



**FOR IMMEDIATE RELEASE**

## Golden Telecom's consolidated revenue increases 24 percent and consolidated EBITDA<sup>1</sup> increases 64 percent, in 2001

**MOSCOW, Russia (March 5, 2002)** — Golden Telecom, Inc. (Nasdaq: GLDN) consolidated revenue rose 24 percent in 2001 and reached a record high of \$140.0 million. The solid increase in most of the business indicators and strong results for the Fourth Quarter of 2001 in the operating divisions of the company reflect the successful performance of the company over the last year.

**Here are some of the highlights of 2001 results vs. 2000:**

- Consolidated revenue of \$140.0 million -- up 24 percent.
- Consolidated EBITDA<sup>1</sup> of \$27.4 million -- up 64 percent.
- Consolidated Data and Internet revenue of \$66.6 million -- up 60 percent.
- Consolidated CLEC revenue of \$45.1 million -- up 7 percent.
- Consolidated Long Distance revenue of \$20.0 million -- up 35 percent.

A significant increase in EBITDA<sup>1</sup> was achieved in the Fourth Quarter of 2001 as part of a strong showing in other performance indicators.

**Here are some of the highlights of Fourth Quarter 2001 vs. Fourth Quarter 2000:**

- Consolidated revenue of \$36.7 million -- up 13 percent.
- Consolidated EBITDA<sup>1</sup> of \$10.0 million -- up 122 percent.
- Consolidated EBITDA<sup>1</sup>, as a percentage of consolidated revenue, increased from 14 percent to 27 percent.
- Consolidated Data and Internet revenue of \$19.4 million -- up 45 percent.

“The last year was successful for us” noted Alexander Vinogradov, Golden Telecom President and CEO, “We achieved solid operating and financial results and enhanced our position as a leading provider of telecommunication services in Russia. These results demonstrate the viability of our core business strategy, our skill to promptly react to changes in our markets and the strength of our international management team. The mixture of western corporate culture, brought in by our expatriate experts, and the know-how of the local market, provided by the Russian specialists, beneficially distinguish us from other players in the market and allows us to dynamically develop our business.”

“Our Data and Internet Services business continues to be our strongest revenue segment and has become our strongest EBITDA<sup>1</sup> performer. Overall our EBITDA for the fourth quarter reached a high of \$10.0 million,” reported David Stewart, Golden Telecom’s CFO. “This was achieved despite additional costs incurred as we executed our Internet and corporate reorganization strategy. This represents an increase in EBITDA<sup>1</sup> of 122 percent from the fourth quarter of 2000 and a 35 percent increase over the previous quarter.”

The year 2001 was in many respects very important to Golden Telecom. Last May, our former 67 percent shareholder sold its majority stake in the company to several investors, comprising Alfa Group, investment funds managed by Baring Vostok Capital Partners and Capital International Global Emerging Markets Private Equity Fund, L.P. The purchase had a significant and positive impact on the company. “Our shareholder base now includes several strong financial investors with a long-term interest in the telecommunications markets where we operate,” Mr. Stewart commented.

“To further consolidate our position, we made a decision to obtain control of the leading Russian CLEC company, Sovintel, through the purchase of the 50 percent interest, held by our partner, national long-distance carrier, Rostelecom. We signed a memorandum of understanding on that matter and are now working to execute all the necessary legal documents to finalize the details of the deal. Although the timing for closing is dependent upon receipt of regulatory approvals and licenses, we expect to close this transaction in the first half of 2002,” added Mr. Stewart.

At the same time events have occurred in two areas of the business that have led the company to reassess the carrying value of certain assets. This resulted in significant one-time impairment charges.

“The severely reduced expectations in demand for Internet advertising in Russia, as throughout western markets, have impacted the value of our Portal assets and we have written these down by approximately \$20.9 million. In addition, operating difficulties are impacting our Ukrainian mobile division -- and we have written down those assets by approximately \$10.4 million,” said Mr. Stewart. “As a result, our net loss per common share was (\$1.33) compared to a net loss of (\$0.09) in the same quarter last year. However, as previously reported, we fully expect to be net income positive in 2002, even before taking the proposed Sovintel acquisition into consideration.”

Speaking about the future prospects for the company, Mr. Vinogradov noted that Golden Telecom is well positioned to take a large share of the expected dynamic growth in the telecommunications sector in Russia. “We will strengthen our leadership position in Moscow and St. Petersburg and will substantially increase our presence in other regions of the country. We are sure that our creative and constructive philosophy in dealing with clients’ needs, adherence to international standards of business conduct and full financial transparency will help us to multiply our success”, stressed Mr. Vinogradov.

#### **More Fourth Quarter 2001 Results:**

Consolidated revenues were \$36.7 million – up 13 percent compared to the fourth quarter of 2000, but down 1 percent compared to last quarter. The slight reduction in consolidated revenue was due to a reduction in revenue at Golden Telecom Ukraine in the business services division. Golden Telecom Ukraine reassessed and suspended its incoming international traffic off-network termination activities, pending resolution of certain regulatory issues, and as a result experienced a reduction of approximately \$1.6 million in revenue in the fourth quarter. Golden Telecom Ukraine expects that this traffic will be partially reestablished during 2002. Increases in revenue from Golden Telecom’s Russian operations almost made up the revenue shortfall.

Data and Internet business line revenues were \$19.4 million – up 45 percent compared to the fourth quarter of 2000, and up 12 percent compared to last quarter.

Internet subscribers increased to 185,628 – up 116 percent from 85,833 subscribers at the end of the fourth quarter of 2000, primarily due to the Cityline acquisition and organic growth. Subscribers increased 17 percent compared to last quarter, with average revenue per user increasing.

Data and Internet EBITDA<sup>1</sup>, as a percentage of revenue, was 26 percent – up from 6 percent in the fourth quarter of 2000, and up from 18 percent last quarter.

CLEC revenues were \$10.8 million – down 9 percent compared to the fourth quarter of 2000, and down 11 percent compared to last quarter. The reduction in revenue was due to the operational circumstances, in Ukraine, described above.

Long Distance business line revenues were \$4.6 million – up 5 percent compared to the fourth quarter of 2000, but down 15 percent compared to last quarter.

Mobile Services revenues were \$3.5 million – down 19 percent compared with the fourth quarter of 2000, and down 5 percent compared to last quarter.

Consolidated EBITDA<sup>1</sup> was \$10.0 million – up 122 percent from \$4.5 million in the fourth quarter of 2000, and up 35 percent compared to last quarter. Consolidated EBITDA<sup>1</sup>, as a percentage of consolidated revenue was 27 percent, up from 14 percent in the fourth quarter of 2000, and up from 20 percent last quarter. This improvement reflects the successful integration of our acquisitions and our drive to control costs.

The net loss for the fourth quarter was (\$29.7) million compared to a (\$1.9) million loss last quarter and compared to a net loss of (\$2.2) million reported in the fourth quarter of 2000. The increase in net loss was due to the \$31.3 million of impairment charges and reduced interest income, partly offset through the improved operational performance. Equity in earnings of ventures was \$3.0 million compared to equity in earnings of ventures of \$0.7 million in the fourth quarter of 2000. Golden Telecom's share of the losses from MCT Corp. were more than offset by the improved net income from Sovintel. As a result, net loss per common share in the fourth quarter of 2001 was (\$1.33) compared to a net loss of (\$0.09) for the fourth quarter of 2000. The weighted-average number of shares outstanding decreased to 22.4 million compared to 24.2 million in the fourth quarter of 2000, largely due to the buyback of shares from Global TeleSystems, Inc. ("GTS").

Golden Telecom closed the year with a total of \$46.4 million in consolidated cash and investments held for sale. The purchase of treasury stock, shown in the cash flow statement, refers to the buyback of 2,272,727 shares from GTS for a total sum of \$25.0 million that was completed in July 2001.

**About Golden Telecom ([www.goldentelecom.ru](http://www.goldentelecom.ru))**

Golden Telecom, Inc., NASDAQ "GLDN" is a leading facilities-based provider of integrated telecommunications and Internet services in major population centers throughout Russia and other countries of the Commonwealth of Independent States (CIS). The company offers competitive local exchange carrier services using its overlay network in Moscow, Kiev and Saint Petersburg; data and long-distance services using a fiber optic and satellite-based network – including 140 combined access points in Russia and other countries of the CIS; dedicated and dial-up Internet access to businesses and consumers; Internet content through numerous web brands powered by its Russia-On-Line portal; and mobile services.

Statements made in this press release, including the proposed purchase of Sovintel, the expectations that the Company will become net income positive during 2002 and the anticipated revenues in Ukraine, are forward looking and are made pursuant to the safe harbor provisions of the Securities Litigation Reform Act of 1995. It is important to note that such statements involve risks and uncertainties, which may cause results to differ materially from those set forth in these statements. Such risks and uncertainties include, but are not limited to, political, economic and regulatory developments in Russia and Ukraine, our ability to execute our business plan, increasing competition that may limit growth opportunities, and the possibility that the Sovintel transaction described above may not be consummated. Additional information concerning factors that could cause results to differ materially from those in the forward looking statements is contained in the Company's filing with the U.S. Securities and Exchange Commission of the Company's annual report on Form 10-K for the year ended December 31, 2000, quarterly report on Form 10-Q for the quarter ended September 30, 2001 and Form S-8 filed on October 23, 2001.

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Golden Telecom, Inc.  
Condensed, Consolidated Statement of Operations  
(Amounts in millions, except per share data)

	Three Months Ended:		Twelve Months Ended:	
	<u>12/31/00</u>	<u>12/31/01</u>	<u>12/31/00</u>	<u>12/31/01</u>
	(unaudited)	(unaudited)	(audited)	(unaudited)
Revenues	\$ 32.5	\$ 36.7	\$ 113.1	\$ 140.0
Operating costs and expenses:				
Access and network services	15.6	16.1	51.0	63.7
Selling, general and administrative	12.4	10.6	45.4	48.9
EBITDA <sup>1</sup>	4.5	10.0	16.7	27.4
Depreciation and amortization	8.8	10.8	31.9	41.4
Impairment charge	—	31.3	—	31.3
Loss from operations	( 4.3 )	( 32.1 )	( 15.2 )	( 45.3 )
Other income/(expense):				
Equity in earnings/(losses) of ventures	0.7	3.0	( 0.3 )	8.2
Foreign currency gains/(losses)	( 0.4 )	( 0.2 )	( 0.4 )	( 0.6 )
Interest income/(expense), net	2.2	( 0.5 )	7.1	0.7
Other expense	—	—	( 0.1 )	—
Minority interest	—	( 0.1 )	( 0.4 )	( 0.1 )
Total other income/(expense)	2.5	2.2	5.9	8.2
Net loss before income taxes	( 1.8 )	( 29.9 )	( 9.3 )	( 37.1 )
Income taxes	0.4	( 0.2 )	1.0	1.9
Net loss	\$ ( 2.2 )	\$ ( 29.7 )	\$ ( 10.3 )	\$ ( 39.0 )
Net loss per share	(\$0.09)	(\$1.33)	(\$0.43)	(\$1.65)
Weighted average common shares	24.2	22.4	24.1	23.6

Golden Telecom, Inc.  
Condensed, Consolidated Balance Sheet  
(Amounts in millions)

	<u>12/31/00</u> <u>(audited)</u>	<u>12/31/01</u> <u>(unaudited)</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 57.9	\$ 37.4
Investments held for sale	54.3	9.0
Accounts receivable, net	19.3	21.9
Prepaid expenses and other assets	9.9	16.4
Total current assets	141.4	84.7
Property and equipment, net	82.4	98.6
Goodwill and intangible assets, net	70.0	57.1
Investments in and advances to ventures	49.6	46.0
Restricted cash and other assets	5.0	14.0
<b>TOTAL ASSETS</b>	<b>\$ 348.4</b>	<b>\$ 300.4</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 28.3	\$ 27.3
Debt maturing within one year	3.3	9.9
Other current liabilities	9.8	11.5
Total current liabilities	41.4	48.7
Long-term debt	15.7	3.3
Other liabilities	4.8	21.6
<b>TOTAL LIABILITIES</b>	61.9	73.6
Minority interest	3.3	6.0
<b>SHAREHOLDERS' EQUITY</b>		
Common stock	0.2	0.2
Treasury stock	—	( 25.0 )
Additional paid-in capital	412.8	414.4
Accumulated deficit	( 129.8 )	( 168.8 )
<b>TOTAL SHAREHOLDERS' EQUITY</b>	283.2	220.8
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 348.4</b>	<b>\$ 300.4</b>

Golden Telecom, Inc.  
Condensed, Consolidated Cash Flow  
(Amounts in millions)

	Twelve Months Ended:	
	<u>12/31/00</u> <u>(audited)</u>	<u>12/31/01</u> <u>(unaudited)</u>
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES	\$ 18.1	24.4
INVESTING ACTIVITIES		
Purchase of property, equipment and intangible assets	( 37.1 )	( 27.9 )
Acquisitions, net of cash acquired	( 24.3 )	( 33.4 )
Loans made	—	( 9.1 )
Proceeds from investments available for sale	—	54.3
Purchase of investments available for sale	( 53.1 )	( 9.0 )
Convertible loan to MCT Corp.	( 9.0 )	9.0
Other investing	12.1	3.4
NET CASH USED IN INVESTING ACTIVITIES	( 111.4 )	( 12.7 )
FINANCING ACTIVITIES		
Proceeds from debt	22.9	3.3
Repayments of debt	( 31.5 )	( 10.0 )
Purchase of treasury stock	—	( 25.0 )
Other financing	( 2.8 )	( 0.3 )
NET CASH USED IN FINANCING ACTIVITIES	( 11.4 )	( 32.0 )
Effects of exchange rate changes on cash and cash equivalents	( 0.1 )	( 0.2 )
Net decrease in cash and cash equivalents	( 104.8 )	( 20.5 )
Cash and cash equivalents at beginning of period	162.7	57.9
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 57.9</u>	<u>\$ 37.4</u>

Golden Telecom, Inc.  
Line-of-Business Statistics (unaudited)  
(Amounts in millions)

	<b>Consolidated</b>		
	Three Months Ended:		
	<u>12/31/00</u>	<u>9/30/01</u>	<u>12/31/01</u>
Revenues			
CLEC	\$ 11.9	\$ 12.2	\$ 10.8
Data and Internet	13.4	17.3	19.4
Long distance	4.4	5.4	4.6
Mobile services	4.3	3.7	3.5
Eliminations	<u>( 1.5 )</u>	<u>( 1.5 )</u>	<u>( 1.6 )</u>
Total revenues	\$ 32.5	\$ 37.1	\$ 36.7
EBITDA <sup>1</sup>			
CLEC	\$ 5.7	\$ 6.0	\$ 4.9
Data and Internet	0.8	3.1	5.1
Long distance	( 0.4 )	0.3	0.4
Mobile services	0.9	1.3	1.1
Corporate	<u>( 2.5 )</u>	<u>( 3.3 )</u>	<u>( 1.5 )</u>
Total EBITDA <sup>1</sup>	\$ 4.5	\$ 7.4	\$ 10.0

	<b>Proportional</b>		
	Three Months Ended:		
	<u>12/31/00</u>	<u>9/30/01</u>	<u>12/31/01</u>
Revenues <sup>2</sup>			
CLEC	\$ 22.3	\$ 23.2	\$ 22.9
Data and Internet	10.8	15.1	16.8
Long distance	3.8	4.8	4.4
Mobile services	<u>5.7</u>	<u>2.5</u>	<u>2.4</u>
Total revenues	\$ 42.6	\$ 45.6	\$ 46.5
EBITDA <sup>3</sup>			
CLEC	\$ 8.8	\$ 11.0	\$ 10.2
Data and Internet	0.9	2.8	4.9
Long distance	( 0.2 )	0.6	0.5
Mobile services	1.5	0.9	0.8
Corporate	<u>( 2.5 )</u>	<u>( 3.3 )</u>	<u>( 1.5 )</u>
Total EBITDA <sup>3</sup>	\$ 8.5	\$ 12.0	\$ 14.9

The following table presents selected operating data<sup>4</sup> related to our consolidated and non-consolidated ventures at and for the periods shown:

	Three Months Ended:		
	<u>12/31/00</u>	<u>9/30/01</u>	<u>12/31/01</u>
Points of presence	132	139	140
Total voice minutes (millions)			
Local	95.5	93.1	117.2
Domestic long distance	45.9	70.2	78.2
International outgoing	24.8	38.4	38.6
Incoming	54.1	66.0	52.8
Dial-up Internet access subscribers <sup>5</sup>	85,833	158,434	185,628
Total active cellular subscribers	36,786	38,073	40,522
Total employees – consolidated entities	944	1,265	1,243
Total employees – non-consolidated entities	504	524	536

EDN Sovintel, LLC  
Condensed Statement of Operations  
(Amounts in millions)

	Three Months Ended:		Twelve Months Ended:	
	12/31/00	<b>12/31/01</b>	12/31/00	<b>12/31/01</b>
		(unaudited)	(audited)	(unaudited)
Revenues	\$ 25.7	\$ <b>31.7</b>	\$ 93.9	\$ <b>115.7</b>
Operating costs and expenses:				
Access and network services	14.2	<b>17.4</b>	49.7	<b>63.9</b>
Selling, general and administrative	4.4	<b>3.0</b>	16.8	<b>13.0</b>
EBITDA <sup>1</sup>	7.1	<b>11.3</b>	27.4	<b>38.8</b>
Depreciation	2.5	<b>2.1</b>	8.6	<b>9.0</b>
Income from operations	4.6	<b>9.2</b>	18.8	<b>29.8</b>
Other income/(expense):				
Foreign currency losses	( 0.7 )	( <b>0.1</b> )	( 1.3 )	( <b>0.4</b> )
Interest income/(expense), net	0.1	<b>0.1</b>	—	<b>0.3</b>
Total other income/(expense)	( 0.6 )	—	( 1.3 )	( <b>0.1</b> )
Net income before income taxes	4.0	<b>9.2</b>	17.5	<b>29.7</b>
Income taxes	1.0	<b>1.9</b>	7.3	<b>7.5</b>
Net income	\$ 3.0	\$ <b>7.3</b>	\$ 10.2	\$ <b>22.2</b>



EDN Sovintel, LLC  
Condensed Balance Sheet  
(Amounts in millions)

	<u>12/31/00</u> <u>(audited)</u>	<u>12/31/01</u> <u>(unaudited)</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 4.0	\$ 16.8
Accounts receivable, net	13.1	14.5
Prepaid expenses and other current assets	8.8	14.1
Total current assets	25.9	45.4
Property and equipment, net	51.3	60.1
Other non-current assets	2.2	3.1
<b>TOTAL ASSETS</b>	<b>\$ 79.4</b>	<b>\$ 108.6</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 9.1	\$ 17.0
Debt maturing within one year	0.7	—
Other current liabilities	2.8	5.0
Total current liabilities	12.6	22.0
Other liabilities	1.6	3.2
<b>TOTAL LIABILITIES</b>	14.2	25.2
<b>TOTAL MEMBERS' EQUITY</b>	65.2	83.4
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 79.4</b>	<b>\$ 108.6</b>

**Notes to data for Golden Telecom and Sovintel:**

1. EBITDA is earnings/(loss) from operations before interest, taxes, depreciation and amortization, impairment charge, foreign currency gains/(losses), other (expense)/income and non-recurring expenses. EBITDA is a measure of a company's performance commonly used in the telecommunications industry, but should not be construed as an alternative to operating income/(loss) determined in accordance with generally accepted accounting principles (GAAP) as an indicator of operating performance or as an alternative to cash from operating activities determined in accordance with GAAP as a measure of liquidity.
2. Proportional revenue is calculated using the actual revenues for each entity, net of intercompany revenues, multiplied by the ownership percentage held by GTI as of December 31, 2001. MCT is excluded from the calculation.
3. Proportional EBITDA<sup>1</sup> is calculated using the actual EBITDA<sup>1</sup> for each entity multiplied by the ownership percentage held by GTI as of December 31, 2001. MCT is excluded from the calculation.
4. MCT is not included in the operating data shown. Operating data for the three months ended December 31, 2000 has been restated to exclude the Russian mobile ventures, which were involved in the transaction with MCT.
5. Dial-up Internet subscribers is the number of users (or logins) who have logged on to the system during the month in question, regardless of whether they are enabled or disabled at month end. It specifically excludes "on-trial" users, free users and internal users.