

ABOUT THE COMPANY

Rostelecom (“the Group” or “the Company”) is a major Russian telecommunications provider, with points of presence (“PoPs”) in every region in Russia. On the basis of its advanced telecommunications network consisting of approximately 500,000 km of backbone infrastructure plus last mile connection and a fibre to the building or fibre to the home (“FTTx”) network Rostelecom is providing access to 34 million subscribers. The Company organizes the business by two primary customer groups – residential customers (i.e., individuals) and corporate customers (i.e., legal entities, Russian Government agencies and entities under direct and indirect control of the Russian Government, telecommunications carriers and resellers that purchase our interconnection services), which represented 51% and 49% of total revenue, respectively, for the year ended December 31, 2012.

The business is centred on providing integrated telecom solutions including local and intra-zone telephone services, international long-distance (“ILD”) and domestic long-distance (“DLD”) services, mobile voice, data services, broadband Internet access services and Pay-TV services to broad base of customers in all regions of Russia.

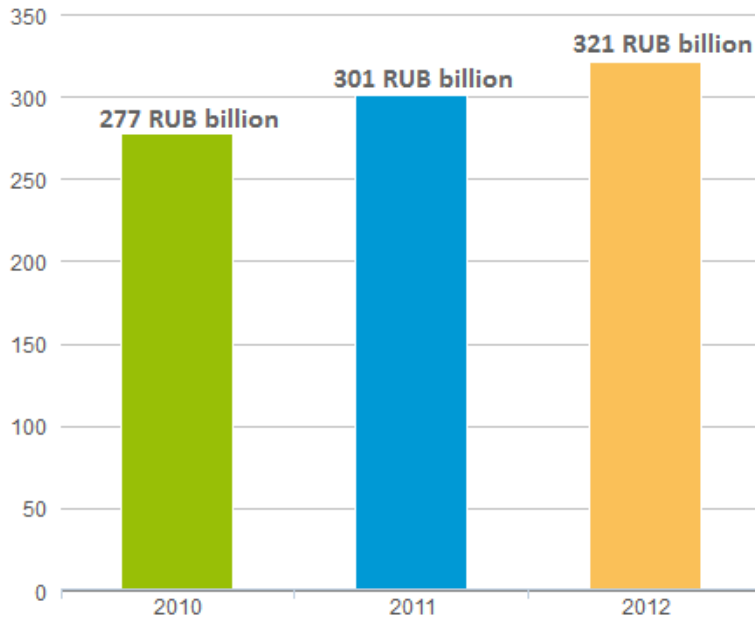
Rostelecom had 27.1 million local fixed-line voice subscribers, 13.6 million mobile voice subscribers, 9.2 million fixed-line broadband subscribers and 6.6 million Pay-TV subscribers at the end of 2012. The Group generated RUB 321.3 billion of consolidated revenues, RUB 118.6 billion of OIBDA (36.9% of revenues) and RUB 35.2 billion of net income for the twelve months ended December 31, 2012.

Company’s ordinary shares were included in the Large Cap Segment of the MSCI Global Standard Indices and MSCI Russia Index, effective from September 1, 2011. Current weight in MSCI Russia of 1.97%

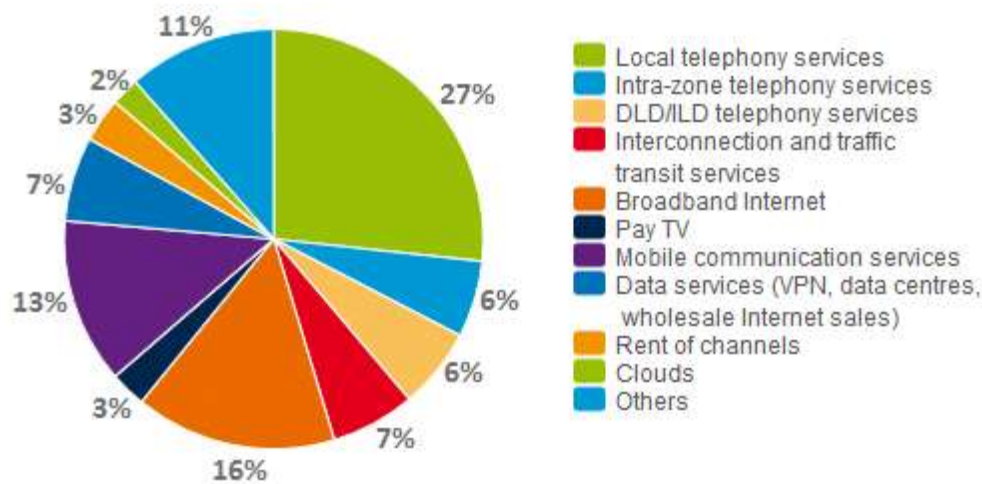
Rostelecom was assigned a ‘BBB-’ and ‘BB+’ international credit ratings by Fitch Ratings and Standard & Poor’s respectively, both with a ‘Stable’ outlook.

KEY FINANCIAL & OPERATIONAL HIGHLIGHTS

Revenue



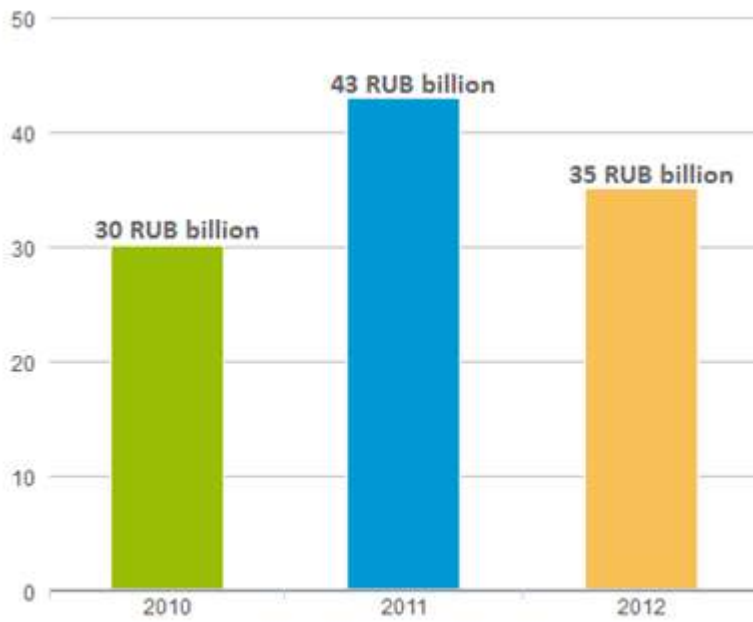
Revenue breakdown by services, 2012



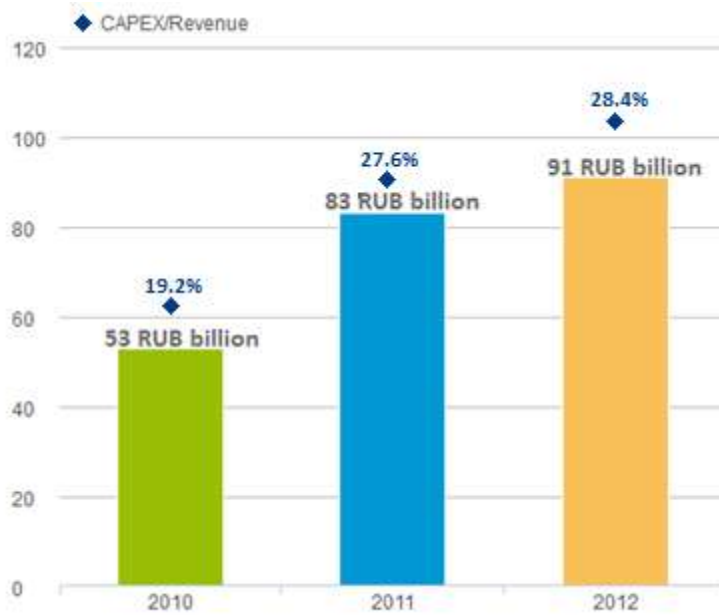
OIBDA



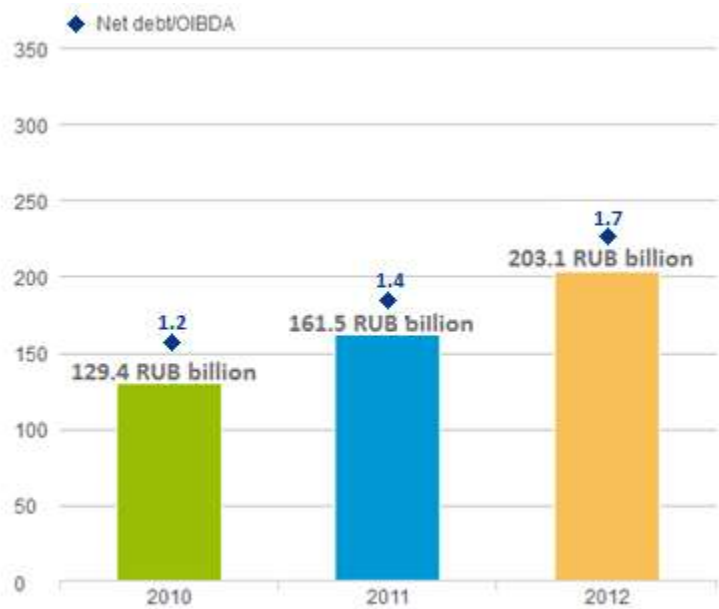
Net Profit



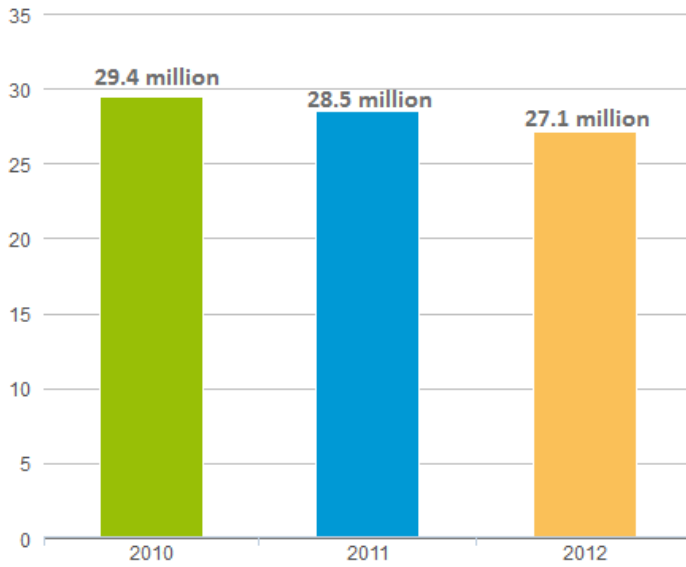
CAPEX



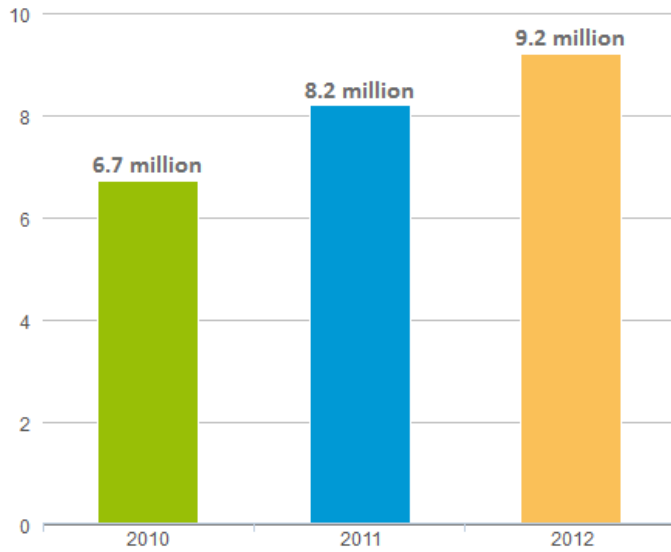
Net debt



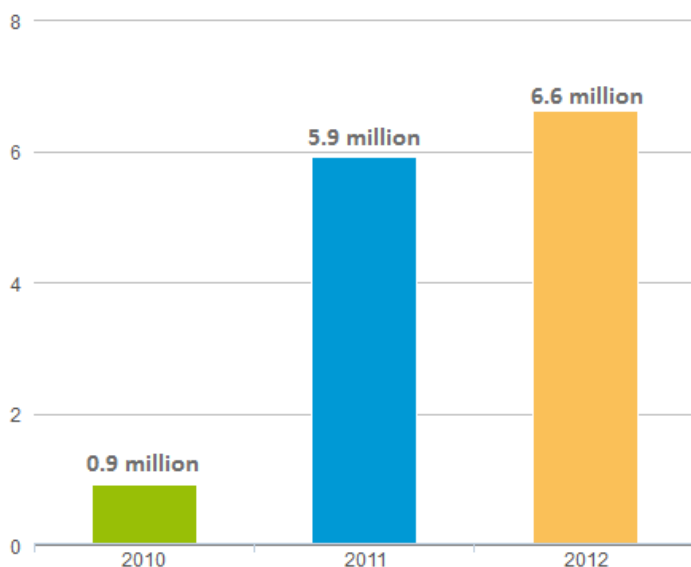
Local voice subscribers



Broadband subscribers



Pay-TV subscribers



KEY EVENTS OF 2012 & EARLY 2013

Business news:

- Rostelecom signed a co-operation agreement with the retail networks of Svyaznoy and Euroset
- Rostelecom launched federal bundle services for small- and mid-sized businesses.
- Rostelecom successfully organised the video surveillance of the Russian Presidential Elections on March 4, 2012.
- Rostelecom received federal LTE licenses.
- Rostelecom carried out test launches of 3G+ networks in 24 regions.
- Rostelecom carried out test launches of LTE base stations in Krasnodar and Sochi.
- Rostelecom launched 3G+ networks commercially in 10 regions: in the Irkutsk region, in Primorsky and Perm Krai, in the Ulyanovsk region, in Penza region, in the Republic of Tatarstan, in the Nizhny Novgorod region, in the Saratov region, and in the Orenburg and Samara regions.

- Rostelecom launched corporate bonds worth a total sum of RUB 35 billion.
- Rostelecom's Board of Directors approved the appointment of Sergey Kalugin as President of Rostelecom to succeed Alexander Provotorov

Reorganization:

- Acquisition of 3.86% of Rostelecom's own ordinary shares, consequently increasing the Treasury's stake to 6.55%
- The Decree relating to the merger of Rostelecom and Svyazinvest was signed by the President of the Russian Federation.
- State approval received for the acquisition of ZAO Sky Link, an additional share issue by Svyazinvest and also the transfer of additional Svyazinvest telecom assets.
- In relation to the additional Svyazinvest share issue, Rostelecom acquired an additional 140,315,416 Svyazinvest shares to safeguard its 25% +1 stake until the merger.
- The Rostelecom Board of Directors approved the price at which one ordinary and one preferred share will be bought from shareholders who vote against or do not take part in the voting over the company's reorganization. The buyback price of one ordinary share has been set at RUB 136.05, with the price of one privileged share at RUB 95.24 as set by the independent appraiser Ernst and Young.

M&A:

- The acquisition of 100% of ZAO Sky Link gave Rostelecom access to 3G licenses in 65 regions across Russia
- The acquisition of 28.2% of NTK, increasing Rostelecom's share of the company to 100%.