Intangible assets received for use		994		-	1,614,470

General Director _____ s&s _____ Konstantin Yu. Solodukhin

Chief Accountant _____ s&s _____ Roman A. Frolov

March 31, 2009

PROFIT & LOSS STATEMENT

for
Organization
Taxpayer Identification Number
Type of Activity
Organizational and legal form/ form of ownership
Unit of measure
Address

2008
OJSC Rostelecom
7707049388
Telecommunications
Open joint stock company
Thousand rubles
15 Dostoevskogo st., St. Petersburg, 191002

OKUD Form No. 2
Date (year, month, day)
OKPO code
TIN
OKVED code
OKOPF/ OKFS code
OKEI code

CODES
0710002
31.12.2008
17514186
7707049388
64.20
47/16
384

Item	Note	Line code	Index code	For the reporting period	For the same period of the preceding year
1	2	2a	2б	3	4
I. Income and expenses for core activities					
Proceeds (net) from sale of goods, products, work, services (less the VAT, excises, and similar obligatory payment)	7.1	010	010	63,201,652	62,588,163
including Sale of telecommunication services		011		62,499,149	62,010,053
Cost price of goods, products, work, and service sold	7.2	020	020	(53,066,795)	(54,510,957)
including telecommunication services		021		(52,448,315)	(53,905,844)
Gross profit		029	029	10,134,857	8,077,206
Trading costs		030		X	X
Management costs		040		X	X
Operating profit		050	050	10,134,857	8,077,206
II. Other income and expenses					
Interest receivable	7.3.1	060	060	1,286,090	903,717
Interest payable	7.3.2	070	070	(192,986)	(237,736)
Income from participation in other organizations	7.3.1	080	080	14,393	11,270
Other operating income	7.3.1	090	090	14,012,148	11,197,318
Other operating expenses	7.3.2	100	100	(15,695,891)	(7,357,532)
Profit (loss) before taxes		140	140	9,558,611	12,594,243
Profit tax	7.4	150	150	(4,467,295)	(2,042,271)
Income (expenses) for deferred tax assets (liabilities)	7.4	151	142	171,527	285,155
Net profit		160		1,809,214	(1,413,223)
FOR INFORMATION				7,072,057	9,423,904
Permanent tax obligations	7.4	191	200		
Basic income (loss) per share	7.5	192		192,487	147,721
Diluted income (loss) per share	7.5	193		8.7346	11.6393

INDIVIDUAL INCOME AND EXPENSE ITEMS

Item	Line code	For the reporting period		For the same period of the preceding year	
		profit	loss	profit	loss
1	2	3	4	5	6
Fines, penalties, and charges acknowledged by payer or payable pursuant to the decision of a court (arbitral tribunal)	210	18,314	3,694	106,984	964
Accumulated income (loss)	220	33,103	-	124,184	-
Compensation for losses caused by nonperformance or undue performance of obligations	230	3,687	720	3,222	266
Exchange-rate differences in foreign-exchange operations	240	-	352,893	39,647	-
Provision expenses	250	-	182,081	8,221	904,419
Write-off of receivables and payables upon expiration of limitation period	260	2,465	-	3,372	-

General Director _____ s&s _____ Konstantin Yu. Solodukhin

Chief Accountant _____ s&s _____ Roman A. Frolov

March 31, 2009

**THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS OF OJSC ROSTELECOM
RESOLUTION**

**EXCERPT FROM THE MINUTES NO.10 OF
THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS OF OJSC ROSTELECOM**

Date of meeting: April 9, 2009.

Location: room 702, 14, 1st Tverskaya-Yamskaya St., Moscow.

Date of signing: April 10, 2009.

Chairman of the Committee: Mikhail A. Alexeev.

Corporate Secretary: Pavel A. Nezhtutin.

2 from 3 members of the Committee participated in the meeting: Mikhail A. Alexeev, Yevgeny I. Logovinsky.

1 from 3 members of the Committee submitted written opinion: Yekaterina P. Vasilyeva.

Elena P. Selvich **attended the meeting as Observer of the Committee.**

The quorum required for the meeting was present.

Persons invited to the meeting:

1. Andrei A. Gaiduk, First Deputy General Director – Finance Director of OJSC Rostelecom;
2. Roman A. Frolov, Chief Accountant of OJSC Rostelecom;
3. Yevgeny A. Pelymsky, Director of Business Processes Department of OJSC Rostelecom;
4. Andrei Shvetsov, Partner of ZAO KPMG;
5. Ilya Kotlov, Partner of ZAO KPMG;
6. Natalia Artamonova, Senior Manager of ZAO KPMG;

CONSIDERED ITEM No.2 OF THE AGENDA:

Consideration of the Company's 2008 financial statements under the RAS (Russian Accounting Standards), including profit and loss statement and report of the Company's auditor ZAO KPMG on 2008 financial statements under the RAS.

Speaker: Roman A. Frolov, Chief Accountant of OJSC Rostelecom.

AUDIT COMMITTEE RESOLVED:

To take into account the Company's 2008 financial statements under the RAS, including profit and loss statement and report of the Company's auditor ZAO KPMG on 2008 financial statements under the RAS.

VOTING RESULTS ON ITEM No.2 OF THE AGENDA:

«For»	«Against»	«Abstain»
3 votes	No	No

Chairman of the Committee Mikhail A. Alexeev.

EXCERPT FROM THE MINUTES IS CORRECT

Corporate Secretary

/s&s/

Pavel A. Nezhtutin

**RESOLUTION OF THE AUDIT COMMISSION
ON 2008 FINANCIAL STATEMENTS OF
OJSC ROSTELECOM**

Moscow

April 16, 2009

The following members of the Audit Commission of OJSC Rostelecom were elected by the General Shareholders' Meeting on June 9, 2008.

Chairman of the Audit Commission: Olga G. Koroleva,

Members of the Audit Commission: Ludmila A. Arzhannikova, Mikhail V. Batmanov, Natalya Yu. Belyakova, Svetlana N. Bocharova,

Acting within the authority defined by the Federal Law On Joint Stock Companies, the Charter of OJSC Rostelecom and the Regulations on the Audit Commission of OJSC Rostelecom, the Audit Commission reviewed the Company's financial and operating performance for the 2008 fiscal year.

The review was carried out in accordance with the decision of the Audit Commission (Minutes No.5 as of February 4, 2009) within the period starting from February 15 till April 5, 2009 pertaining to the annual statements of the Company for the fiscal year starting from January 1 till December 31, 2008, with regard of the following aspects:

- adherence to the established procedure of book-keeping and submission of financial statements;
- monitoring of the legality of decisions and activities taken by the Company's executive bodies, including concluded contracts and effected transactions;
- verification of law compliance in the process of business activities;
- evaluation of the internal control procedure.

The review based on the documents, accounting and taxation records, registers and clarifications provided by the Company's management as well as data disclosed at <http://www.rt.ru>. The review included examination if the Company accurately reflects business activities in its financial (accounting) statements, examination of the Company's accounting principles and methods, as well as of the rules for preparation of financial (accounting) statements and the annual report.

During checking and audit operations the Audit Commission used methods of full and random checks to review the Company's particular transactions.

Brief Information on the Company

Company's Full Name: Open Joint Stock Company Long-Distance and International Telecommunications "Rostelecom".

Legal Address: 15 Dostoevskogo St., Saint-Petersburg, 191002 (the Company's collective executive body – Management Board is located at this address).

Sole Executive Body Location: 14, 1st Tverskaya-Yamskaya St., Moscow, 125047.

Executives responsible for the Company's book-keeping and preparation of financial statements during the reviewed period were:

- General Director – Konstantin Yu. Solodukhin.
- Chief Accountant – Roman A. Frolov.

The supreme governing body of the Company is the General Shareholders' Meeting.

General Director, Mr. K.Yu. Solodukhin, was assigned in accordance with sub-clause 23.3.18 of the Charter by the decision of the Board of directors as of December 27, 2007, with the term of office from January 14, 2008 till January 13, 2010. Material terms of the contract with the General Director have been approved by the Board of Directors at the same meeting.

Rostelecom also has collective bodies: the Board of Directors (11 persons), and the Management Board (13 persons).

Company's Key Performance Indicators in 2008

The Company's 2008 performance shows the following indicators characterizing its operating activity and financial standing:

	Index	Unit	2008	2007	Growth rates
1.	Revenues from sales of goods, works, and services	mln. rubles	63,202	62,588	101%
2.	including proceeds from communications services	mln. rubles	62,499	62,010	101%
3.	Cost of goods, works, and services	mln. rubles	-53,067	-54,511	97%
4.	including cost of communications services	mln. rubles	-52,448	-53,906	97%
5.	Operating profit	mln. rubles	10,135	8,077	125%
6.	Profit before taxes	mln. rubles	9,559	12,594	76%
7.	Net profit	mln. rubles	7,072	9,424	75%
8.	OIBDA	thous. rubles	14,314	11,957	120%
9.	Operating margin (profitability of sales)	%	16.0%	12.9%	124%
10.	Return on sales	%	19%	15%	129%
11.	Cost of 100 ruble earnings	rubles	84	87.1	96%
12.	OIBDA margin	%	22.6	19.1	118%
13.	Revenue per employee	thous. rubles	3,029	2,889	105%
14.	Financial independence coefficient	-	0.7	0.7	100%

The review of the Company's financial statements allows the Audit Commission to make the following conclusion:

1. The Company can be positioned as an enterprise able to generate cash flow sufficient to supply for its day-to-day operation. During the reviewed period, there were no considerable changes related to the company being determined as a reliable borrower.
2. Profitability of the Company's major activity can be defined as sufficient with determinate positive dynamics.

Financial Statements

The Company's accounting principles meet the requirements of relevant regulatory acts of the Russian Federation and are based on the Accounting Policy approved by the General Director's Resolution as of December 29, 2007.

On October 2, 2008, the Company's Board of Directors' Audit Committee approved a new version of the Regulation on receiving, reviewing and retaining complaints and claims related to accounting, internal control procedures, fraud, audit examinations and the Code of Ethics compliance at Rostelecom.

Financial statements for the year 2008 were prepared in accordance with the Federal law as of November 21, 1996 No.129-FZ "On Book-keeping", and included: balance sheet, profit-and-loss statement, and annexes to them (forms No.3-5 according to All-Russia Classifier of Management Documentation), an explanatory note, and an auditor's report confirming authenticity of the book-keeping records. The book-keeping records were made on the basis of the reports provided by the Company's branches according to approved forms.

Upon review of the Company's financial and operating activities for the year 2008, the Audit Commission did not reveal any considerable violations in compliance with the requirements of the RF legislation, or any considerable misstatements in reflecting financial and operating activities.

The Company's financial statements allow to have complete and true information on the Company's financial and operating activities and its results, which is necessary to carry out day-to-day management and control, as well as to be used by investors, creditors, governmental authorities and by other interested persons and entities.

Compliance with the requirements of Law in the Process of Business Activities

The Company has a system of management and audit bodies the efficient activity of which can ensure the Company's adequate development and observance of shareholders interests. The Company has established the Board of Directors and its Committees (Nominations and Remuneration Committee, Corporate Governance Committee, Strategic Planning Committee, Audit Committee), appointed the Corporate Secretary, and adopted Regulations governing their activities. Besides, during 2008, the Company was implementing the system of risks management (the program of risks management was approved on November 18, 2008; in December of 2008 the Board of Directors considered the issue of appointing a person responsible for risks management in the Company (sub-article 23.3.29 a) of the Charter)).

In the course of the review, the Audit Commission did not reveal any facts showing that Rostelecom had made any transactions that need approval by the Company's authorized bodies in accordance with the procedure established by Chapter X of the Federal Law "On Joint-stock Companies".

Still, during the reviewed period, the Company made two material transactions in acquisition and disposal of assets (shares of telecom operators), namely: acquisition of shares of OJSC RTComm.RU (1,563,120,000.00 rubles) and shares of non-resident company Golden Telecom (USD 463,790,775.00).

Having considered the terms and conditions of those transactions, the Audit Commission has revealed no considerable violations that would unconditionally result in invalidity of such transactions. Still, there were some breaches of the procedure of those transactions, that did not relate to the essence of the transactions:

1. in the process of sale of Golden Telecom shares:
 - the Company failed to disclose information about this transaction in the form of a material fact report “information of a transaction whose amount totals 10 per cent and more of the issuer’s assets as of the date of the transaction”;
 - the Company failed to disclose information about a change in its amount of shares in Golden Telecom in accordance with requirements of chapter 8 of the Regulation on Information Disclosure by Issuers of Equity Securities (approved by the Order of Federal Financial Markets Service (FFMS) No.06-117/pz-n as of October 10, 2006).
2. in the process of acquisition of RTComm.RU shares, the Company failed to disclose information about change of its amount of shares in RTComm.RU.

In 2008, the Company made several related party transactions. Vast majority of those transactions was approved by the Board of Directors of Rostelecom. However, in a number of events, the Company violated the requirements of Chapter XI of the Federal Law “On Joint-Stock Companies” pertaining to approval of transactions of such category (information of such transaction is disclosed in the Annual Report).

The Company disclosed information in accordance with the procedure provided for by the Regulation on Information Disclosure by Issuers of Equity Securities, approved by the Order of Federal Financial Markets Service (FFMS) No.06-117/pz-n as of October 10, 2006.

In the course of review, we have revealed certain facts of violating requirements of the above mentioned statutory act on disclosing information. These violations can be divided into two groups:

- in some cases the Company fails to disclose information which is to be disclosed (e.g., the Company failed to disclose information about early termination of the term of office of Mr. S.L. Akopov, member of the Management Board – in May 2008);
- in other cases the Company discloses information with violation of specified deadlines (announcement of the significant fact “data on accrued yield on issuer’s securities” pertaining to declared dividends was only disclosed on July 31, 2008).

In the course of review, we have revealed certain facts of non-compliance with requirements of the mentioned statutory act on disclosing information. In particular, the Company failed to reveal the announcement about early termination of the term of office of Mr. S.L. Akopov, a member of the Management Board of Rostelecom; the Company has also violated the deadlines for revealing announcement of significant fact “data on accrued income from issuer’s securities” pertaining to declared dividends, which were only disclosed on July 31, 2008.

During the review, we have revealed a number of violations of the procedures regulating transactions of purchasing “financial services”. In accordance with requirements of article 18 of the Federal Law “On Protection of Competition”, Rostelecom must make the main types of insurance contracts based on public tender results. But the Audit Commission, judging by materials that were provided by the Company and that were publicly available, was not able to verify the fact that public tenders had been used for the following contracts:

Number of the Contract	Date	Subject of the Contract	Contractor
247554980	March 16, 2008	Liability insurance of an owner of hazardous manufacturing entity	Open Joint-stock insurance company RESO-Garantia
ABГ3-9259 08/32-32-30/200-08-22	May 25, 2008		JSC ROSNO
ABГ3-9261 08/32-32-30/202-08-22	May 25, 2008		JSC ROSNO
ABГ3-9262 08/32-32-30/203-08-22	May 25, 2008		JSC ROSNO
ABГ3-9263 08/32-32-30/204-08-22	May 25, 2008		JSC ROSNO
ABГ3-9260 08/32-32-30/201-08-22	May 25, 2008		JSC ROSNO
6/08/164XK/1862/1027-08-21	September 08, 2008		Rosgosstrakh-Stolitsa Ltd.

Internal Control System

Pursuant to the requirements of Federal Financial Markets Service (FFMS) of Russia established for issuers, whose securities are included into quoted lists of securities market bidding-maker, Rostelecom has a structural department that carries out functions of internal control: Internal Control Department.

In addition to the above mentioned mandatory internal control body (the Internal Control Department), certain control functions (in the scope provided for by the Company's internal documents) are performed by:

- The Audit Committee of the Board of Directors, headed by an independent director. This committee was formed with a purpose of assistance in exercising control over the quality and completeness of the Company's financial and accounting statements and reports, over the qualification and independence of the Company's independent auditor, over activity of the Company's structural department with functions of internal control, over performance of the duties by the independent auditor, and over the Company's compliance with the requirements of applicable law and of competent state regulating authorities.
- By the end of 2008 the Company had completed and arranged its risk management structure and adopted a relevant program containing key risks arising in the process of Rostelecom's activity, their evaluation, distribution of roles in their management, and methods of such management.

Conclusion

Upon results of the performed review the Audit Commission has concluded that:

- resolutions on issues relating to financial and operating activities adopted in 2008 by the Management Board and the Board of Directors were in compliance with the applicable laws, regulations and the Charter of the Company;
- 2008 financial statements accurately and fully reflect the financial position and the results of financial and operating activities of the Company for the period from January 1 to December 31, 2008;
- the Company's 2008 annual report contains all relevant material information required to be disclosed by the applicable laws and regulations.

Chairman of the Audit Commission
of OJSC Rostelecom

_____ O.G. Koroleva

Member of the Audit Commission
of OJSC Rostelecom

_____ L.A. Arzhannikova

_____ M.V. Batmanov

_____ N. Yu. Belyakova

Secretary of the Audit Commission
of OJSC Rostelecom

_____ S.N. Bocharova