



FOR IMMEDIATE RELEASE

Continuing positive momentum: Golden Telecom reports results for the first quarter of 2003

MOSCOW, Russia (April 28, 2003) — Golden Telecom, Inc.'s (NASDAQ: "GLDN") consolidated revenue in the first quarter of 2003 was \$78.4 million and consolidated net income was \$12.8 million. Although this quarter is traditionally the weakest of the year in the Russian wireline telecommunications industry due to seasonal factors, revenues continued to grow, and margins remained strong.

Here are some of the highlights for the first quarter 2003 vs. the first quarter 2002:

- **Consolidated revenues of \$78.4 million – up 115%**
- **Consolidated EBITDA¹ of \$27.6 million - up 144%**
- **Consolidated operating income of \$17.2 million – up 225%**
- **Consolidated net income of \$12.8 million – up 106%**
- **Consolidated net cash flow from operations of \$19.7 million – up 156%**

Alexander Vinogradov, Chief Executive Officer and President of Golden Telecom, Inc. commented: "We are pleased that our business continues to expand given that in Russia, the first quarter has fewer working days than in the other quarters. The business environment in Russia remains strong, in spite of the difficult global environment, and the growth in our customer base reflects this strength. Both consumer and corporate sides of our business have done well, and our annual revenue growth rate, excluding the impact of the Sovintel acquisition late last year, is just under 20%. Company management continues to seek growth opportunities both inside and outside the company, and we remain tightly focused on delivering value to our shareholders."

Stan Abbeloos, Chief Operating Officer of Golden Telecom, Inc. said: "We reported strong sales results across all major product lines and market segments. A net gain of nearly 700 new corporate customers was achieved during the first quarter and we signed a strategically important contract with VimpelCom in St Petersburg. Thirteen new multi-tenant business centers were signed up in the first quarter, and we had significant sales of numbering capacity to two Moscow banks amounting to 2,000 new numbers. We also passed a major milestone in our dial-up internet operation, adding our 250,000th subscriber in Russia."

David Stewart, Chief Financial Officer of Golden Telecom, Inc. noted: "Golden Telecom remains on a firm financial footing. Our net cash flow provided by operating activities is strong, and we have seen the cost benefits from the consolidation of Sovintel. These benefits are reflected in the improvement in our EBITDA¹ margin to 35% from 31% in the first quarter of 2002, and from 32% in the fourth quarter of 2002. We reiterate our guidance given in previous statements, that we expect 2003 revenues to be in the region of \$320-\$340 million, 2003 EBITDA¹ to be in the region of \$100-\$120 million, and 2003 capital expenditures to be in the region of \$55-65 million."

More First Quarter 2003 Results:

Our first quarter 2003 results are not directly compatible with the first quarter of the prior year because of the consolidation of Sovintel since September 2002. Consolidated revenues were \$78.4 million – up 115% compared to the first quarter of 2002, and up 2% compared to the fourth quarter of 2002.

Competitive Local Exchange Carrier (CLEC) business line consolidated revenues were \$51.2 million - up 379% compared to the first quarter of 2002, and up 3% compared to the previous quarter.

Data and Internet business line consolidated revenues were \$21.0 million – up 15% compared to the first quarter of 2002, and down 2% compared to the previous quarter.

Internet subscribers increased to 278,823 – up 45% from 191,688 subscribers at the end of the first quarter of 2002, and up 15% from 242,155 at the end of the previous quarter. Most of the growth is outside Moscow and St Petersburg – Golden Telecom has Russia’s leading pan-national internet service provider, ROL.

Consolidated Long Distance business line revenues were \$5.0 million – up 16% compared to the first quarter of 2002 and down 4% compared to the previous quarter.

Consolidated Mobile Services revenues were \$3.2 million – down 3% compared with the first quarter of 2002 and up 3% compared to the previous quarter.

Consolidated EBITDA¹ was \$27.6 million – up 144% from \$11.3 million in the first quarter of 2002, and up 12% compared to the previous quarter. Consolidated EBITDA¹, as a percentage of consolidated revenue was 35%, up from 31% in the first quarter of 2002, and up from 32% in the previous quarter. The increase is largely the result of our continuing effort to control costs and a more effective use of available network capacity.

Consolidated income tax for the first quarter was \$4.2 million - up from \$1.3 million for the first quarter of 2002 and up from \$0.8 million for the fourth quarter of 2002. During the fourth quarter, income tax expense was reduced by \$3.6 million due to the recognition of carry-forward tax losses at the level of our Russian and Ukrainian subsidiaries.

Net income for the first quarter was \$12.8 million - up 106% compared to a net income of \$6.2 million in the first quarter of 2002 and down 2% compared to net income of \$13.0 million reported in the previous quarter.

Net income per common share on a fully diluted basis in the first quarter of 2003 was \$0.47 compared to net income per share of \$0.27 for the first quarter of 2002, and net income per share of \$0.48 in the fourth quarter of 2002. The diluted weighted average number of shares outstanding in the first quarter of 2003 was 27.4 million compared to 22.7 million in the first quarter of 2002, and 27.2 in the fourth quarter of 2002. As of March 31, 2003 the Company had outstanding 27.2 million shares of common stock.

Golden Telecom, Inc. closed the first quarter of 2003 with a total of \$69.3 million in consolidated cash. On March 4, 2003, Standard and Poor’s Ratings Services assigned a “BB-” long-term credit rating to Golden Telecom, Inc. On March 18, 2003, Moody’s Ratings Services assigned a “B2” senior implied rating to Golden Telecom, Inc.

The legal merger of two wholly owned Russian operating subsidiaries was completed on April 15, 2003. All assets, liabilities, rights and obligations of Teleross were transferred to Sovintel as of this date.

About Golden Telecom (www.goldentelecom.com)

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, St. Petersburg and Nizhny Novgorod; data and long-distance services using a fiber optic and satellite-based network – including 149 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 ROL portal; and mobile services.

This press release presents measures not derived in accordance with generally accepted accounting principles, including EBITDA¹, and pro-forma combined revenue⁴. Such measures should not be considered substitutes for any measures derived in accordance with generally accepted accounting principles, and may also be inconsistent with similar measures presented by other companies. Reconciliation of these non-GAAP measures to the most nearly comparable GAAP measures, if applicable, is presented in the attached pages.

Statements made in this press release are forward looking and are made pursuant to the safe harbor provisions of the Securities Litigation Reform Act of 1995. Such statements include our predictions regarding our expected revenue, EBITDA¹ and capital expenditures in 2003. 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, changes in timing for the deployment of additional networks which may affect our capital expenditure, potential acquisitions, and political, economic and regulatory developments in Russia, Ukraine and Kazakhstan and increasing competition that may limit growth opportunities. Additional information concerning factors that could cause results to differ materially from those in the forward looking statements is contained in the Company's filings with the U.S. Securities and Exchange Commission including the Company's periodic reports on Form 8-K filed during 2003 and the Company's annual report on Form 10-K for the year ended December 31, 2002.

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Golden Telecom, Inc.

Condensed, Consolidated Statements of Operations (unaudited)
(Amounts in millions, except per share data)

	Three Months Ended:	
	<u>3/31/02</u>	<u>3/31/03</u>
Revenues	\$ 36.4	\$ 78.4
Operating costs and expenses:		
Access and network services (excluding depreciation and amortization)	15.4	37.3
Selling, general and administrative (excluding depreciation and amortization)	9.7	13.5
Depreciation and amortization	6.0	10.4
Operating income	<u>5.3</u>	<u>17.2</u>
Other income (expense):		
Equity in earnings of ventures	1.7	0.1
Foreign currency gain (loss)	(0.3)	0.2
Interest income (expense), net	(0.1)	(0.4)
Minority interest	(0.1)	(0.1)
Total other income (expense)	1.2	(0.2)
Income before income taxes	6.5	17.0
Income taxes	<u>1.3</u>	<u>4.2</u>
Income before cumulative effect of a change in accounting principle	\$ 5.2	\$ 12.8
Cumulative effect of a change in accounting principle	1.0	—
Net Income	<u>\$ 6.2</u>	<u>\$ 12.8</u>
Basic earnings per share of common stock:		
Income before cumulative effect of a change in accounting principle	\$ 0.24	\$ 0.47
Cumulative effect of a change in accounting principle	0.04	—
Basic earnings per share	<u>\$ 0.28</u>	<u>\$ 0.47</u>
Weighted average common shares - basic	<u>22.5</u>	<u>27.1</u>
Diluted earnings per share of common stock:		
Income before cumulative effect of a change in accounting principle	\$ 0.23	\$ 0.47
Cumulative effect of a change in accounting principle	0.04	—
Diluted earnings per share	<u>\$ 0.27</u>	<u>\$ 0.47</u>
Weighted-average common shares - diluted	<u>22.7</u>	<u>27.4</u>

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

	<u>12/31/02</u> <u>(audited)</u>	<u>3/31/03</u> <u>(unaudited)</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 59.6	\$ 69.3
Accounts receivable, net	46.2	51.1
Prepaid expenses and other assets	21.6	23.8
Total current assets	127.4	144.2
Property and equipment, net	166.1	167.8
Goodwill, net	71.7	71.7
Intangible assets, net	56.0	55.6
Restricted cash and other assets	14.6	12.4
Total current assets	127.4	144.2
TOTAL ASSETS	\$ 435.8	\$ 451.7
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 48.3	\$ 48.6
Debt maturing within one year and capital lease obligations	10.8	18.3
Other current liabilities	11.9	13.1
Total current liabilities	71.0	80.0
Long-term debt and capital lease obligations	29.7	21.6
Other liabilities	25.4	26.0
Total current liabilities	71.0	80.0
TOTAL LIABILITIES	126.1	127.6
Minority interest	2.2	2.2
SHAREHOLDERS' EQUITY		
Common stock	0.3	0.3
Additional paid-in capital	446.2	447.8
Accumulated deficit	(139.0)	(126.2)
Total current liabilities	71.0	80.0
TOTAL SHAREHOLDERS' EQUITY	307.5	321.9
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 435.8	\$ 451.7

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Golden Telecom, Inc.
Condensed, Consolidated Statements of Cash Flows (unaudited)
(Amounts in millions)

	Three Months Ended:	
	<u>3/31/02</u>	<u>3/31/03</u>
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES	\$ 7.7	19.7
INVESTING ACTIVITIES		
Purchase of property, equipment and intangible assets	(4.6)	(11.8)
Restricted cash	1.4	0.2
Proceeds from investments available for sale	6.0	—
Purchase of investments available for sale	(2.0)	—
Other investing	2.3	0.6
	3.1	(11.0)
NET CASH (USED BY) PROVIDED BY INVESTING ACTIVITIES		
FINANCING ACTIVITIES		
Repayments of debt	(1.7)	(0.1)
Net proceeds from exercise of employee stock options	0.8	1.4
Other financing	—	(0.4)
	(0.9)	0.9
NET CASH (USED BY) PROVIDED BY FINANCING ACTIVITIES		
Effects of exchange rate changes on cash and cash equivalents	(0.1)	0.1
Net increase in cash and cash equivalents	9.8	9.7
Cash and cash equivalents at beginning of period	37.4	59.6
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 47.2	\$ 69.3

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

The following table presents our line of business information for the last five quarters.

	Consolidated				
	Three months ended:				
	<u>3/31/02</u>	<u>6/30/02</u>	<u>9/30/02</u>	<u>12/31/02</u>	<u>3/31/03</u>
Revenues					
CLEC	\$ 10.7	\$ 11.4	\$ 19.7	\$ 49.7	\$ 51.2
Data and Internet	18.2	20.0	19.2	21.5	21.0
Long distance	4.3	4.6	4.6	5.2	5.0
Mobile services	3.3	3.3	3.3	3.1	3.2
Eliminations	(0.1)	(0.1)	(0.5)	(2.7)	(2.0)
Total revenues	<u>\$ 36.4</u>	<u>\$ 39.2</u>	<u>\$ 46.3</u>	<u>\$ 76.8</u>	<u>\$ 78.4</u>
EBITDA¹					
CLEC	\$ 5.4	\$ 5.2	\$ 8.2	\$ 18.9	\$ 20.4
Data and Internet	6.2	6.0	5.5	5.3	6.4
Long distance	0.1	(0.2)	—	0.4	—
Mobile services	1.2	1.6	1.8	1.6	1.8
Corporate	(1.6)	(1.2)	(1.5)	(1.5)	(1.0)
Total EBITDA ¹	<u>\$ 11.3</u>	<u>\$ 11.4</u>	<u>\$ 14.0</u>	<u>\$ 24.7</u>	<u>\$ 27.6</u>
Depreciation and amortization					
CLEC	\$ 1.4	\$ 1.0	\$ 2.5	\$ 5.4	\$ 5.4
Data and Internet	2.4	2.9	2.7	2.9	2.8
Long distance	1.4	1.4	1.3	1.3	1.3
Mobile services	0.7	0.6	0.6	0.8	0.7
Corporate	0.1	0.3	0.2	0.1	0.2
Total depreciation and amortization	<u>\$ 6.0</u>	<u>\$ 6.2</u>	<u>\$ 7.3</u>	<u>\$ 10.5</u>	<u>\$ 10.4</u>
Operating income					
CLEC	\$ 4.0	\$ 4.2	\$ 5.7	\$ 13.5	\$ 15.0
Data and Internet	3.8	3.1	2.8	2.4	3.6
Long distance	(1.3)	(1.6)	(1.3)	(0.9)	(1.3)
Mobile services	0.5	1.0	1.2	0.8	1.1
Corporate	(1.7)	(1.5)	(1.7)	(1.6)	(1.2)
Total operating income	<u>\$ 5.3</u>	<u>\$ 5.2</u>	<u>\$ 6.7</u>	<u>\$ 14.2</u>	<u>\$ 17.2</u>

	Pro forma Combined Revenue⁴				
	Three months ended:				
	<u>3/31/02</u>	<u>6/30/02</u>	<u>9/30/02</u>	<u>12/31/02</u>	<u>3/31/03</u>
Pro forma combined revenues	\$ 65.6	\$ 70.1	\$ 76.2	\$ 76.7	\$ 78.5
Equity method ventures	(33.4)	(36.6)	(34.7)	(1.2)	(1.2)

Affiliate adjustments	<u>4.2</u>	<u>5.7</u>	<u>4.8</u>	<u>1.3</u>	<u>1.1</u>
Total consolidated revenues	\$ 36.4	\$ 39.2	\$ 46.3	\$ 76.8	\$ 78.4

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The following table presents selected operating data² related to our consolidated and non-consolidated ventures at and for the periods shown:

	Three Months Ended:		
	<u>9/30/02</u>	<u>12/31/02</u>	<u>3/31/03</u>
Points of presence	149	149	149
Total voice minutes (millions)			
Local	167.0	270.5	277.2
Domestic long distance	92.6	104.2	116.2
International outgoing	55.5	53.2	60.6
Incoming	101.8	118.1	116.7
Dial-up Internet access subscribers ³	191,707	242,155	278,823
Total active cellular subscribers	35,576	35,386	35,308
Total employees – consolidated entities	1,722	1,708	1,753
Total employees – non-consolidated entities	104	104	116

Notes to data for Golden Telecom:

1. EBITDA is defined as operating income plus depreciation and amortization. This non-generally accepted accounting principle (GAAP) 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 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. A reconciliation of EBITDA to income from operations is included in our line of business statistics.
2. MCT Corp. is not included in the operating data shown.
3. 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.
4. Pro-forma combined revenue is a non-GAAP measure and is defined as the consolidated revenue of Golden Telecom, Inc. plus the revenues of 100% of Sovintel and a number of non-consolidated regional joint ventures for all periods referenced.