



**FOR IMMEDIATE RELEASE**

## **Golden Telecom Reports Fourth-Quarter and Year-end 1999 Results**

### **Highlights**

- Consolidated revenues of \$97.9 million up 14 percent from the prior year.
- Consolidated EBITDA<sup>1</sup> of \$16.4 million up from a loss of (\$2.8) in the prior year.
- Consolidated revenues of \$25.4 million up 1 percent from the prior quarter.
- Proportional revenues<sup>2</sup> of \$34.4 million up 5 percent from the prior quarter.
- Consolidated EBITDA of \$3.8 million up 23 percent from the prior quarter.
- Proportional EBITDA<sup>3</sup> of \$7.2 million up 7 percent from the prior quarter.
- Completed the legal merger of Sovam, TeleRoss and TCM.

**MOSCOW, February 8, 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 fourth quarter and year-end 1999.

Stewart Reich, GTI's president and chief executive officer, said: "We are pleased to report that our first year-end as a public company closed on a very positive note. Revenues and EBITDA are up, and the future looks encouraging. Consolidated revenues have increased steadily over the last two quarters. Recent developments in Russia, such as commitment to the constitutional election process, successful handling of the Y2K threat and continued movement toward economic stability, substantiate our confidence in our key market. Going forward, growing our Internet business will be key to our continued success. We recently acquired two Internet Service Providers (ISPs), Glasnet in Moscow and Nevalink in St. Petersburg, and now have more than 18,000 dial-up Internet subscribers, a fourfold increase over the 4,261 subscribers at the end of 1998. Yesterday, we announced that we acquired STM 16 capacity from Moscow to Stockholm. This capacity provides GTI the strategic advantage that will enable us to strengthen our position as a leading quality Internet and data service provider in Russia. Currently, most of our Internet revenue comes from access services; however, we will be expanding our service offerings to include data-warehousing as well as Web hosting and design. We believe these initiatives will help position GTI to capture a major share of the growing Internet market in Russia."

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### **Fourth-quarter 1999 Results**

Consolidated revenues were \$25.4 million, up 1 percent from the prior quarter. The data and long distance business line revenues were \$10.6 million, up 7 percent from the prior quarter primarily due to increases in integrated solution sales. Consolidated mobile services revenues were \$4.4 million, down 4 percent from the prior quarter. Significant increases in active subscribers were offset by reduced average revenue per subscriber. Consolidated competitive local exchange carrier (CLEC) revenues were \$11.3 million, down 3 percent from the prior quarter primarily due to lower tariffs that were partially offset by higher long distance and international traffic volumes.

Consolidated EBITDA was \$3.8 million, up 23 percent compared to \$3.1 million for the third quarter of 1999. Proportional EBITDA was \$7.2 million, up 7 percent compared with the prior quarter.

The net loss for the period was (\$4.1) million. Sequentially, the net loss per common share was (\$0.18) compared with (\$0.61) for the third quarter of 1999, excluding the \$19.8 million one-time charge recorded in the third quarter. The weighted average common shares outstanding increased to 22.9 million for the fourth quarter from 10.8 million during the third quarter due to the successful completion of GTI's initial public offering on September 30, 1999.

### **Year-end 1999 Results**

For the full year, GTI reported consolidated revenues of \$97.9 million, up 14 percent from 1998. Consolidated EBITDA was \$16.4 million, up from a loss of (\$2.8) million in 1998. The improved results were impacted by the consolidation of full-year results for Sovam, Golden Telecom (Ukraine) and TCM, which were only consolidated from February 1, 1998, June 30, 1998, and July 1, 1998, respectively. The increase was in part offset by declines in revenues due to the August 1998 Russian financial crisis. Net loss per common share for 1999 was (\$1.94) excluding the one-time abandonment and restructuring charge of \$19.8 million recorded in 1999, compared with a loss of (\$3.17) for 1998.

### **Completed Merger of Sovam Teleport, TeleRoss and TCM**

During the last quarter, GTI completed the legal merger of Sovam, TeleRoss and TCM. The completion of this merger benefits the company both operationally and on a tax basis. The merged company will operate under the brand name of Golden Telecom.

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

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 CLEC 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.

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**Statements made in this press release, including statements concerning continued stability in Russia, our perceptions regarding the growth of our Internet business, the Company's future capacity requirements and market position, and increased service offerings 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, and the Company's prospectus dated September 30, 1999 included in the Registration Statement No. 333-82791 on Form S-1. Additional information may also be contained in the filings with the U.S. Security and Exchange Commissions submitted by Global TeleSystems Group, Inc., ("GTS") the majority shareholder in the Company, including, but not limited to, GTS's reports on Form 10-Q for the quarters ended March 31, 1999, June 30, 1999, and September 30, 1999.**

**- TABLES ATTACHED -**

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

	Three Months Ended:		Twelve Months Ended:	
	<u>12/31/98</u>	<u>12/31/99</u>	<u>12/31/98</u>	<u>12/31/99</u>
Revenues:				
Telecommunications services	\$ 22.4	\$ <b>24.2</b>	\$ 77.1	\$ <b>94.6</b>
Equipment sales	3.0	<b>1.2</b>	9.0	<b>3.3</b>
Total revenues	<u>25.4</u>	<u><b>25.4</b></u>	<u>86.1</u>	<u><b>97.9</b></u>
Operating costs and expenses:				
Cost of revenues:				
Access and network services	10.7	<b>10.3</b>	37.8	<b>38.1</b>
Equipment sales	1.3	<b>0.3</b>	5.8	<b>2.4</b>
Selling, general and administrative	11.3	<b>11.0</b>	45.3	<b>41.0</b>
	<u>23.3</u>	<u><b>21.6</b></u>	<u>88.9</u>	<u><b>81.5</b></u>
EBITDA <sup>1</sup>	2.1	<b>3.8</b>	( 2.8 )	<b>16.4</b>
Abandonment and restructuring charge	–	–	–	<b>19.8</b>
Depreciation and amortization	6.7	<b>6.7</b>	16.7	<b>28.2</b>
	<u>6.7</u>	<u><b>6.7</b></u>	<u>16.7</u>	<u><b>28.2</b></u>
Income/(loss) from operations	( 4.6 )	( <b>2.9</b> )	( 19.5 )	( <b>31.6</b> )
Other income/(expense):				
Equity in earnings/(losses) of ventures	( 2.0 )	( <b>1.8</b> )	2.6	( <b>6.7</b> )
Foreign currency losses	( 2.5 )	( <b>1.2</b> )	( 7.5 )	( <b>2.7</b> )
Interest income/(expense), net	( 2.0 )	<b>2.8</b>	( 3.1 )	<b>2.8</b>
Minority interest	( 0.5 )	( <b>0.2</b> )	( 1.0 )	( <b>1.5</b> )
	<u>( 7.0 )</u>	<u>( <b>0.4</b> )</u>	<u>( 9.0 )</u>	<u>( <b>8.1</b> )</u>
Total other income/(expense)	( 7.0 )	( <b>0.4</b> )	( 9.0 )	( <b>8.1</b> )
Net income before income taxes	( 11.6 )	( <b>3.3</b> )	( 28.5 )	( <b>39.7</b> )
Income taxes	1.7	<b>0.8</b>	5.1	<b>6.8</b>
	<u>1.7</u>	<u><b>0.8</b></u>	<u>5.1</u>	<u><b>6.8</b></u>
Net loss	<u>\$ ( 13.3 )</u>	<u>\$ ( <b>4.1</b> )</u>	<u>\$ ( 33.6 )</u>	<u>\$ ( <b>46.5</b> )</u>
Net loss per share	<u>(\$1.25)</u>	<u><b>(\$0.18)</b></u>	<u>(\$3.17)</u>	<u><b>(\$3.39)</b></u>
Weighted average common shares	<u>10.6</u>	<u><b>22.9</b></u>	<u>10.6</u>	<u><b>13.7</b></u>

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

	<u>12/31/98</u>	<u>12/31/99</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 14.2	\$ 162.7
Accounts receivable, net	13.4	11.0
Prepaid expenses and other assets	9.9	7.9
Total current assets	<u>37.5</u>	<u>181.6</u>
Property and equipment, net	52.2	62.2
Goodwill and intangible assets, net	71.9	53.5
Restricted cash and other assets	74.2	69.3
<b>TOTAL ASSETS</b>	<u>\$ 235.8</u>	<u>\$ 366.6</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued expenses	25.7	35.0
Debt maturing within one year	3.0	4.1
Other current liabilities	5.7	12.0
Total current liabilities	<u>34.4</u>	<u>51.1</u>
Long-term debt and capital leases	21.4	23.9
Other liabilities	3.2	2.3
<b>TOTAL LIABILITIES</b>	59.0	77.3
Commitments and Contingencies		
Minority interest	8.0	2.8
<b>SHAREHOLDERS' EQUITY</b>		
Common stock	0.1	0.2
Additional paid-in capital	241.8	405.9
Accumulated deficit	( 73.1 )	( 119.6 )
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>168.8</u>	<u>286.5</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$ 235.8</u>	<u>\$ 366.6</u>

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

	<b>Consolidated</b>			
	Three Months Ended:			
	<u>3/31/99</u>	<u>6/30/99</u>	<u>9/30/99</u>	<u>12/31/99</u>
<b>Revenues</b>				
CLEC	\$ 11.7	\$ 10.1	\$ 11.6	\$ 11.3
Data and long distance	9.2	8.9	9.9	10.6
Mobile services	4.0	4.6	4.6	4.4
Eliminations	( 0.7 )	( 0.4 )	( 1.0 )	( 0.9 )
Total revenues	<u>\$ 24.2</u>	<u>\$ 23.2</u>	<u>\$ 25.1</u>	<u>\$ 25.4</u>
<b>EBITDA<sup>1</sup></b>				
CLEC	\$ 6.4	\$ 5.3	\$ 7.1	\$ 6.2
Data and long distance	-	( 0.3 )	( 1.3 )	0.2
Mobile services	1.2	1.7	1.4	0.7
Corporate	( 1.4 )	( 3.4 )	( 4.1 )	( 3.3 )
Total EBITDA	<u>\$ 6.2</u>	<u>\$ 3.3</u>	<u>\$ 3.1</u>	<u>\$ 3.8</u>
<b>Proportional</b>				
Three Months Ended:				
	<u>3/31/99</u>	<u>6/30/99</u>	<u>9/30/99</u>	<u>12/31/99</u>
<b>Revenues<sup>2</sup></b>				
CLEC	\$ 19.8	\$ 18.2	\$ 19.1	\$ 19.3
Data and long distance	8.3	8.2	8.6	9.9
Mobile services	4.5	5.1	5.1	5.2
Total revenues	<u>\$ 32.6</u>	<u>\$ 31.5</u>	<u>\$ 32.8</u>	<u>\$ 34.4</u>
<b>EBITDA<sup>3</sup></b>				
CLEC	\$ 8.5	\$ 7.9	\$ 10.1	\$ 8.6
Data and long distance	0.1	( 0.1 )	( 1.2 )	0.4
Mobile services	1.1	1.7	1.9	1.5
Corporate	( 1.4 )	( 3.4 )	( 4.1 )	( 3.3 )
Total EBITDA	<u>\$ 8.3</u>	<u>\$ 6.1</u>	<u>\$ 6.7</u>	<u>\$ 7.2</u>

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

	Three Months Ended:		
	<u>12/31/98</u>	<u>9/30/99</u>	<u>12/31/99</u>
Points of presence	79	104	109
Total voice minutes (millions)			
Local	74.0	89.6	80.3
Domestic long distance	22.4	23.2	26.2
International outgoing	12.2	12.9	19.7
Incoming	21.2	26.3	26.0
Dial-up Internet access subscribers <sup>5</sup>	4,261	14,167	18,599
Total active cellular subscribers	25,515	34,307	41,364
Total employees – consolidated entities	515	577	604
Total employees – non-consolidated entities	924	715	742

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

	Three Months Ended:		Twelve Months Ended:	
	12/31/98	12/31/99	12/31/98	12/31/99
Revenues:				
Telecommunications services	\$ 24.7	\$ 23.2	\$ 124.2	\$ 91.7
Operating costs and expenses:				
Access and network services	14.4	12.5	76.2	51.1
Selling, general and administrative	4.7	3.4	16.8	12.1
Non-income taxes	2.4	1.8	7.1	5.5
EBITDA <sup>1</sup>	3.2	5.5	24.1	23.0
Depreciation and amortization	1.5	1.9	6.3	7.7
Income/(loss) from operations	1.7	3.6	17.8	15.3
Other income/(expense):				
Foreign currency losses	( 2.1 )	( 0.6 )	( 7.6 )	( 1.8 )
Interest income/(expense), net	-	( 0.1 )	0.2	( 0.3 )
Total other income/(expense)	( 2.1 )	( 0.7 )	( 7.4 )	( 2.1 )
Net income before income taxes	( 0.4 )	2.9	10.4	13.2
Income taxes	2.2	1.8	6.1	7.6
Net income/(loss)	\$ ( 2.6 )	\$ 1.1	\$ 4.3	\$ 5.6

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

	<u>12/31/98</u>	<u>12/31/99</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 5.1	\$ 2.6
Accounts receivable, net	18.1	16.9
Prepaid expenses and other assets	12.9	6.1
Total current assets	36.1	25.6
Property and equipment, net	51.1	50.4
Restricted cash and other assets	0.8	1.6
TOTAL ASSETS	\$ 88.0	\$ 77.6
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued expenses	27.4	13.9
Debt maturing within one year	4.9	4.0
Other current liabilities	2.2	2.6
Total current liabilities	34.5	20.5
Long-term debt and other liabilities	-	-
TOTAL LIABILITIES	34.5	20.5
Commitments and Contingencies		
<b>SHAREHOLDERS' EQUITY</b>		
Contributed capital	2.0	2.0
Retained earnings	51.5	55.1
TOTAL SHAREHOLDERS' EQUITY	53.5	57.1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 88.0	\$ 77.6

Notes:

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 December 31, 1999.
3. Proportional EBITDA is calculated using the actual EBITDA for each entity multiplied by the ownership percentage held by GTI as of December 31, 1999.
4. Minute data for the abandoned cellular ventures are included only up to August 31, 1999. The remaining data excludes the abandoned cellular ventures.
5. 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 the month end. It specifically excludes "on-trial" users, free users and internal users.

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