



For Immediate Release

Golden Telecom Reports Second Quarter 2000 Results

Highlights

- Consolidated revenues of \$26.9 million up 16 percent from the same quarter last year, and up 11 percent compared to last quarter.
- Consolidated EBITDA¹ of \$4.3 million up 30 percent from the same quarter last year, and up 13 percent compared to last quarter.
- Consolidated Data and Internet revenues of \$9.6 million up 55 percent from the same quarter last year.
- Dial-up Internet subscribers of 46,781 up more than 150 percent from the first of the year.

MOSCOW, August 2, 2000 – Golden Telecom, Inc. (GTI) (Nasdaq: GLDN), a leading facilities-based provider of integrated telecommunications and Internet services throughout Russia and other countries of the Commonwealth of Independent States (CIS), today reported its results for the second quarter 2000.

Stewart Reich, GTI's president and chief executive officer said: "We are very pleased with our second quarter operating results. Revenue and EBITDA growth was solid. Our Data and Internet service offerings represent the future, and the revenue growth in this segment of our business was the strongest, growing more than 50 percent compared to last year. Going forward, we are well positioned to benefit from the improving political and economic environment in Russia."

Second quarter 2000 Results

Consolidated revenues were \$26.9 million, up 16 percent from the same quarter last year, and up 11 percent compared to last quarter. The increase was primarily due to an increase in our Data and Internet, and Long Distance revenues, which were partially offset by a decline in our CLEC and Mobile Services revenues.

- Data and Internet business line revenues were \$9.6 million, up 55 percent compared to the same quarter last year. Internet subscribers increased to 46,781, up more than 150 percent from 18,599 subscribers at the end of the fourth quarter of 1999.
- Long Distance business line revenues were \$3.5 million, up 30 percent compared to the same quarter last year.
- CLEC revenues were \$9.9 million, down 2 percent compared to the same quarter last year primarily due to lower tariffs that were mostly offset by higher traffic volumes.
- Mobile Services revenues were \$4.4 million, down slightly compared to the same quarter last year. Mobile subscribers have increased to 54,977, up 64 percent compared to the same quarter last year. The increase in subscribers was more than offset by a decrease in the average revenue per subscriber.

Consolidated EBITDA¹ was \$4.3 million, up 30 percent compared to the same quarter last year, and up 13 percent compared to last quarter.

The net loss for the period was (\$1.9) million, compared to a net loss of (\$8.2) million reported in the same quarter last year. The lower net loss reflects lower losses from ventures that GTI accounts for on an equity basis of (\$0.2) million compared to (\$1.6) million in the same quarter last year. The improvement in the equity losses of ventures was primarily due to higher net income from Sovintel, and lower losses from the Russian mobile operations. In addition, interest income, net was \$2.0 million compared to an expense, net of (\$0.5) million in the same quarter last year, primarily due to interest earned on the proceeds from GTI's public offering in September 1999. Also, provision for income taxes was negligible compared to an expense of (\$1.7) million in the same quarter last year. The lower tax expense primarily reflects the tax benefits from merging the operations of TCM, Sovam Teleport, and Teleross.

The net loss per common share was (\$0.08) compared to a net loss of (\$0.77) for the same quarter last year. The weighted-average number of shares outstanding increased to 24.1 million compared to 10.6 million in the same quarter last year.

About Golden Telecom

Golden Telecom, through its operating affiliates, is a leading facilities-based provider of integrated telecommunications and Internet services in major population centers throughout Russia and other countries of the CIS. GTI offers competitive local exchange carrier services using its local access overlay networks in Moscow, Kiev and St. Petersburg; data and long-distance services using a fiber optic and satellite-based network, including more than 100 combined network access points in Russia and other countries of the CIS, and mobile services using cellular networks in Kiev, Vladivostok and other population centers throughout Russia. Global TeleSystems (GTS) holds approximately 63 percent of GTI's outstanding shares.

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Statements made in this press release, including statements concerning improvements in the political and business environment in Russia, 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, the political and economic developments in the markets where we operate, especially Russia, the Company's limited operating history, and increasing competition that may limit growth opportunities, especially in the Internet and data transmission services. Additional information concerning factors that could cause results to differ materially from those in the forward looking statements are contained in the Company's filings with the U.S. Securities and Exchange Commission, including, but not limited to, the Company's prospectus dated June 30, 2000 included in the Registration Statement No. 333-39260 on Form S-1, the Company's report on Form 10-Q for the quarter ended March 31, 2000, and the Company's annual report on Form 10-K for the year ended December 31, 1999. Additional information may also be contained in the filings with the U.S. Securities and Exchange Commission submitted by Global TeleSystems, Inc., ("GTS") the majority shareholder in the Company.

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

	Three Months Ended:		Six Months Ended:	
	<u>6/30/99</u>	<u>6/30/00</u>	<u>6/30/99</u>	<u>6/30/00</u>
Revenues:				
Telecommunications services	\$ 22.7	\$ 26.0	\$ 46.2	\$ 49.4
Equipment sales	0.5	0.9	1.2	1.8
Total revenues	<u>23.2</u>	<u>26.9</u>	<u>47.4</u>	<u>51.2</u>
Operating costs and expenses:				
Cost of revenues:				
Access and network services	8.8	11.2	17.4	20.7
Equipment sales	0.6	0.7	1.3	1.4
Selling, general and administrative	10.5	10.7	19.1	21.0
EBITDA ¹	<u>3.3</u>	<u>4.3</u>	<u>9.6</u>	<u>8.1</u>
Depreciation and amortization	<u>7.0</u>	<u>7.7</u>	<u>13.9</u>	<u>14.9</u>
Loss from operations	(3.7)	(3.4)	(4.3)	(6.8)
Other income/(expense):				
Equity in losses of ventures	(1.6)	(0.2)	(5.2)	(1.1)
Foreign currency losses	(0.1)	—	(0.9)	(0.4)
Interest income/(expense), net	(0.5)	2.0	(0.3)	3.5
Other expense	—	—	—	(0.1)
Minority interest	(0.6)	(0.2)	(1.0)	(0.2)
Total other income/(expense)	<u>(2.8)</u>	<u>1.6</u>	<u>(7.4)</u>	<u>1.7</u>
Net income before income taxes	(6.5)	(1.8)	(11.7)	(5.1)
Income taxes	<u>1.7</u>	<u>0.1</u>	<u>4.3</u>	<u>0.1</u>
Net loss	<u>\$ (8.2)</u>	<u>\$ (1.9)</u>	<u>\$ (16.0)</u>	<u>\$ (5.2)</u>
Net loss per share	<u>(\$0.77)</u>	<u>(\$0.08)</u>	<u>(\$1.51)</u>	<u>(\$0.22)</u>
Weighted average common shares	<u>10.6</u>	<u>24.1</u>	<u>10.6</u>	<u>24.1</u>

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

	<u>12/31/99</u>	<u>6/30/00</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 162.7	\$ 154.1
Accounts receivable, net	11.0	14.0
Prepaid expenses and other assets	7.9	9.3
Total current assets	181.6	177.4
Property and equipment, net	62.2	71.3
Goodwill and intangible assets, net	53.5	50.5
Restricted cash and other assets	69.3	58.3
Total	187.0	177.1
TOTAL ASSETS	\$ 366.6	\$ 357.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 35.0	\$ 32.6
Debt maturing within one year	4.1	4.7
Other current liabilities	10.0	11.7
Total current liabilities	49.1	49.0
Long-term debt	23.9	19.5
Other liabilities	2.3	2.0
Total	75.3	70.5
TOTAL LIABILITIES	75.3	70.5
Minority interest	2.8	3.1
SHAREHOLDERS' EQUITY		
Common stock	0.2	0.2
Additional paid-in capital	407.9	408.5
Accumulated deficit	(119.6)	(124.8)
Total	288.5	283.9
TOTAL SHAREHOLDERS' EQUITY	288.5	283.9
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 366.6	\$ 357.5

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

	Consolidated		
	Three Months Ended:		
	<u>6/30/99</u>	<u>3/31/00</u>	<u>6/30/00</u>
Revenues			
CLEC	\$ 10.1	\$ 9.5	\$ 9.9
Data and Internet	6.2	8.1	9.6
Long distance	2.7	2.8	3.5
Mobile services	4.6	4.2	4.4
Eliminations	(0.4)	(0.3)	(0.5)
Total revenues	<u>\$ 23.2</u>	<u>\$ 24.3</u>	<u>\$ 26.9</u>
EBITDA ¹			
CLEC	\$ 5.3	\$ 5.2	\$ 4.7
Data and Internet	0.6	0.9	0.7
Long distance	(0.9)	(0.3)	(0.3)
Mobile services	1.7	0.7	1.6
Corporate	(3.4)	(2.7)	(2.4)
Total EBITDA	<u>\$ 3.3</u>	<u>\$ 3.8</u>	<u>\$ 4.3</u>
	Proportional		
	Three Months Ended:		
	<u>6/30/99</u>	<u>3/31/00</u>	<u>6/30/00</u>
Revenues ²			
CLEC	\$ 18.2	\$ 16.8	\$ 17.0
Data and Internet	5.9	8.1	8.9
Long distance	2.3	2.9	3.5
Mobile services	5.1	4.8	5.3
Total revenues	<u>\$ 31.5</u>	<u>\$ 32.6</u>	<u>\$ 34.7</u>
EBITDA ³			
CLEC	\$ 7.9	\$ 8.0	\$ 7.7
Data and Internet	0.6	0.8	0.7
Long distance	(0.7)	(0.3)	0.0
Mobile services	1.7	1.2	1.6
Corporate	(3.4)	(2.7)	(2.4)
Total EBITDA	<u>\$ 6.1</u>	<u>\$ 7.0</u>	<u>\$ 7.6</u>

The following table presents selected operating data⁴ related to our consolidated and unconsolidated ventures at and for the periods shown:

	Three Months Ended:		
	<u>6/30/99</u>	<u>3/31/00</u>	<u>6/30/00</u>
Points of presence	103	110	118
Total voice minutes (millions)			
Local	70.3	79.4	89.4
Domestic long distance	21.8	32.1	35.0
International outgoing	12.4	16.4	20.5
Incoming	23.9	28.4	41.2
Dial-up Internet access subscribers ⁵	5,505	33,644	46,781
Total active cellular subscribers	33,522	48,381	54,977
Total employees – consolidated entities	517	680	785
Total employees – non-consolidated entities	890	729	741

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

	Three Months Ended:		Six Months Ended:	
	6/30/99	6/30/00	6/30/99	6/30/00
Revenues	\$ 22.5	\$ 23.1	\$ 45.0	\$ 45.3
Operating costs and expenses:				
Access and network services	12.7	12.4	26.2	24.0
Selling, general and administrative	4.1	4.2	8.3	8.2
EBITDA ¹	5.7	6.5	10.5	13.1
Depreciation and amortization	2.0	2.0	3.8	4.1
Income from operations	3.7	4.5	6.7	9.0
Other expense:				
Foreign currency gains/(losses)	0.1	(0.1)	(0.8)	(0.3)
Interest expense, net	(0.1)	—	(0.2)	(0.1)
Total other income/(expense)	—	(0.1)	(1.0)	(0.4)
Net income before income taxes	3.7	4.4	5.7	8.6
Income taxes	3.2	2.1	4.2	4.2
Net income	<u>\$ 0.5</u>	<u>\$ 2.3</u>	<u>\$ 1.5</u>	<u>\$ 4.4</u>

EDN Sovintel, LLC
Condensed Balance Sheet (unaudited)
(amounts in millions)

	<u>12/31/99</u>	<u>6/30/00</u>
ASSETS		
Current assets		
Cash	\$ 2.6	\$ 3.4
Accounts receivable, net	16.9	16.2
Prepaid expenses and other assets	6.1	5.8
Total current assets	25.6	25.4
Property and equipment, net	50.4	50.7
Deferred expenses and other assets	1.6	0.6
TOTAL ASSETS	\$ 77.6	\$ 76.7
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 12.2	\$ 9.9
Debt maturing within one year	4.0	0.8
Other current liabilities	4.3	6.5
TOTAL LIABILITIES	20.5	17.2
TOTAL MEMBERS' EQUITY	57.1	59.5
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 77.6	\$ 76.7

Notes to data for Golden Telecom and Sovintel:

1. EBITDA is earnings/(loss) from operations before interest, taxes, depreciation and amortization, 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 net 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 June 30, 2000.
3. Proportional EBITDA is calculated using the actual EBITDA for each entity multiplied by the ownership percentage held by GTI as of June 30, 2000.
4. Minute data for the abandoned cellular ventures is included only up to August 31, 1999. The remaining data excludes the abandoned cellular ventures.
5. Dial-up Internet subscribers is the number of unique users (or logins) who have logged on to the system and made a payment 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.

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