



FOR IMMEDIATE RELEASE

Golden Telecom Reports First Quarter 2000 Results

▪ **Highlights**

- Consolidated revenues of \$24.3 million up \$0.1 million from the same quarter in the prior year.
- Consolidated Data and Internet revenues of \$8.1 million, up 29 percent from the same quarter in the prior year and up 16 percent from last quarter.
- Dial-up Internet subscribers of 33,644 up more than 80 percent from the last quarter.
- Acquired STM 16 capacity from Moscow to Stockholm.
- Acquired two vertical portals—Referat.ru and Absolute Games—to enhance Russia-On-Line's content offerings.
- Golden Telecom Ukraine acquired the outstanding interest in Sovam Ukraine.

MOSCOW, May 4, 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 first quarter 2000.

Stewart Reich, GTI's president and chief executive officer, said: "We are pleased to report strong operating results in what is traditionally our weakest quarter. We are also pleased to report that the business environment in Russia seems to be improving. The smooth transition from President Yeltsin to President-elect Putin signaled that the political process in Russia is working. In addition, the Y2K problem passed without major incident. As a result, investor confidence has grown, and we believe many companies are looking to return to or expand their operations in Russia; this should enhance our prospects for growth."

First Quarter 2000 Results

Consolidated revenues were \$24.3 million, up slightly from the same quarter in the prior year. The increase was primarily due to an increase in our Data and Internet as well as Mobile Services revenues, which were offset by a decline in our Long Distance and CLEC revenues.

- Data and Internet business line revenues were \$8.1 million, up 29 percent compared to the first quarter of 1999. Internet subscribers increased to 33,644, up more than 500 percent from 5,074 subscribers at the end of the first quarter of 1999. Compared to December 31, 1999, the number of subscribers has increased more than 80 percent due primarily to an aggressive prepaid card program launched during February of this year.
- Long Distance business line revenues were \$2.8 million, down slightly from \$2.9 million in the first quarter of 1999.
- CLEC revenues were \$9.5 million, down 19 percent compared to the first quarter of 1999 primarily due to lower tariffs that were partially offset by higher traffic volumes.

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- Mobile Services revenues were \$4.2 million, up 5 percent compared to the first quarter of 1999. Mobile subscribers have increased to 48,381, up 73 percent. The increase in subscribers was mostly offset by a decrease in the average revenue per subscriber.

Consolidated EBITDA¹ was \$3.8 million, down from \$6.2 million in the first quarter of 1999, but level with the fourth quarter of 1999. The decrease primarily reflects a reduction in gross margins to 58 percent, compared to 62 percent in the first quarter of 1999, mainly due to lower tariffs and a one-time operating expense benefit of approximately \$1.0 million recorded in the first quarter of 1999.

The net loss for the period was (\$3.3) million, compared to a net loss of (\$7.8) million reported in the first quarter of 1999. The lower net loss primarily reflects losses from ventures that GTI accounts for on an equity basis of (\$0.9) million compared to (\$3.6) million in the first quarter of 1999. 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 \$1.5 million compared to \$0.2 million in the first quarter of 1999, primarily due to interest earned on the proceeds from GTI's public offering in September 1999.

The net loss per common share was (\$0.14) compared to a net loss of (\$0.73) for the first quarter of 1999. The weighted average number of shares outstanding increased to 24.1 million compared to 10.6 million in the first quarter of 1999.

Continuing to Execute an Internet Strategy

GTI continued to execute its strategy to be a leading provider of Internet services to businesses and consumers. During the quarter, GTI:

- Acquired up to STM 16 capacity from Moscow to Stockholm through a long-term lease arrangement with the Sonera group of companies, and activated STM 1 capacity in the first quarter.
- Acquired Referat.ru, a leading Russian education portal. Referat.ru is the market leader in the educational sector of the Russian Internet and has the largest collection of online educational reference material in the CIS. The word "referat" (the Russian equivalent for term paper) was ranked as the most frequently searched word in Russia in 1999 according to a widely recognized Russian search engine.
- Acquired Absolute Games, a leading Russian gaming portal. Absolute Games provides a variety of game content, news and previews for a gallery of games with worldwide coverage.

These acquisitions enhance GTI's portal strategy and complement GTI's current content offerings through its Russia-On-Line brand.

Completed the Acquisition of Sovam Ukraine by Golden Telecom Ukraine

Golden Telecom Ukraine acquired the outstanding interests in Sovam Ukraine. GTI holds a 69 percent economic interest in Golden Telecom Ukraine. The completion of this acquisition will allow GTI to integrate Sovam Ukraine into Golden Telecom Ukraine and obtain operational synergies and financial benefits.

About Golden Telecom (www.goldentelecom.ru)

Golden Telecom 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 reports on Form 10-Q for the quarter ended September 30, 1999, the Company's prospectus dated September 30, 1999 included in the Registration Statement No. 333-82791 on Form S-1, 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 Group, Inc., ("GTS") the majority shareholder in the Company, including, but not limited to, GTS' reports on Form 10-K for the year ended December 31, 1999.

- TABLES ATTACHED -

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

	Three Months Ended:	
	03/31/99	03/31/00
Revenues:		
Telecommunications services	\$ 23.4	\$ 23.4
Equipment sales	0.8	0.9
Total revenues	24.2	24.3
Operating costs and expenses:		
Cost of revenues:		
Access and network services	8.6	9.6
Equipment sales	0.7	0.7
Selling, general and administrative	8.6	10.2
	6.3	3.8
EBITDA ¹	6.3	3.8
Depreciation and amortization	6.8	7.2
Loss from operations	(0.5)	(3.4)
Other income/(expense):		
Equity in losses of ventures	(3.6)	(0.9)
Foreign currency losses	(0.7)	(0.4)
Interest income, net	0.2	1.5
Other expense	-	(0.1)
Minority interest	(0.5)	-
Total other income/(expense)	(4.6)	0.1
Net loss before income taxes	(5.1)	(3.3)
Income taxes	2.6	-
Net loss	\$ (7.8)	\$ (3.3)
Net loss per share	(\$0.73)	(\$0.14)
Weighted average common shares	10.6	24.1

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

	<u>12/31/99</u>	<u>3/31/00</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 162.7	\$ 158.1
Accounts receivable, net	11.0	12.9
Prepaid expenses and other assets	7.9	7.8
Total current assets	181.6	178.8
Property and equipment, net	62.2	68.7
Goodwill and intangible assets, net	53.5	53.0
Restricted cash and other assets	69.3	62.7
Total	187.0	163.4
TOTAL ASSETS	\$ 366.6	\$ 363.2
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 35.0	\$ 33.0
Debt maturing within one year and capital leases	4.1	9.6
Other current liabilities	10.0	10.5
Total current liabilities	49.1	53.1
Long-term debt	23.9	19.6
Other liabilities	2.3	2.0
Total	75.3	74.7
TOTAL LIABILITIES	75.3	74.7
Minority interest	2.8	2.8
SHAREHOLDERS' EQUITY		
Common stock	0.2	0.2
Additional paid-in capital	407.9	408.4
Accumulated deficit	(119.6)	(122.9)
Total	288.5	285.7
TOTAL SHAREHOLDERS' EQUITY	288.5	285.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 366.6	\$ 363.2

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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>12/31/99</u>	<u>3/31/00</u>
Revenues			
CLEC	\$ 11.7	\$ 11.3	\$ 9.5
Long distance	2.9	3.6	2.8
Data and Internet	6.3	7.0	8.1
Mobile services	4.0	4.4	4.2
Eliminations	(0.7)	(0.9)	(0.3)
Total revenues	<u>\$ 24.2</u>	<u>\$ 25.4</u>	<u>\$ 24.3</u>
EBITDA¹			
CLEC	\$ 6.4	\$ 6.2	\$ 5.2
Long distance	(0.1)	(1.0)	(0.3)
Data and Internet	0.1	1.2	0.9
Mobile services	1.2	0.7	0.7
Corporate	(1.4)	(3.3)	(2.7)
Total EBITDA	<u>\$ 6.2</u>	<u>\$ 3.8</u>	<u>\$ 3.8</u>
Proportional			
Three Months Ended:			
	<u>3/31/99</u>	<u>12/31/99</u>	<u>3/31/00</u>
Revenues²			
CLEC	\$ 19.8	\$ 19.3	\$ 16.8
Long distance	2.3	3.1	2.9
Data and Internet	6.0	6.8	8.1
Mobile services	4.5	5.2	4.8
Total revenues	<u>\$ 32.6</u>	<u>\$ 34.4</u>	<u>\$ 32.6</u>
EBITDA³			
CLEC	\$ 8.5	\$ 8.6	\$ 8.0
Long distance	–	(0.8)	(0.3)
Data and Internet	0.1	1.2	0.8
Mobile services	1.1	1.5	1.2
Corporate	(1.4)	(3.3)	(2.7)
Total EBITDA	<u>\$ 8.3</u>	<u>\$ 7.2</u>	<u>\$ 7.0</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>3/31/99</u>	<u>12/31/99</u>	<u>3/31/00</u>
Points of presence	84	109	110
Total voice minutes (millions)			
Local	71.2	80.3	79.4
Domestic long distance	21.0	26.2	32.1
International outgoing	11.3	19.7	16.4
Incoming	22.4	26.0	28.4
Dial-up Internet access subscribers ⁵	5,074	18,599	33,644
Total active cellular subscribers	28,029	43,364	48,381
Total employees – consolidated entities	523	604	680
Total employees – non-consolidated entities	886	715	729

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

	Three Months Ended:	
	<u>03/31/99</u>	<u>03/31/00</u>
Revenue	\$ 22.5	\$ 22.2
Operating costs and expenses:		
Access and network services	13.5	11.7
Selling, general and administrative	4.2	4.1
EBITDA ¹	4.8	6.4
Depreciation and amortization	1.9	2.0
Income from operations	2.9	4.4
Other expense:		
Foreign currency losses	(1.0)	(0.1)
Interest expense, net	-	(0.1)
Total other expense	(1.0)	(0.2)
Net income before income taxes	1.9	4.2
Income taxes	0.9	2.1
Net income	\$ 1.0	\$ 2.1

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

	<u>12/31/99</u>	<u>03/31/00</u>
ASSETS		
Current assets		
Cash	\$ 2.6	\$ 4.1
Accounts receivable, net	16.9	16.6
Prepaid expenses and other assets	6.1	6.2
Total current assets	25.6	26.9
Property and equipment, net	50.4	50.5
Restricted cash and other assets	1.6	0.6
TOTAL ASSETS	\$ 77.6	\$ 78.0
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	12.2	10.6
Debt maturing within one year	4.0	3.1
Other current liabilities	4.3	5.1
TOTAL LIABILITIES	20.5	18.8
TOTAL MEMBERS' EQUITY	57.1	59.2
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 77.6	\$ 78.0

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 March 31, 2000.
3. Proportional EBITDA is calculated using the actual EBITDA for each entity multiplied by the ownership percentage held by GTI as of March 31, 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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