

Moscow, March 28, 2002: Rostelecom announces its preliminary FY 2001 RAS results.

In 2001 the Company considerably improved its production and financial results:

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- *Domestic long distance traffic volumes grew by 25%, international long distance – by 15%;*
 - *Revenue* was up 14%** compared to 2000, reaching RUR 19 229.8 mn;*
 - *Operating profit grew by 17% to RUR 5 612 mn;*
 - *Net profit reached RUR 2 232.8 mn – 176% up year- on-year.*
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Due to further network development and modernization, domestic long distance (DLD) traffic was up 25% in 2001, while total DLD revenues increased by 26% year-on-year, amounting to RUR 6 968,8 mn.

An increase in the linear part of the Integral Settlement Rate (IST) used by Rostelecom for settlements with regional operators for DLD traffic transit represents an important event of the year – linear part of the IST was raised by 25% as of July 1, 2001 and by another 25% as of January 1, 2002. As a result, 2001 Rostelecom's DLD revenues from regional operators were up 43% year-on-year.

The Company saw a 15% growth in the outgoing international long distance (ILD) traffic volumes, Rostelecom's ILD revenues derived from Russian clients, including subscribers and operators, amounted to RUR 8 331 mn – up 12% year-on-year.

Rostelecom's total revenues reached RUR 19 229.8 mn – up 14% year-on-year.

Operating costs came up to RUR 13 618 mn, growing by RUR 1 560 mn or by 13% compared to 2000.

The highest growth by 24% was seen in material costs, which is explained mainly by growth in energy and Russian producers' prices.

Payroll costs rose by 13%, other expenses were up 16%.

Amortization amounted to RUR 6 151 mn or RUR 468 mn higher than in 2000. EBITDA margin is equal to 61.2%.

Net assets amounted to RUR 16 708.9 mn as of the end of 2001. That is RUR 2 529 mn higher than in 2000, mainly due to a decrease in the Company's debt.

Long-term loans and credits went down by 44% and reached RUR 9 338.9 mn as of the end of 2001.

Absolute liquidity ratio was 0.24 or 0.11 higher than in 2000.

Financial independence ratio amounted to 0.44, which represents a year-on-year growth of 0.09.

* Excluding VAT

** Not adjusted for inflation

Balance-Sheet, RUR '000

	31.12.2000	31.12.2001	Change
ASSETS			
Non-current assets, incl.	27 933 033	23 547 730	-4 385 303
Intangible assets	698 804	23	-698 781
Fixed assets	23 611 585	19 543 286	-4 068 299
Incomplete installations	2 701 445	2 950 952	249 507
Long-term financial investments	921 199	1 053 469	132 270
Current assets, incl.	11 821 763	13 426 502	1 604 739
Inventories	778 962	1 174 566	395 604
VAT on obtained property	2 570 207	2 337 482	-232 725
Accounts receivable	7 336 897	7 250 612	-86 285
Short-term financial investments	57 856	1 129 842	1 071 986
Cash and cash equivalents	1 077 841	1 534 000	456 159
BALANCE	39 754 796	36 974 232	-2 780 564
SHAREHOLDER EQUITY AND LIABILITIES			
Shareholder equity	14 095 922	16 298 968	2 203 046
Charter capital	2 429	2 429	0
Reserves	14 965 244	14 772 981	-192 263
Retained earnings (losses, costs of cross financing)	-871 751	1 523 558	2 395 309
Liabilities, incl.	25 658 874	20 675 264	-4 983 610
Long-term liabilities	16 756 594	9 338 977	-7 417 617
Short-term liabilities	8 902 280	11 336 287	2 434 007
BALANCE	39 754 796	36 974 232	-2 780 564

Profit and Loss Statement, RUR '000

	31.12.2000*	31.12.2001	Change,%
Revenue	16 870 215	19 229 816	14,0%
Operating costs	-12 057 764	-13 617 637	12,9%
Operating profit	4 812 451	5 612 179	16,6%
Results of other operating activities	-1 393 760	-1 337 016	-4,1%
Results of other non-sales activities	-1 249 208	-169 540	-86,4%
Profit before tax	2 169 483	4 105 623	89,2%
Profit tax and other similar payments	-1 361 723	-1 871 390	37,4%
Net profit	807 760	2 232 893	176,4%

Key Ratios

	31.12.2000	31.12.2001	Change
Operating margin, %	28,53%	29,18%	0,66
EBITDA margin, %	62.2%	61.2%	-1.04
Net margin, %	4,79%	11,61%	6,82
Absolute liquidity ratio	0,13	0,24	0,11
Financial independence ratio	0,35	0,44	0,09

*** Changes in the 2000 P&L Statement**

The changes are explained by the fact that expenses financed by the net profit in 2000 were included into the 2000 P&L Statement. Certain amounts in the 2000 P&L Statement were re-grouped in order to correspond to the data in 2001 P&L Statement.