



For Immediate Release

Golden Telecom Reports Third Quarter 1999 Results

Highlights

- Consolidated revenues of \$25.1 million up 8 percent from the prior quarter.
- Proportional revenues¹ of \$32.8 million, up 4 percent compared with the second quarter of 1999.
- Consolidated EBITDA² of \$3.1 million compared with \$3.3 million for the prior quarter.
- Proportional EBITDA³ of \$6.7 million up 10 percent from the second quarter of 1999.
- GTI stock trades on the Nasdaq Stock Market on September 30, 1999, for the first time.
- Alexander M. Knaster, chief executive officer of Alfa Bank, joins the GTI Board of Directors.
- GTI hires Clifford Gauntlett to head new Internet operating group.

MOSCOW, November 2, 1999 – Golden Telecom, Inc. (GTI) (Nasdaq: GLDN), a leading facilities-based provider of integrated telecommunications services throughout Russia and other countries of the Commonwealth of Independent States (CIS), today reported its results for the third quarter of 1999.

Stewart Reich, GTI's president and chief executive officer, said: "Our recent successful IPO, which closed on October 5, raised \$128.4 million in net proceeds, making us one of the strongest players in our markets. Our solid financial position, coupled with the strength of our management team, puts us in position to take advantage of the opportunities we see developing in Russia and the CIS. Business activity in Russia is improving. Our traffic volumes are increasing and revenues are back on a growth path. Our proportional EBITDA growth reflects our improving revenues and continuing commitment to control costs."

Third Quarter 1999 Results

Consolidated revenues were \$25.1 million, up more than 8 percent from the prior quarter. Consolidated CLEC revenues were \$11.6 million, up 15 percent primarily due to improved traffic volumes, which were partially offset by lower tariffs. The Data and Long Distance business line revenues were \$9.9 million, up 11 percent from the prior quarter primarily due to increased volumes and revenues from Glasnet, a Moscow based ISP acquired by GTI at the end of the second quarter. Consolidated Mobile Services revenues were flat at \$4.6 million.

Consolidated EBITDA was \$3.1 million compared to \$3.3 million for the second quarter of 1999. Consolidated EBITDA included a charge of \$0.6 million recorded to reflect reductions in headcount. Proportional EBITDA was \$6.7 million, up 10 percent compared with the prior period.

The net loss for the period was (\$26.4) million. The net loss includes a one-time abandonment and restructuring charge of \$19.8 million recorded primarily to reflect GTI's decision to exit a number of its regional mobile operations in Russia. The net loss per common share was (\$2.44), or (\$0.61) excluding the one-time charge, compared with a loss of (\$0.77) per share for the second quarter.

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Financing Activities

GTI closed an IPO on October 5, 1999, and sold 4.65 million newly issued shares of common stock at a price of \$12 per share. In addition, GTI raised, simultaneously with this IPO, an additional \$30 million via subscriptions from strategic investors. These strategic investors are investment affiliates of ING Barings, investment affiliates or designees of Soros Fund Management LLC and the European Bank for Reconstruction and Development (EBRD). Global TeleSystems Group, Inc. (GTS), GTI's parent company, invested an additional \$50 million. In total, GTI raised \$128.4 million in net proceeds.

Third Quarter 1999 One-time Charge

As announced during the IPO, GTI recorded a \$19.8 million one-time charge to earnings during this quarter, which was principally attributable to management's decision to abandon a number of its cellular properties in various regions where management believes future growth is limited. This decision includes reducing corporate overhead related to the Mobile Service business line. GTI will continue to monitor its remaining Russian cellular properties and will limit any further investment until the regional markets demonstrate that further investment is warranted.

New Board Member Announced

Alexander M. Knaster was elected to the GTI Board of Directors in September 1999, and will add a new dimension to the board's considerable resources. Knaster has been chief executive officer of Alfa Bank, a commercial bank headquartered in Moscow, since October 1998. Prior to joining Alfa Bank, Knaster was president and chief executive officer of Credit Suisse First Boston (Moscow) (1995-1998) and was responsible for that investment banking firm's operations in Russia and other countries of the CIS. Before his tenure with Credit Suisse First Boston (Moscow), Knaster spent 10 years in the investment banking industry as director with Deutsche Morgan Grenfell in Moscow, as managing director with Bankers Trust in New York and London and as managing director and partner with Simmons & Company International in Houston.

New Head of Internet

Clifford Gauntlett has joined GTI to lead its new Internet operating group. Before joining GTI, he served as chairman of Autodesk (CIS) ZAO and director of software development for Autodesk, Inc., the world's leading supplier of PC design software and digital content creation tools. During his 14-year tenure with Autodesk, Gauntlett was the sponsor of five successful product launches including DBMS systems, computer animation systems, geographical information systems and computer graphics products. In addition, he was responsible for the implementation of the global voice and data network services that supported the worldwide engineering and research and development operations.

About Golden Telecom

Golden Telecom is a leading facilities-based provider of integrated telecommunications services to businesses and other high-usage customers and telecommunications operators in Moscow, Kiev, St. Petersburg and other 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 80 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.

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This press release may include forward-looking statements that involve risk and uncertainty. Although the company believes its expectations reflected in such forward-looking statements are based on reasonable assumptions, no assurance can be given that such projections will be fulfilled. Any such forward-looking statement must be considered along with knowledge that actual events or results may vary materially from such predictions due to, among other things, political, economic or legal changes in the markets in which GTI does business, competitive developments or risks inherent in the company's business plan. Readers are referred to the documents filed by GTI with the U.S. Securities and Exchange Commission, specifically the most recent reports filed under the Securities Exchange Act of 1934 and registration statements filed pursuant to the Securities Act of 1933, which identify important risk factors.

– TABLES ATTACHED –

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

	Three Months Ended:		Nine Months Ended:	
	<u>9/30/98</u>	<u>9/30/99</u>	<u>9/30/98</u>	<u>9/30/99</u>
Revenues:				
Telecommunications services	\$ 29.3	\$ 24.3	\$ 54.7	\$ 70.4
Equipment sales	2.7	0.8	6.0	2.1
Total revenues	<u>32.0</u>	<u>25.1</u>	<u>60.7</u>	<u>72.5</u>
Operating costs and expenses:				
Cost of revenues:				
Access and network services	10.8	10.3	27.1	27.8
Equipment sales	1.9	0.8	4.5	2.1
Selling, general and administrative	17.1	10.9	34.0	30.0
EBITDA ²	2.2	3.1	(4.9)	12.6
Abandonment and restructuring charge	–	19.8	–	19.8
Depreciation and amortization	6.1	7.5	10.0	21.5
Income/(loss) from operations	(3.9)	(24.2)	(14.9)	(28.7)
Other income/(expense):				
Equity in earnings/(losses) of ventures	(4.7)	0.2	4.6	(4.9)
Foreign currency losses	(4.9)	(0.7)	(5.0)	(1.5)
Interest income/(expense), net	–	0.3	(1.1)	–
Minority interest	(0.5)	(0.3)	(0.5)	(1.3)
Total other income/(expense)	(10.1)	(0.5)	(2.0)	(7.7)
Net income before income taxes	(14.0)	(24.7)	(16.9)	(36.4)
Income taxes	3.1	1.7	3.4	6.0
Net loss	<u>\$ (17.1)</u>	<u>\$ (26.4)</u>	<u>\$ (20.3)</u>	<u>\$ (42.4)</u>
Net loss per share	<u>(\$1.62)</u>	<u>(\$2.44)</u>	<u>(\$1.91)</u>	<u>(\$3.97)</u>
Weighted average common shares	<u>10.6</u>	<u>10.8</u>	<u>10.6</u>	<u>10.7</u>

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

	<u>12/31/98</u>	<u>9/30/99</u>
ASSETS		
Current assets		
Cash and restricted cash equivalents	\$ 14.2	\$ 11.2
Accounts receivable, net	13.4	12.1
Restricted cash	-	0.1
Prepaid expenses and other assets	9.9	10.6
Total current assets	<u>37.5</u>	<u>34.0</u>
Property and equipment, net	52.2	56.6
Goodwill and intangible assets, net	71.9	57.2
Restricted cash and other assets	74.2	78.1
TOTAL ASSETS	<u>\$ 235.8</u>	<u>\$ 225.9</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	25.7	27.4
Debt maturing within one year	3.0	15.0
Other current liabilities	5.7	6.7
Total current liabilities	<u>34.4</u>	<u>49.1</u>
Long-term debt and capital leases	21.4	21.0
Other liabilities	3.2	2.4
TOTAL LIABILITIES	59.0	72.5
Commitments and Contingencies		
Minority interest	8.0	3.3
SHAREHOLDERS' EQUITY		
Common stock	0.1	0.2
Additional paid-in capital	241.8	401.2
Amounts due from shareholder	-	(135.8)
Accumulated deficit	(73.1)	(115.5)
TOTAL SHAREHOLDERS' EQUITY	<u>168.8</u>	<u>150.1</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 235.8</u>	<u>\$ 225.9</u>

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

	Consolidated		
	Three Months Ended:		
	<u>3/31/99</u>	<u>6/30/99</u>	<u>9/30/99</u>
Revenues			
CLEC	\$ 11.7	\$ 10.1	\$ 11.6
Data and long distance	9.2	8.9	9.9
Mobile services	4.0	4.6	4.6
Eliminations	(0.7)	(0.4)	(1.0)
Total revenues	<u>\$ 24.2</u>	<u>\$ 23.2</u>	<u>\$ 25.1</u>
EBITDA²			
CLEC	\$ 6.4	\$ 5.3	\$ 7.1
Data and long distance	-	(0.3)	(1.3)
Mobile services	1.2	1.7	1.4
Corporate	(1.4)	(3.4)	(4.1)
Total EBITDA	<u>\$ 6.2</u>	<u>\$ 3.3</u>	<u>\$ 3.1</u>
Proportional			
Three Months Ended:			
	<u>3/31/99</u>	<u>6/30/99</u>	<u>9/30/99</u>
Revenues¹			
CLEC	\$ 19.8	\$ 18.2	\$ 19.1
Data and long distance	8.3	8.2	8.6
Mobile services	4.5	5.1	5.1
Total revenues	<u>\$ 32.6</u>	<u>\$ 31.5</u>	<u>\$ 32.8</u>
EBITDA³			
CLEC	\$ 8.5	\$ 7.9	\$ 10.1
Data and long distance	0.1	(0.1)	(1.2)
Mobile services	1.1	1.7	1.9
Corporate	(1.4)	(3.4)	(4.1)
Total EBITDA	<u>\$ 8.3</u>	<u>\$ 6.1</u>	<u>\$ 6.7</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>9/30/98</u>	<u>6/30/99</u>	<u>9/30/99</u>
Points of presence	72	103	104
Total voice minutes (millions)			
Local	90.2	70.3	89.6
Domestic long distance	27.7	21.8	23.2
International outgoing	16.2	12.4	12.9
Incoming	23.0	23.9	26.3
Dial-up Internet access subscribers	3,569	5,505	14,167
Total active cellular subscribers	25,166	33,522	34,307
Total employees	1,467	1,407	1,292

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

	Three Months Ended:		Nine Months Ended:	
	<u>9/30/98</u>	<u>9/30/99</u>	<u>9/30/98</u>	<u>9/30/99</u>
Revenues:				
Telecommunications services	\$ 32.4	\$ 23.5	\$ 99.5	\$ 68.5
Operating costs and expenses:				
Access and network services	19.8	12.3	61.8	38.6
Selling, general and administrative	5.7	3.1	12.1	8.7
Non-income taxes	1.7	1.0	4.7	3.7
EBITDA ²	5.2	7.1	20.9	17.5
Depreciation and amortization	1.8	1.9	4.8	5.8
Income/(loss) from operations	3.4	5.2	16.1	11.7
Other income/(expense):				
Foreign currency losses	(5.2)	(0.3)	(5.5)	(1.2)
Interest income/(expense), net	0.1	(0.1)	0.2	(0.2)
Total other income/(expense)	(5.1)	(0.4)	(5.3)	(1.4)
Net income before income taxes	(1.7)	4.8	10.8	10.3
Income taxes	1.0	1.8	3.9	5.8
Net loss	<u>\$ (2.7)</u>	<u>\$ 3.0</u>	<u>\$ 6.9</u>	<u>\$ 4.5</u>

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

	<u>12/31/98</u>	<u>9/30/99</u>
ASSETS		
Current assets		
Cash and restricted cash equivalents	\$ 5.1	\$ 3.2
Accounts receivable, net	18.1	19.0
Prepaid expenses and other assets	12.9	5.7
Total current assets	36.1	27.9
Property and equipment, net	51.1	50.9
Restricted cash and other assets	0.8	0.7
Total current assets	51.9	51.6
TOTAL ASSETS	\$ 88.0	\$ 79.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	27.4	15.6
Debt maturing within one year	4.9	-
Other current liabilities	2.2	1.9
Total current liabilities	34.5	17.5
Long-term debt and capital leases	-	4.0
Other liabilities	-	-
Total current liabilities	-	-
TOTAL LIABILITIES	34.5	21.5
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Contributed capital	2.0	2.0
Accumulated deficit	51.5	56.0
Total shareholders' equity	53.5	58.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 88.0	\$ 79.5

Notes:

1. 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 September 30, 1999.
2. 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.
3. Proportional EBITDA is calculated using the actual EBITDA for each entity multiplied by the ownership percentage held by GTI as of September 30, 1999.
4. Minute data for the abandoned cellular ventures is included only up to August 31, 1999. The remaining data excludes the abandoned cellular ventures. The change in total number of employees reflects the reduction in our cellular headcount offset by an increase due to the incorporation of Glasnet employees into our operating companies.

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