



NEWS

FOR IMMEDIATE RELEASE

Golden Telecom achieves solid growth and profit

MOSCOW, Russia (August 6, 2002) — Golden Telecom, Inc. (NASDAQ: "GLDN") continued its double digit revenue growth and outstanding EBITDA growth, achieving a 16% year over year growth in revenue and a 124% year over year growth in EBITDA in the second quarter of 2002. Importantly, these figures were reflected in an increase in year on year net cash flow provided by operating activities of 60% in the second quarter of 2002.

Here are some of the highlights of Second Quarter 2002 vs. Second Quarter 2001:

- Consolidated revenue of \$39.2 million -- up 16 percent.
- Consolidated EBITDA¹ of \$11.4 million -- up 124 percent.
- Consolidated EBITDA¹ margin increased from 15 percent to 29 percent.
- Consolidated net income was \$2.8 million up from a net loss of \$3.5 million.
- Consolidated Data and Internet revenue of \$20.0 million -- up 40 percent.

"Our solid second quarter results reaffirm the viability of our strategic course for this year and our continuing success in implementing our short-term and medium term priorities," said Alexander Vinogradov, President and CEO of Golden Telecom. "To a large extent we remain unaffected by the accounting scandals occurring in western financial markets. We continue to focus on the growing markets of Russia, Ukraine and other CIS countries and, operationally, are only marginally affected by the problems in the global telecommunications industry. We have strengthened our position as the leading voice and data operator in Moscow and as a leading telecommunications company in the CIS."

"Second quarter revenue has resumed its seasonal growth trend, which is a satisfying result when considered in the context of global telecommunications markets. The company has only limited exposure, via access to international capacity and bi-lateral traffic exchange, to the difficulties facing telecommunications companies outside the markets we address. Despite lower revenues from our Ukrainian operations, we achieved 16 percent growth compared to the second quarter of 2001, again driven by an increase in data and Internet revenue." commented David Stewart, Golden Telecom's Chief Financial Officer, "Our EBITDA¹ continued its significant year over year growth, however, sequential quarter over quarter growth was lower than the annual increase due to planned increases in costs for additional capacity."

"Our quarterly net income was positive but it was adversely impacted by our share of the losses incurred by MCT Corp. As a result of MCT Corp.'s significant US GAAP losses in the second quarter, we wrote off our remaining investment in the company. Based on MCT Corp.'s historical results, we had previously assumed that we would have to recognize these losses prior to the end of 2002." added David Stewart. "We now expect to see a positive impact on our net income in the third quarter as a result of this earlier than anticipated write down."

"Overall our balance sheet has become even stronger, we repaid \$7.2 million of debt in the second quarter of 2002, yet our cash, cash equivalents and investments held for sale position increased from \$52.2 million to \$53.7 million. We now have only \$4.4 million of debt, excluding capital leases, on our balance sheet, although this amount will increase when we draw down all or a portion of a US\$30 million credit facility after closing the Sovintel transaction."

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“We continue to develop our businesses in the Russian regions, deploying the latest technological innovations in our service offerings. We plan to be actively involved in the development of the largest Russian metropolitan telecommunications markets as well as those in the CIS that have the potential for significant growth,” added Alexander Vinogradov. In regards to the closure of the Sovintel acquisition, Alexander Vinogradov noted: “The closure process is well on the way and although we had expected to close the transaction in the second quarter, we now expect the transaction to close later in August.”

Golden Telecom (Ukraine)

As noted in the Company’s first quarter financial reports, Golden Telecom (Ukraine) was the subject of an investigation initiated by the office of the Prosecutor in Kiev and connected with a commercial dispute between Golden Telecom (Ukraine) with Ukretelecom, the state owned telecommunications monopoly. Golden Telecom (Ukraine) received a letter dated July 17, 2002 from the General Prosecutor of Ukraine stating that effective July 9, 2002 the Prosecutor’s Office has withdrawn all charges against Golden Telecom (Ukraine) due to the absence of grounds on which to prosecute. This development is positive however there is no guarantee that this investigation will not be re-opened in the future.

More Second Quarter 2002 Results:

Consolidated revenues were \$39.2 million – up 16 percent compared to the second quarter of 2001, and up 8 percent compared to last quarter.

Data and Internet business line revenues were \$20.0 million – up 40 percent compared to the second quarter of 2001, and up 10 percent compared to last quarter.

Internet subscribers increased to 182,555 – up 20 percent from 152,702 subscribers at the end of the second quarter of 2001, due to organic growth, but subscribers decreased 5 percent compared to last quarter. The sequential decline in Internet subscribers is largely due to seasonal factors.

Data and Internet EBITDA¹, as a percentage of Data and Internet revenue, was 30 percent – up from 6 percent in the second quarter of 2001, but down from 34 percent last quarter. The sequential decline is in part due to increases in costs for incremental capacity switched on in the second quarter.

CLEC revenues were \$11.4 million up slightly when compared to the second quarter of 2001, and up 7 percent compared to last quarter.

Long Distance business line revenues were \$4.6 million – down slightly compared to the second quarter of 2001, but up 7 percent compared to last quarter.

Mobile Services revenues were \$3.3 million – down 11 percent compared with the second quarter of 2001, but even compared to last quarter.

Consolidated EBITDA¹ was \$11.4 million – up 124 percent from \$5.1 million in the second quarter of 2001, and up 1 percent compared to last quarter. Consolidated EBITDA¹, as a percentage of consolidated revenue was 29 percent, up from 15 percent in the second quarter of 2001, but down from 31 percent last quarter. This improvement year over year reflects the continued success of our integration of our acquisitions and the drive to control costs. The slight sequential decrease in percentage was due to increases in certain capacity costs, together with some increases in advertising and bad debt expense associated with potential losses due to the KPNQwest bankruptcy proceedings.

The net income for the second quarter was \$2.8 million compared to a net loss of (\$3.5) million in the second quarter of 2001 and compared to a net income of \$6.2 million reported last quarter. The year over year improvement was in part due to the effects of new US accounting standards for goodwill and intangible assets that became effective and were adopted by the company from January 1, 2002 and also in part as a result of reduced depreciation and amortization due to the impairment of assets in the fourth quarter of 2001. Net income for the quarter was adversely impacted by the writing down of the balance of our investment in MCT Corp., of \$4.1 million. MCT Corp. incurred significant losses in the second quarter of 2002.

Equity in losses of ventures was (\$1.2) million compared to equity in earnings of ventures of \$2.2 million in the second quarter of 2001. Golden Telecom's share of the loss from MCT Corp. more than offset the improved net income from Sovintel. As a result, net income per common share before dilution, in the second quarter of 2002 was \$0.12 compared to a net loss of (\$0.14) for the second quarter of 2001. The weighted-average number of shares outstanding decreased to 22.7 million compared to 24.6 million in the second quarter of 2001, largely due to the buyback of shares from Global TeleSystems, Inc. in the third quarter of 2001.

Net income per common share assuming dilution, in the second quarter of 2002 was \$0.12 compared to a net loss of (\$0.14) for the second quarter of 2001. The diluted weighted average number of shares outstanding in the second quarter of 2002 was 23.4 million compared to 24.6 million in the second quarter of 2001.

Golden Telecom closed the second quarter of 2002 with a total of \$53.7 million in consolidated cash, cash equivalents and investments held for sale.

About Golden Telecom (www.goldentelecom.ru)

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 approximately 148 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.

Statements made in this press release, including anticipated third quarter earnings, our anticipated debt position, and the proposed purchase of Sovintel, 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, political, economic and regulatory developments in Russia and Ukraine, our ability to execute our business plan, increasing competition that may limit growth opportunities, and the possibility that the Sovintel transaction described above may not be consummated. 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 quarterly report on Form 10-Q for the quarter ended March 31, 2002 and the Company's annual report on Form 10-K for the year ended December 31, 2001.

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

	Three Months Ended:		Six Months Ended:	
	<u>6/30/01</u>	<u>6/30/02</u>	<u>6/30/01</u>	<u>6/30/02</u>
Revenues	\$ 33.9	\$ 39.2	\$ 66.2	\$ 75.6
Operating costs and expenses:				
Access and network services	16.0	17.6	30.7	33.0
Selling, general and administrative	12.8	10.2	25.5	19.9
EBITDA ¹	5.1	11.4	10.0	22.7
Depreciation and amortization	10.4	6.3	20.1	12.3
Income/(loss) from operations	(5.3)	5.1	(10.1)	10.4
Other income/(expense):				
Equity in earnings/(losses) of ventures	2.2	(1.2)	2.7	0.5
Foreign currency losses	—	(0.2)	(0.3)	(0.5)
Interest income/(expense), net	0.4	—	1.3	(0.1)
Minority interest	—	(0.1)	—	(0.2)
Total other income/(expense)	2.6	(1.5)	3.7	(0.3)
Income/(loss) before income taxes	(2.7)	3.6	(6.4)	10.1
Income taxes	0.8	0.8	1.0	2.1
Income/(loss) before cumulative effect of a change in accounting principle	\$ (3.5)	\$ 2.8	\$ (7.4)	\$ 8.0
Cumulative effect of a change in accounting principle	—	—	—	1.0
Net Income/(loss)	<u>\$ (3.5)</u>	<u>\$ 2.8</u>	<u>\$ (7.4)</u>	<u>\$ 9.0</u>
Basic earnings/(loss) per share of common stock:				
Income/(loss) before cumulative effect of a change in accounting principle	\$ (0.14)	\$ 0.12	\$ (0.30)	\$ 0.36
Cumulative effect of a change in accounting principle	—	—	—	0.04
Basic earnings/(loss) per share	<u>\$ (0.14)</u>	<u>\$ 0.12</u>	<u>\$ (0.30)</u>	<u>\$ 0.40</u>
Weighted average common shares - basic	<u>24.6</u>	<u>22.7</u>	<u>24.6</u>	<u>22.6</u>
Diluted earnings/(loss) per share of common stock:				
Income/(loss) before cumulative effect of a change in accounting principle	\$ (0.14)	\$ 0.12	\$ (0.30)	\$ 0.35
Cumulative effect of a change in accounting principle	—	—	—	0.04
Diluted earnings/(loss) per share	<u>\$ (0.14)</u>	<u>\$ 0.12</u>	<u>\$ (0.30)</u>	<u>\$ 0.39</u>
Weighted-average common shares - diluted	<u>24.6</u>	<u>23.4</u>	<u>24.6</u>	<u>23.1</u>

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

	<u>12/31/01</u> (audited)	<u>6/30/02</u> (unaudited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 37.4	\$ 51.7
Investments held for sale	9.0	2.0
Accounts receivable, net	21.9	24.5
Prepaid expenses and other assets	16.4	16.4
Total current assets	84.7	94.6
Property and equipment, net	98.6	98.3
Goodwill, net	18.7	17.4
Intangible assets, net	38.4	36.0
Investments in and advances to ventures	46.0	46.4
Restricted cash and other assets	14.0	10.2
TOTAL ASSETS	\$ 300.4	\$ 302.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 27.3	\$ 31.5
Debt maturing within one year and capital lease obligations	11.5	3.4
Other current liabilities	9.9	7.6
Total current liabilities	48.7	42.5
Long-term debt and capital lease obligations	10.7	9.1
Other liabilities	14.2	12.9
TOTAL LIABILITIES	73.6	64.5
Minority interest	6.0	4.8
SHAREHOLDERS' EQUITY		
Common stock	0.2	0.2
Treasury stock	(25.0)	(25.0)
Additional paid-in capital	414.4	418.2
Accumulated deficit	(168.8)	(159.8)
TOTAL SHAREHOLDERS' EQUITY	220.8	233.6
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 300.4	\$ 302.9

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

	Six Months Ended:	
	6/30/01	6/30/02
	(unaudited)	
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES	\$ 10.5	19.4
INVESTING ACTIVITIES		
Purchase of property, equipment and intangible assets	(16.4)	(10.0)
Acquisitions, net of cash acquired	(32.3)	—
Restricted cash	(1.3)	1.4
Proceeds from investments available for sale	54.3	9.0
Purchase of investments available for sale	—	(2.0)
Other investing	(1.2)	3.4
NET CASH PROVIDED BY INVESTING ACTIVITIES	3.1	1.8
FINANCING ACTIVITIES		
Repayments of debt	(0.8)	(8.8)
Issuance of common stock	—	2.1
NET CASH USED IN FINANCING ACTIVITIES	(0.8)	(6.7)
Effects of exchange rate changes on cash and cash equivalents	(0.1)	(0.2)
Net increase/(decrease) in cash and cash equivalents	12.7	14.3
Cash and cash equivalents at beginning of period	57.9	37.4
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 70.6	\$ 51.7

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>6/30/01</u>	<u>9/30/01</u>	<u>12/31/01</u>	<u>3/31/02</u>	<u>6/30/02</u>
Revenues					
CLEC	\$ 11.3	\$ 12.2	\$ 10.8	\$ 10.7	\$ 11.4
Data and Internet	14.3	16.5	18.6	18.2	20.0
Long distance	4.7	4.9	4.2	4.3	4.6
Mobile services	3.7	3.7	3.5	3.3	3.3
Eliminations	(0.1)	(0.2)	(0.4)	(0.1)	(0.1)
Total revenues	\$ 33.9	\$ 37.1	\$ 36.7	\$ 36.4	\$ 39.2
EBITDA¹					
CLEC	\$ 5.3	\$ 6.0	\$ 4.9	\$ 5.4	\$ 5.2
Data and Internet	0.9	3.0	5.4	6.2	6.0
Long distance	0.4	0.4	0.1	0.1	(0.2)
Mobile services	1.1	1.3	1.1	1.2	1.6
Corporate	(2.6)	(3.3)	(1.5)	(1.6)	(1.2)
Total EBITDA ¹	\$ 5.1	\$ 7.4	\$ 10.0	\$ 11.3	\$ 11.4

The following table shows our proportional line-of-business information.

	Proportional		
	Three Months Ended:		
	<u>6/30/01</u>	<u>3/31/02</u>	<u>6/30/02</u>
Revenues			
CLEC	\$ 22.3	\$ 23.4	\$ 25.4
Data and Internet	12.6	16.8	17.3
Long distance	4.7	4.3	4.7
Mobile services	2.6	2.3	2.3
Total revenues	\$ 42.2	\$ 46.8	\$ 49.7
EBITDA¹			
CLEC	\$ 9.7	\$ 10.4	\$ 10.3
Data and Internet	0.8	6.2	5.5
Long distance	0.6	0.4	0.0
Mobile services	0.7	0.8	1.1
Corporate	(2.6)	(1.6)	(1.2)
Total EBITDA ¹	\$ 9.2	\$ 16.2	\$ 15.7

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

	Three Months Ended:		
	<u>6/30/01</u>	<u>3/31/01</u>	<u>6/30/02</u>
Points of presence	139	145	148
Total voice minutes (millions)			
Local	90.7	134.6	144.6
Domestic long distance	53.2	70.6	79.8
International outgoing	28.6	36.4	45.9
Incoming	71.6	55.3	70.7
Dial-up Internet access subscribers ⁵	152,702	191,688	182,555
Total active cellular subscribers	40,869	38,097	36,246
Total employees – consolidated entities	1,235	1,143	1,171
Total employees – non-consolidated entities	512	571	608

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EDN Sovintel, LLC
Condensed Statements of Operations (unaudited)
(Amounts in millions)

	Three Months Ended:		Six Months Ended:	
	<u>6/30/01</u>	<u>6/30/02</u>	<u>6/30/01</u>	<u>6/30/02</u>
Revenues	\$ 28.4	\$ 35.3	\$ 53.7	\$ 67.7
Operating costs and expenses:				
Access and network services	15.5	19.8	30.3	37.6
Selling, general and administrative	3.5	4.3	6.8	8.1
EBITDA ¹	9.4	11.2	16.6	22.0
Depreciation	2.2	2.6	4.8	5.2
Income from operations	7.2	8.6	11.8	16.8
Other income/(expense):				
Foreign currency losses	(0.2)	(0.4)	(0.1)	(0.5)
Interest income, net	—	0.2	0.1	0.3
Total other income/(expense)	(0.2)	(0.2)	—	(0.2)
Net income before income taxes	7.0	8.4	11.8	16.6
Income taxes	2.2	2.4	3.4	4.6
Net income	<u>\$ 4.8</u>	<u>\$ 6.0</u>	<u>\$ 8.4</u>	<u>\$ 12.0</u>

There was no impact on the financial statements of EDN Sovintel, LLC from the adoption of Statements of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" from January 1, 2002.

EDN Sovintel, LLC
Condensed Balance Sheets
(Amounts in millions)

	<u>12/31/01</u> (audited)	<u>6/30/02</u> (unaudited)
ASSETS		
Current assets		
Cash	\$ 16.8	\$ 18.1
Accounts receivable, net	14.5	18.8
Prepaid expenses and other current assets	14.1	10.7
Total current assets	45.4	47.6
Property and equipment, net	60.1	66.2
Other non-current assets	3.1	4.8
TOTAL ASSETS	\$ 108.6	\$ 118.6
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 17.0	\$ 15.7
Other current liabilities	5.0	7.5
Total current liabilities	22.0	23.2
Other liabilities	3.2	4.0
TOTAL LIABILITIES	25.2	27.2
TOTAL MEMBERS' EQUITY	83.4	91.4
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 108.6	\$ 118.6

Notes to data for Golden Telecom and Sovintel:

1. EBITDA is earnings/(loss) from operations before interest, taxes, depreciation and amortization, impairment charge, 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 operating 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 Golden Telecom as of June 30, 2002. MCT Corp. is excluded from the calculation.
3. Proportional EBITDA¹ is calculated using the actual EBITDA¹ for each entity multiplied by the ownership percentage held by Golden Telecom as of June 30, 2002. MCT Corp. is excluded from the calculation.
4. MCT Corp. is not included in the operating data shown.
5. 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.

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