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GOLDEN TELECOM INC
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April 28, 2005

(GOLDEN TELECOM LOGO)

The NEXT LEVEL

GOLDEN TELECOM INC. Annual Report 2004

THE NEXT LEVEL - signifies the vision of Golden Telecom's leadership after wrapping-up five phenomenal years of performance as a publicly traded company with financial and operational results increasing across the board.

OUR VISION IS STRAIGHTFORWARD - TO BE THE LEADING TELECOMMUNICATIONS PROVIDER OF CHOICE FOR BOTH BUSINESS CUSTOMERS AND INTERNET CONSUMERS IN RUSSIA AND THE CIS.

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THE GOLDEN RULES

AT GOLDEN TELECOM, WE STRIVE TO CREATE AND MAINTAIN A CULTURE THAT REPRESENTS THE SHARED VALUES OF OUR CUSTOMERS, SHAREHOLDERS, AND EMPLOYEES. THE FOLLOWING "GOLDEN RULES" REFLECT THE VALUES THAT GOVERN OUR DAILY OPERATIONS COMPANY WIDE:

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- o We operate our business honestly and professionally.
- o We encourage open communications with our customers and partners based on trustworthiness and respect. We believe that prudent investment in long term mutually profitable relationships with our customers and our partners is a key component to the success of our company.
- o Our constant goal is to establish and maintain a stable and dynamic business environment as a foundation for long term development and growth. To achieve this goal, we focus on the current and future needs of our customers, maintain financial discipline to create value for our shareholders and commit to the highest level of professional development in our workforce.
- o We provide a work environment in which entrepreneurial and innovative behaviour, teamwork, and excellence are rewarded.
- o We are respectful of the communities and the environment in which we operate.
- o We acknowledge that we are dependent upon the successful development of the communities where we operate for our own current and future success.
- o We are passionately committed to our customers, shareholders, employees and partners.

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CHAIRMAN'S LETTER TO SHAREHOLDERS

Phenomenal Five

(PHOTO OF PETR AVEN)

Dear Shareholders,

THE THEME OF THIS REPORT - THE NEXT LEVEL - SIGNIFIES THE VISION OF GOLDEN TELECOM'S LEADERSHIP AFTER WRAPPING-UP FIVE PHENOMENAL YEARS OF PERFORMANCE AS A PUBLICLY TRADED COMPANY WITH FINANCIAL AND OPERATIONAL RESULTS INCREASING ACROSS THE BOARD.

A determined management team with a clear and united mission propelled our company to a top position as the leading independent telecommunications provider in Russia, with 22 percent of the country's market share and a noteworthy presence in the Ukraine and the Commonwealth of Independent States (CIS).

The past five years were not without challenges and presented an uphill climb for company management navigating an ever changing, emerging market in Russia and the CIS. We reached the summit of a historic Golden Telecom milestone this past fall, when key management opened the morning trading on the NASDAQ National Market in New York. This served as a testament to the company's performance and also elevated Golden Telecom's standing as a corporate leader in Russia and the Russian telecommunications sector. This type of recognition speaks volumes about our past successes and sets the stage for The Next Level of the company's development.

While continued growth and creating shareholder value remain top priorities for Golden Telecom's management, board members, and employees, instilling confidence in investors that company leaders act with integrity takes precedence. Through strong corporate governance and a commitment to financial transparency, Golden

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Telecom produces operational and financial results you can trust.

Along with you, our shareholders, we look forward to ascending new summits, overcoming future challenges and celebrating significant milestones as Golden Telecom reaches The Next Level.

Sincerely,

/s/ PETR AVEN

PETR AVEN
Chairman, Board of Directors
GOLDEN TELECOM, INC.

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FINANCIAL PERFORMANCE

US\$ millions (except per share data)	For the year ended De	
	2004	2003
FINANCIAL RESULTS		
Revenues*	584.0	360.5
Income from operations	95.5	69.7
Net income	64.8	55.4
Net income per share - diluted	1.77	1.90
Weighted average shares - diluted	36.6	29.1
Purchases of property, plant and equipment and intangible assets	114.6	63.7
Cash spent on acquisitions, net of cash acquired	15.5	12.3

	As of December	
FINANCIAL POSITION		
Total assets	805.8	729.2
Total debt and capital leases, including current portion	4.0	8.0
Shareholders' equity	626.4	584.3

US\$	2004		2003	
	HIGH	LOW	High	Low
CLOSING PRICES PER SHARE				
First quarter	36.63	28.24	15.19	12.27
Second quarter	35.93	22.77	24.50	14.58
Third quarter	30.97	23.61	32.76	22.50

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Fourth quarter 31.45 25.94 30.11 25.18

TOTAL REVENUE* US\$m
2001-2004

(BAR CHART)

2001	2002	2003	2004
140.0	198.7	360.5	584.0

REVENUE PER DIVISION* US\$m
2004

(PIE CHART)

Mobile Services	15.8
Consumer Internet Services	45.5
Business and Corporate Services	197.9
Carrier and Operator Services	324.8

* Amounts above are net of eliminations, equity ventures and affiliate adjustments. On pages 3 through 15, "Revenues" and "Income (loss) from operations" exclude equity method ventures that are included in the business segment information presented in Note 14 to the Consolidated Financial Statements.

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REPORT FROM THE PRESIDENT
The Next Level

(PHOTO OF PRESIDENT)

Dear Valued Shareholder,

FEW COMPANIES ACHIEVE THE LEVEL OF SUCCESS GOLDEN TELECOM REACHED IN 2004. IN OUR MOST IMPRESSIVE YEAR TO DATE, THE COMPANY REPORTED \$584 MILLION IN ANNUAL REVENUES, UP 62 PERCENT OVER 2003; \$95.5 MILLION IN OPERATING INCOME, UP 37 PERCENT OVER 2003; AND \$64.8 MILLION IN NET INCOME, UP 17 PERCENT OVER 2003.

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Report from the President

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Golden Telecom's financial performance in 2004 rounded out five years of solid performance as a publicly traded company on the NASDAQ National Market, marking a milestone event for the company and setting the stage for The Next Level of success.

Not only did Golden Telecom achieve outstanding operational and financial results, we also revised the company's vision to reflect the values of our customers, employees, and you - our shareholders. Highlighted at the beginning of this report, the "Golden Rules" deserve significant attention as they define our corporate culture and help shape the company's future. With these principles in mind, the Golden Telecom team continually strives to take our business to The Next Level in terms of geographic and operational scope, innovative technology, financial transparency, service, strategic partnerships, and our workforce.

As the No. 1 independent telecommunications operator in Moscow, Kiev, and Nizhny Novgorod, Golden Telecom currently serves more than 250 of the top 500 companies operating in Russia in terms of revenue size, and maintains the widest geographic reach among independent operators in Russia. Poised for The Next Level of growth and technology, the Russian telecommunications market looks much different today than when Golden Telecom first entered the public domain five years ago. However, this ever-changing telecommunications landscape offers many opportunities for Golden Telecom as we explore ways to increase penetration levels across the fixed line telecommunications and Internet spectrum.

From an operational standpoint, Golden Telecom is reaching higher by strengthening our core business of serving corporate customers through fixed line voice and data networks, as well as taking our wholesale business to a new level with further development of carrier and operator services. In addition, our Internet business offers exponential growth opportunities as the fledgling market gains momentum in Russia. The right combination of these lines of businesses and an active mergers and acquisitions program throughout 2004 helped Golden Telecom diversify revenue streams, improve profitability, and continue gaining critical mass in regional markets.

As we carry forward our operational strategy of steady, regional growth in each line of business, Golden Telecom has a responsibility to maintain the highest standards of financial transparency and reporting. Continuing to build upon the solid foundation laid by senior management over the past five years, the company appointed two new executive officers in 2004, Michal Cupa as Chief Operating Officer and Brian Rich as Chief Financial Officer. In the beginning of 2005, we also brought in a new General Counsel and Corporate Secretary, Derek Bloom. The combined leadership of our new and veteran executives is helping drive Golden Telecom to The Next Level in 2005 and beyond.

Although Golden Telecom's accomplishments throughout 2004 were impressive, the highlight of the year came not as a result of the previous 12 months' performance, but from Golden Telecom's collective progress over the past five years. In late September, the company celebrated its fifth year as a publicly traded company on the NASDAQ National Market in New York. The opening buzzer marked the start of that day's trading for NASDAQ brokers, but for Golden Telecom's executives it symbolized the beginning of a new era for our company, its employees, and its shareholders as we reach for the next plateau.

Our past achievements combine to create a solid foundation, which allows us to set higher goals, meet higher standards, and potentially reap higher rewards. As your CEO, I look forward to leading the company to achieve The Next Level of success in the years ahead with the support of an outstanding executive team, board of directors, and employees. We appreciate your support and hope you will continue investing in Golden Telecom's future.

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Sincerely,

/s/ ALEXANDER VINOGRADOV

ALEXANDER VINOGRADOV
Chief Executive Officer
GOLDEN TELECOM, INC.

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OPERATIONAL AND
FINANCIAL HIGHLIGHTS 2000-2004
Five-year Climb to the Top

THE FOUNDATION SUPPORTING GOLDEN TELECOM FOR THE NEXT LEVEL WAS CAREFULLY BUILT BY STRONG LEADERS AND DEDICATED EMPLOYEES.

IN THIS REVIEW, GOLDEN TELECOM REMEMBERS THE MILESTONES AND ACCOMPLISHMENTS OF FIVE PHENOMENAL YEARS.

2000

- o Establishes direct connection to broadband Internet and data networks in Europe and the United States
- o Acquires outstanding interests in Sovam Teleport Kiev
- o Acquires 51 percent of Commercial Information Networks, the largest ISP in Nizhny Novgorod
- o Trades its Russian mobile assets for 24 percent stake in MCT Corp.
- o Signs supply agreement with Cisco Systems, acquiring equipment for Internet Protocol network
- o Collaborates with Russia's Alfa Bank on Internet payment systems and banking services
- o Opens Internet data center in Moscow, providing Internet hosting services to local businesses
- o Launches Web-enabled call center for online customer care and technical support
- o Acquires leading horizontal Russian and English language portal, IT INFOART STARS
- o Acquires Agama family of Russian Web properties, including top-ranked search engine Aport

2001

- o Majority of Golden Telecom (GLDN) shares sold to consortium led by Alfa Group
- o Acquires Moscow-based ISP Cityline, with operations in St. Petersburg, Nizhny Novgorod, Tyumen, and Kaliningrad

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- o Acquires 51 percent stake in Ekaterinburg-based ISP Uralrelcom
- o Acquires 51 percent stake in Nizhny Novgorod-based Agentstvo Delovoi Svyazi (ADS)

2002

- o Acquires remaining 50 percent stake in Sovintel
- o Becomes Russia's third largest alternative Internet and data provider, by consolidating businesses in Nizhny Novgorod

2003

- o Begins operating Sovintel under Golden Telecom brand
- o Tapped as primary communications provider for President Vladimir Putin's consumer hotline, the company's call center operators delivered a record, 1.6 million questions to the Russian president
- o Acquires 100 percent of SibChallenge Telecom in Krasnoyarsk
- o Acquires 100 percent of Comincom & Combella
- o Partners with VimpelCom to build a fiber optic cable spanning from Moscow to Ufa
- o Builds backbone network in St. Petersburg

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Operational and Financial
Highlights 2000-2004

MAKING CONNECTIONS

Golden Telecom's 2004 Network Coverage

(MAP OF NETWORK COVERAGE)

2004

- o ACQUIRES 62 PERCENT OF WESTBALT TELECOM IN KALININGRAD
- o ACQUIRES 54 PERCENT OF BUZTON IN UZBEKISTAN
- o ACQUIRES 50 PERCENT PLUS 1 SHARE OF SAMARA TELECOM IN SAMARA
- o PAYS FIRST DIVIDEND IN FIRST QUARTER AND THREE MORE THROUGHOUT THE YEAR
- o COMPLETES OPERATIONAL MERGER OF COMINCOM AND COMBELLGA INTO SOVINTEL
- o CELEBRATES FIVE YEARS OF SUCCESS ON NASDAQ
- o HONORED AS "THE COMPANY MAKING THE MOST SIGNIFICANT CONTRIBUTION TO THE DEVELOPMENT OF THE RUSSIAN INTERNET"

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Operational and Financial
Highlights 2000-2004

1999-2004

(PHOTO OF BUILDINGS)

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Operational and Financial
Highlights 2000-2004

US\$ millions (except per share data)	2000	For the year ended	
		2001	2002
<hr/>			
FINANCIAL RESULTS			
Revenues	113.1	140.0	198.7
Income (loss) from operations	(15.1)	(45.3)	31.4
Net income (loss)	(10.3)	(39.0)	29.8
Net income (loss) per share - diluted	(0.43)	(1.65)	1.21
Weighted average shares - diluted	24.1	23.6	24.5
Purchases of property, plant and equipment and intangible assets	37.1	27.9	29.4
Cash paid for acquisitions, net of cash acquired	24.3	33.4	51.2
<hr/>			

		As of December	
<hr/>			
FINANCIAL POSITION			
Total assets	348.5	300.4	435.8
Total debt and capital leases, including current portion	12.7	22.2	40.5
Shareholders' equity	287.2	224.9	311.5
<hr/>			

SHARE PRICE 1999-2004

(LINE CHART)

As of March 8, 2005, there were approximately 17 holders of record of our common stock.

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BUSINESS AND
CORPORATE SERVICES
Reaching Higher

(BACKGROUND PHOTO)

BUSINESS AND CORPORATE SERVICES
REVENUE 2003-2004

UP 72%

11 GOLDEN TELECOM INC. Annual Report 2004 Business and Corporate Services

REVENUE US\$m
BUSINESS AND CORPORATE SERVICES

2001	2002	2003	2004
54.1	91.7	188.9	324.8

GOLDEN TELECOM'S BUSINESS AND CORPORATE SERVICES DIVISION REACHES HIGHER BY OPENING LINES OF COMMUNICATION BETWEEN THE RUSSIAN GOVERNMENT AND ITS CITIZENS.

(PHOTO OF WORKERS IN OFFICE)

ON DECEMBER 1, 2004, GOLDEN TELECOM'S CALL CENTER BEGAN OPERATING A GOVERNMENT-SPONSORED HOTLINE, ANSWERING RUSSIAN CITIZEN'S QUESTIONS REGARDING NEW SOCIAL ASSISTANCE PROGRAMS, GRANTED UNDER PUBLIC FEDERAL LAW NO. 122. THROUGHOUT THE MONTH, NEARLY 60 GOLDEN TELECOM OPERATORS AND THE RUSSIAN FEDERATION MINISTRY OF HEALTH AND PENSION FUND EXPERTS FIELDDED QUESTIONS WITH GOLDEN TELECOM OPERATORS PROCESSING NEARLY 11,000 CALLS DURING THE FIRST TWO DAYS. IN 2005, GOLDEN TELECOM CONTINUED REACHING OUT TO RUSSIAN COMMUNITIES, AS THE PROJECT LASTED THROUGH MARCH.

GOLDEN TELECOM PLACES A PREMIUM ON GIVING BACK, NOT ONLY TO THE COMMUNITIES WHERE IT OPERATES, BUT PRIMARILY, TO ITS SHAREHOLDERS. AS THE COMPANY'S MOST PROFITABLE AND ESTABLISHED DIVISION, BUSINESS AND CORPORATE SERVICES CONTRIBUTED \$324.8 MILLION TO 2004 REVENUE, UP 72 PERCENT OVER 2003 AND \$72.3 MILLION TO 2004 OPERATING INCOME, UP 52 PERCENT OVER 2003.

IN 2004, BUSINESS AND CORPORATE SERVICES SIGNED AGREEMENTS WITH 99 NEW MULTI-TENANT BUSINESS CENTERS AND 10 TRADE CENTERS, OCCUPYING A COMBINED 1 MILLION SQUARE METERS OF OFFICE SPACE IN THE COMPANY'S NO.1 MARKET, MOSCOW. IN ADDITION TO ACQUIRING MORE THAN 9,000 NEW CORPORATE CLIENTS IN MOSCOW, BUSINESS AND CORPORATE SERVICES EXPERIENCED SIGNIFICANT GROWTH AMONG EXISTING CUSTOMERS, WITH MORE THAN 60 PERCENT OF NEW INSTALLATIONS GENERATING FROM EXISTING BUSINESS CUSTOMERS.

GOLDEN TELECOM'S BUSINESS AND CORPORATE SERVICES DIVISION OPERATES A NUMBER OF COMPETITIVE LOCAL EXCHANGE CARRIERS (CLECS) THAT OWN AND OPERATE A FULLY-DIGITAL

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OVERLAY NETWORK SERVING MOST OF RUSSIA'S MAJOR POPULATION CENTERS INCLUDING ST. PETERSBURG, ARKHANGELSK, KHABAROVSK, IRKUTSK, VORONEZH, EKATERINBURG, VLADIVOSTOK, AND UFA. THE BUSINESS AND CORPORATE SERVICES DIVISION OFFERS A LARGE RANGE OF TELECOMMUNICATION SERVICES INCLUDING NETWORK ACCESS, HARDWARE AND SOFTWARE SOLUTIONS, WITH INSTALLATION, CONFIGURATION, AND MAINTENANCE SUPPORT.

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CARRIER AND
OPERATOR SERVICES
Whole New Level in Wholesale

GOLDEN TELECOM'S CARRIER AND OPERATOR SERVICES DIVISION, A WHOLESALE PROVIDER OF VOICE, DATA, AND INTERNET SERVICES TO TELECOMMUNICATIONS OPERATORS, REACHED A WHOLE NEW LEVEL OF SUCCESS IN 2004, REPORTING ANNUAL REVENUE OF \$198.9 MILLION, A 55 PERCENT INCREASE OVER 2003 AND OPERATING INCOME OF \$28.2 MILLION, AN 8 PERCENT INCREASE OVER 2003.

(PHOTO OF WORKPLACE)

INVESTMENTS IN SAMARA TELECOM, WESTBALT TELECOM AND BUZTON, AS WELL AS THE COMPLETION OF THE COMPANY'S INTEGRATION WITH COMINCOM AND COMBELLGA LARGELY CONTRIBUTED TO THE DIVISION'S SUCCESS, EXPANDING ITS NETWORK AND PROVIDING KEY REGIONAL CAPACITY.

GOLDEN TELECOM'S INTEGRATION OF ITS SOVINTEL SUBSIDIARY WITH COMINCOM AND COMBELLGA ESTABLISHED A STRONG WHOLESALE AND RETAIL PRESENCE IN THE CENTRAL, NORTHERN, SOUTHERN-EUROPEAN, AND URAL REGIONS OF RUSSIA. IN 2004, GOLDEN TELECOM SUCCESSFULLY EXPANDED ITS REGIONAL PRESENCE AND PLANS TO CONTINUE INCREASING ITS MARKET SHARE IN SMALLER AREAS THROUGHOUT 2005.

CONNECTING BUSINESSES AND PEOPLE ACROSS DIVERSE REGIONS AND MULTIPLE TIME ZONES DEMANDS EXTENSIVE INFRASTRUCTURE, AND GOLDEN TELECOM'S NEXT LEVEL OF SERVICE TO ITS CUSTOMERS IS THE CONSTRUCTION OF A FIBER OPTIC CABLE EXTENDING FROM MOSCOW, THE COMPANY'S NO.1 MARKET, TO UFA, THROUGH NIZHNY NOVGOROD AND KAZAN. WITH THE FIRST PHASE OF THE PROJECT COMPLETED IN 2004, THE CABLE CURRENTLY REACHES AS FAR AS KAZAN. ONCE FINISHED IN 2005, THIS CABLE WILL STRETCH MORE THAN 500 MILES ALONG THE COMPANY'S BUSIEST TRAFFIC ROUTE.

GOLDEN TELECOM'S CARRIER AND OPERATOR SERVICES DIVISION NOT ONLY LINKS RUSSIA'S TELECOMMUNICATIONS PROVIDERS WITH THEIR CLIENTS, BUT IT ALSO PROVIDES INTERNATIONAL BUSINESSES WITH A PASSPORT TO RUSSIA AND THE CIS THROUGH RELATIONSHIPS WITH GLOBAL CARRIERS. THESE RE-MARKETER AGREEMENTS SUPPLY GLOBAL TELECOMMUNICATIONS COMPANIES WITH ACCESS TO GOLDEN TELECOM'S NETWORK FOR DATA AND VOICE SERVICES AND CONNECT THE WORLD TO MORE THAN 200 CITIES IN RUSSIA AND THE CIS.

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Carrier and Operator Services

REVENUE US\$m

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CARRIER AND OPERATOR SERVICES

2001	2002	2003	2004
58.5	73.9	128.5	198.9

(BACKGROUND PHOTO)

SECURING RUSSIA'S FINANCIAL COMMUNITY IN 2004, GOLDEN TELECOM HELPED IMPROVE SECURITY OVER ELECTRONIC INFORMATION FOR NEARLY 140 FINANCIAL INSTITUTIONS IN RUSSIA AND THE CIS, BY CONNECTING THEM TO THE SOCIETY FOR WORLDWIDE INTERBANK FINANCIAL TELECOMMUNICATION'S (SWIFT) SECURED INTERNET PRIVATE NETWORK (SIPN) THROUGH ITS RELATIONSHIP WITH A GLOBAL TELECOMMUNICATIONS CARRIER.

SWIFT, AN INDUSTRY-OWNED COOPERATIVE SUPPLYING SECURE, STANDARDIZED MESSAGING SERVICES AND INTERFACE SOFTWARE TO 7,500 FINANCIAL INSTITUTIONS IN 200 COUNTRIES, PROVIDES A STANDARDIZED PLATFORM FOR EXCHANGING SECURE, RELIABLE MESSAGES BETWEEN FINANCIAL INSTITUTIONS. THE SWIFT COMMUNITY INCLUDES BANKS, BROKER/DEALERS, INVESTMENT MANAGERS, AND OTHER INFRASTRUCTURES INCLUDING PAYMENTS, SECURITIES, TREASURY AND TRADE.

CARRIER AND OPERATOR SERVICES
REVENUE 2003-2004

UP 55%

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CONSUMER INTERNET
AND MOBILE SERVICES
Pioneering Russia's eFrontier

CONSUMER INTERNET SERVICES
REVENUE 2003-2004

UP 48%

(PHOTO OF CUSTOMER SERVICE)

IN NOVEMBER 2004, THE RUSSIAN FEDERATION CELEBRATED THE 10TH ANNIVERSARY OF THE RUSSIAN INTERNET (RUNET). AS PART OF THIS MILESTONE EVENT, GOLDEN TELECOM WAS RECOGNIZED AS "THE COMPANY MAKING THE MOST SIGNIFICANT CONTRIBUTION TO THE DEVELOPMENT OF THE RUSSIAN INTERNET." DRAMATIC IMPROVEMENTS IN INTERNET INFRASTRUCTURE AND INCREASES IN ACTIVITY OVER THE PAST DECADE HAVE MADE RUSSIA'S DOMAIN ZONE "RU" ONE OF THE WORLD'S MOST ACTIVELY DEVELOPING TWO-LETTER DOMAIN ZONES.

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Consumer Internet and

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Mobile Services

REVENUE US\$m CONSUMER INTERNET SERVICES

2001	2002	2003	2004
13.8	21.8	30.8	45.5

REVENUE US\$m MOBILE SERVICES

2001	2002	2003	2004
14.4	13.0	13.9	15.8

(BACKGROUND PHOTO)

MOBILE SERVICES REVENUE 2003-2004

UP 14%

AS A PIONEER OF THE RUSSIAN EFRONTIER, GOLDEN TELECOM'S CONSUMER INTERNET DIVISION CONTRIBUTED \$45.5 MILLION TO 2004 ANNUAL REVENUE, UP 48 PERCENT OVER 2003 AND \$2.2 MILLION IN OPERATING INCOME, A \$4.5 MILLION CHANGE FROM A \$2.3 MILLION LOSS IN 2003.

GOLDEN TELECOM OFFERS CONSUMER INTERNET SERVICES ACROSS RUSSIA, KAZAKHSTAN, AND UZBEKISTAN THROUGH ITS BRAND ROL, AND IN THE UKRAINE THROUGH SVIT-ON-LINE. SERVICES ARE PRIMARILY PROVIDED THROUGH DIAL-UP INTERNET, IN ECONOMICALLY VIABLE URBAN AREAS THROUGH SALES OF PRE-PAID USAGE CARDS. AS OF DECEMBER 2004, ROL AND SVIT-ON-LINE WERE AVAILABLE AT MORE THAN 13,000 POINTS-OF-SALE THROUGHOUT THE COMPANY'S COVERAGE AREA. GOLDEN TELECOM ALSO PROVIDES ATTRACTIVE ALTERNATIVE SERVICES TO DIAL-UP INTERNET INCLUDING ASYMMETRIC DIGITAL SUBSCRIBER LINE (ADSL) SERVICES IN AREAS SUCH AS ST. PETERSBURG, NIZHNY NOVGOROD, AND ROSTOV-ON-DON.

AS A FOUNDING FORCE IN RUSSIA'S DEVELOPING CONSUMER INTERNET MARKETPLACE, GOLDEN TELECOM TAKES ITS COMMITMENT TO LEADING RUSSIA AND THE COUNTRIES OF THE CIS TO THE NEXT LEVEL OF INNOVATION IN TELECOMMUNICATIONS SERIOUSLY. THE COMPANY CONTINUES TO IMPLEMENT NEW CONSUMER INTERNET TECHNOLOGIES AND IS CURRENTLY TESTING AND PUTTING INTO SERVICE A RANGE OF PRODUCTS FOR CONSUMERS FROM BROADBAND PRODUCTS TO WIRELESS INTERNET.

IN ADDITION, GOLDEN TELECOM'S CONSUMER MOBILE SERVICES DIVISION COVERS A POPULATION AREA OF OVER 4.6 MILLION PEOPLE THROUGH ITS CELLULAR NETWORK IN THE UKRAINE. GOLDEN TELECOM'S MOBILE SERVICES DIVISION CONTRIBUTED \$15.8 MILLION TO 2004 ANNUAL REVENUE, UP 14 PERCENT OVER 2003. GOLDEN TELECOM INCREASED ITS MOBILE SUBSCRIBER BASE AT YEAR-END 2004 TO 57,490, UP 44 PERCENT OVER YEAR-END SUBSCRIBERS IN 2003.

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BOARD OF DIRECTORS
Take it from the Top

PETR AVEN
Alfa Bank, President

GOLDEN TELECOM, INC.
Board of Directors, Chairman
Nominating and Corporate Governance Committee, Chairman

ALEXANDER VINOGRADOV
Golden Telecom, Inc., President and
Chief Executive Officer

GOLDEN TELECOM, INC.
Executive Committee Member

MICHAEL CALVEY
Baring Vostok Capital Partners, Co-Managing Partner
Baring Private Equity Partners Limited, Senior Partner

GOLDEN TELECOM, INC.
Audit Committee Member
Executive Committee Member
Nominating and Corporate Governance
Committee Member

JAN THYGESEN
Telenor Networks, Executive Vice President
Telenor Nordic Mobile, Chief Executive Officer

MICHAEL NORTH
Eurokapital Verwaltungs GmbH, Managing Director

GOLDEN TELECOM, INC.
Compensation Committee Member

ASHLEY DUNSTER
Capital Research International, Inc., Vice President

GOLDEN TELECOM, INC.
Audit Committee Member
Nominating and Corporate Governance
Committee Member

ANDREY KOSOGOV
Alfa Bank, First Deputy Chairman of the Executive Board

GOLDEN TELECOM, INC.
Compensation Committee, Chairman

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Executive Committee Member

KJELL JOHNSEN
Telenor Networks, Vice President

GOLDEN TELECOM, INC.
Executive Committee, Chairman
Compensation Committee Member
Nominating and Corporate Governance
Committee Member

DAVID HERMAN
General Motors, Russia and the Commonwealth of
Independent States, Former Vice President (Retired)

GOLDEN TELECOM, INC.
Audit Committee, Chairman
Compensation Committee Member

VLADIMIR ANDROSIK
Svyazinvest, Advisor to General Director

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Board of Directors

Left column: (PHOTO OF DIRECTORS)

PETR AVEN
ALEXANDER VINOGRADOV
MICHAEL CALVEY
JAN THYGESEN
MICHAEL NORTH

Right column:
ASHLEY DUNSTER
ANDREY KOSOGOV
KJELL JOHNSEN
DAVID HERMAN
VLADIMIR ANDROSIK

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KEY MANAGEMENT
Leading the Way

ALEXANDER VINOGRADOV
PRESIDENT, CHIEF EXECUTIVE OFFICER

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With more than 20 years of telecommunications industry experience, Alexander Vinogradov is President and Chief Executive Officer of Golden Telecom, Inc. and has served as a member of its Board of Directors since November 2001. Under his leadership, the company became the No.1 independent telecommunications operator in Moscow, Kiev, and Nizhny Novgorod. Prior to his role as Chief Executive Officer, Mr. Vinogradov held a number of management positions with Golden Telecom's subsidiary Sovintel. Prior to working with Sovintel and during the first half of his career, Mr. Vinogradov worked for the Main Center for Management of Long-Distance Communications of the USSR, where he lead numerous commercial and technical development programs. Mr. Vinogradov holds a degree from the Moscow Telecommunications Institute. In 2003, Mr. Vinogradov was honored with the distinction of "Master of Communications of the Russian Federation" by the Russian Ministry of Communications for his long-standing telecommunications service, leadership, and expertise.

MICHAL CUPA
SENIOR VICE PRESIDENT, CHIEF OPERATING OFFICER

Michal Cupa joined Golden Telecom, Inc. as Chief Operating Officer in February 2004, bringing nearly 15 years of telecommunications experience to the company. From 1999 to 2004, Mr. Cupa served as Chief Executive Officer of Contactel, an alternative telecommunications operator in the Czech Republic. Prior to his role at Contactel, Mr. Cupa held a number of leadership positions with Prague-based telecommunications provider Cesky Telecom including Head of Strategy and Policy, Director of Network Development, Chief Operating Officer, and Executive Vice President for Networks and Value Added Services. Mr. Cupa holds a Master's in Business Administration from the University of Chicago in Barcelona, Spain, a Master's in Business Telecommunications from the Delft University of Technology in the Netherlands, and a Master's in Telecommunications Technology from the Czech Technical University in Prague.

BRIAN RICH
SENIOR VICE PRESIDENT, CHIEF FINANCIAL OFFICER

With more than 10 years of experience in emerging markets including the Middle East, East Asia, South and Central America, and India, Brian Rich is the Chief Financial Officer of Golden Telecom, Inc. Before joining Golden Telecom in August 2004, Mr. Rich worked for an Atlanta-based independent power provider, Mirant Corp., serving as the CFO of its profitable international business unit headquartered in Hong Kong. Prior to his role as CFO of the international group, Mr. Rich lead a number of mergers and acquisitions in North and South America for Mirant Corp., which was formerly known as Southern Energy, Inc. before spinning-off from its parent, Southern Company, in an initial public offering. From 1996 to 1998, upon appointment by the Governor of the State of Alabama, Mr. Rich served as Assistant Director of Finance and Deputy Attorney General for the State. Mr. Rich holds a Bachelor's degree and a Juris Doctor degree from, respectively, Tulane University and Tulane University Law School.

DEREK BLOOM
SENIOR VICE PRESIDENT, GENERAL COUNSEL AND CORPORATE SECRETARY

With an extensive background of advising businesses in Russia on legal matters, Derek Bloom is the General Counsel and Corporate Secretary of Golden Telecom, Inc. Before joining Golden Telecom in February 2005, Mr. Bloom was a partner with Coudert Brothers, practicing law in both Moscow and St. Petersburg for nearly 10 years. While with Coudert Brothers, Mr. Bloom specialized in a variety of in-bound investments in Russia including secured lending, joint ventures, and financial leasing transactions. Mr. Bloom's leadership experience includes coordinating a consortium of advisers to the Russian Federal Commission for the Securities Market, which wrote Russia's Corporate Governance Code. Before coming to Moscow in 1995, Mr. Bloom practiced United States securities law as a partner with Elias, Mate, Tiernan & Herrick, a Washington, DC based law firm. Mr. Bloom

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holds a Bachelor's degree and a Juris Doctor degree from Brown University and Boston University School of Law, respectively. Additionally, Mr. Bloom holds a LLM in taxation from the Georgetown University Law Center.

OLEG MALIS

SENIOR VICE PRESIDENT, DIRECTOR OF MERGERS AND ACQUISITIONS

Oleg Malis is the Director of Mergers and Acquisitions for Golden Telecom, Inc. In this role, Mr. Malis led Golden Telecom's recent mergers and acquisitions, including the purchases of Comincom and Combella, SibChallenge Telecom, 62 percent of WestBalt Telecom, 54 percent of Buzton, and 50 percent plus 1 of share of Samara Telecom. Prior to joining Golden Telecom in 2001, Mr. Malis founded ZAO Investelectrosvyaz and ZAO Corbina which provided mobile telecommunications related services in Russia. Mr. Malis holds a degree from Moscow State Aviation Technological University in Systems Engineering.

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Key Management

From left to right:

MICHAL CUPA

Senior Vice President,
Chief Operating Officer

DEREK BLOOM

Senior Vice President,
General Counsel and
Corporate Secretary

(PHOTO OF MANAGEMENT)

ALEXANDER VINOGRADOV

President,
Chief Executive Officer

BRIAN RICH

Senior Vice President,
Chief Financial Officer

OLEG MALIS

Senior Vice President,
Director of Mergers and Acquisitions

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ITEM 6. SELECTED FINANCIAL DATA

The following selected historical consolidated financial data at December 31, 2000, 2001, 2002, 2003 and 2004, and for all of the years presented are derived from consolidated financial statements of Golden Telecom, Inc. which have been audited by Ernst & Young (CIS) Limited, independent auditors.

The data should be read in conjunction with the consolidated financial statements, related notes, and other financial information included in this document.

	FOR THE YEARS ENDED		
	2000	2001	2002
	(IN THOUSANDS, EXCEPT AS NOTED)		
STATEMENT OF OPERATIONS DATA:			
Revenues	\$ 113,089	\$ 140,038	\$ 198,000
Cost of revenues (excluding depreciation and amortization)	50,954	63,685	91,000
Gross margin	62,135	76,353	107,000
Selling, general and administrative (excluding depreciation and amortization)	45,420	48,935	46,000
Depreciation and amortization	31,851	41,398	29,000
Impairment charge	--	31,291	--
Income (loss) from continuing operations	(15,136)	(45,271)	31,000
Equity in earnings (losses) of ventures	(285)	8,155	4,000
Interest income (expense), net	7,126	777	(1,000)
Foreign currency gain (loss)	(390)	(647)	(1,000)
Other non-operating expense	(148)	--	--
Minority interest	(431)	(117)	(1,000)
Provision for income taxes	990	1,902	4,000
Net income (loss) before cumulative effect of change in			

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accounting principle	(10,254)	(39,005)	28,
Cumulative effect of change in accounting principle	--	--	
Net income (loss)	(10,254)	(39,005)	29,
Income (loss) from continuing operations per share - basic	(0.63)	(1.92)	1
Net income (loss) per share before cumulative effect of change in accounting principle - basic	(0.43)	(1.65)	1
Cumulative effect of change in accounting principle	--	--	0
Net income (loss) per share - basic	(0.43)	(1.65)	1
Weighted average shares - basic	24,096	23,605	24,
Income (loss) from continuing operations per share - diluted	(0.63)	(1.92)	1
Net income (loss) per share before cumulative effect of change in accounting principle - diluted	(0.43)	(1.65)	1
Cumulative effect of change in accounting principle	--	--	0
Net income (loss) per share - diluted	(0.43)	(1.65)	1
Weighted average shares - diluted	24,096	23,605	24,
Cash dividends per common share	--	--	

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	AT DECEMBER 31		
	2000	2001	2002
	-----	-----	-----
	(IN THOUSANDS)		
BALANCE SHEET DATA:			
Cash and cash equivalents	\$ 57,889	\$ 37,404	\$ 59,625
Investments available for sale	54,344	8,976	--
Property and equipment, net	82,377	98,590	166,121
Investments in and advances to ventures	49,629	45,981	721
Goodwill and intangible assets, net	70,045	57,146	127,669
Total assets	348,456	300,384	435,810
Long-term debt, including long-term capital lease obligations	15,658	10,733	29,732
Minority interest	3,337	5,967	2,187
Shareholders' equity	287,241	224,892	311,506

Refer to note 5 to the Consolidated Financial Statements for descriptions of recent acquisitions that impact the comparability of financial information. Other business combinations not disclosed in the footnotes were as follows:

In February 2000, Golden Telecom (Ukraine), acquired 99% of Sovam Teleport Ukraine, including a 51% interest previously held by third parties. Sovam Teleport Ukraine is a provider of data and Internet services to Ukraine-based business. In March 2000, the Company acquired the assets of Referat.ru and Absolute Games, two leading vertical Internet portals in the education and computer gaming categories of the Russian Internet. In April 2000, the Company acquired the assets of Fintek, a prominent Moscow-based Web design studio and 51% of Commercial Information Networks, the largest Internet service provider in Nizhny Novgorod. In September 2000, SFMT-Rusnet, Inc., a wholly-owned subsidiary, acquired 25% of SA Telcom LLP, a telecommunications and data services provider in Kazakhstan, bringing its ownership interest in this company up to 100%. The combined purchase price was less than \$3.0 million in cash.

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In October 2000, the Company acquired the assets of IT INFOART STARS, a leading horizontal Russian and English language Internet portal, for approximately \$8.3 million in cash. In December 2000, the Company acquired Agama Limited ("Agama") that owns the Agama family of web properties for approximately \$13.1 million in cash and the issuance of 399,872 shares of the Company's common stock valued at \$3.8 million.

In December 2000, the Company acquired an approximately 24% ownership interest in MCT Corp. in exchange for the Company's 100% ownership of Vostok Mobile B.V., a Netherlands registered private limited holding company that owned the Company's Russian mobile operations.

Refer to note 4 to the Consolidated Financial Statements for a description of the change in method of accounting for goodwill in 2002.

In the third quarter of 2004, management determined that the Company has been inadvertently carrying accruals for estimated taxes, other than income taxes. Management concluded these accruals for estimated taxes should have been considered unnecessary and reversed prior to January 1, 2000. The net effect of the correction of this non-cash error was to reduce current liabilities and non-current liabilities by \$2.0 million each with an offsetting decrease to accumulated deficit of \$4.0 million in all periods presented. This adjustment had no effect on the reported results of operations in any of the periods presented.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis relates to our financial condition and results of operations for each of the years ended December 31, 2004, 2003, and 2002. This discussion should be read in conjunction with the "Selected Financial Data" and the Company's Consolidated Financial Statements and the notes related thereto appearing elsewhere in this Report.

OVERVIEW

We are a leading facilities-based provider of integrated telecommunication and Internet services in major population centers throughout Russia and other countries of the Commonwealth of Independent States ("CIS"). We offer voice, data and Internet services to corporations, operators and consumers using our metropolitan overlay network in major cities including Moscow, Kiev, St. Petersburg, Nizhny Novgorod, Samara, Kaliningrad, Krasnoyarsk, Almaty, and Tashkent, and via intercity fiber optic and satellite-based networks, including approximately 220 combined access points in Russia and other countries of the CIS. In addition, we offer mobile services in Kiev and Odessa.

We organize our operations into four business segments, as follows:

- o BUSINESS AND CORPORATE SERVICES ("BCS"). Using our fiber optic and satellite-based networks in and between major metropolitan areas of Russia, Ukraine and other countries of the CIS, we provide business and corporate services including voice and data services to corporate clients across all geographical markets and all industry segments, other

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than telecommunications operators;

- o CARRIER AND OPERATOR SERVICES. Using our fiber optic and satellite-based networks in and between major metropolitan areas of Russia, Ukraine and other countries of the CIS, we provide a range of carrier and operator services including voice and data services to foreign and Russian telecommunications and mobile operators;
- o CONSUMER INTERNET SERVICES. Using our fiber optic and satellite-based networks, we provide dial-up Internet access to the consumer market and web content offered through a family of Internet portals throughout Russia, Ukraine, Kazakhstan, and Uzbekistan; and
- o MOBILE SERVICES. Using our mobile networks in Kiev and Odessa, Ukraine, we provide mobile services with value-added features, such as voicemail, roaming and messaging services on a subscription and prepaid basis.

We intend, wherever possible, to offer all of our integrated telecommunication services under the Golden Telecom brand, although, some services still carry local brands because of recent acquisitions. Our dial-up Internet services are distributed under the ROL brand in Russia, Kazakhstan and Uzbekistan and under the Svit-On-Line brand in Ukraine.

Additionally, we hold a minority interest in MCT Corp. ("MCT"), which in turn has ownership interests in 13 mobile operations located throughout Russia and in Uzbekistan, Tajikistan and Afghanistan. We treat our ownership interest in MCT as an equity method investment and are not actively involved in the day-to-day management of the operations.

Most of our revenue is derived from high-volume business customers and carriers. Our business customers include large multi-national companies, local enterprises, financial institutions, hotels and government agencies. We believe that the carriers, including mobile operators, which contribute a substantial portion of our revenues, in turn derive a portion of their business from high-volume business customers. Thus, we believe that the majority of our ultimate end-users are businesses that require access to highly reliable and advanced telecommunications facilities to sustain their operations.

Traditionally, we have competed for customers on the basis of network quality, customer service and range of services offered. In the past several years, other telecommunications operators have also introduced high-quality services to the segments of the business market in which we operate. Competition with these operators is intense, and frequently results in declining prices for some of our services, which adversely affect our revenues. In addition, some of our competitors do not link their prices to the United States dollar ("USD") - ruble exchange rate, so when the ruble devalues, their prices effectively become lower in relation to our prices. The ruble exchange rate with the USD has become relatively stable since early 2000 and appreciated in 2003 and 2004 so price pressures associated with devaluation have eased considerably. We cannot be certain that the exchange rate will remain stable in the future and therefore we may experience additional price pressures.

RECENT ACQUISITIONS

In August 2003, we completed the acquisition of 100% ownership interest in OOO Sibchallenge ("Sibchallenge"), a telecommunications service provider in Krasnoyarsk, Russia, for cash consideration of approximately \$15.4 million. The acquisition

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of Sibchallenge establishes our presence in the Krasnoyarsk region. In addition, Sibchallenge has numbering capacity and interconnect agreements.

In December 2003, we completed the acquisition of 100% of the shares in OAO Comincom ("Comincom"), and its wholly-owned subsidiary, OAO Combella ("Combella") from Nye Telenor East Invest for a total purchase price of approximately \$195.3 million, consisting of approximately \$193.5 million in our common stock and direct transaction costs of approximately \$1.8 million. The acquisition further strengthens our position in the key Moscow and St. Petersburg communications markets, and positions us to realize operating and capital expenditure synergies. Comincom provided telecommunications services, principally to major hotels, business offices, embassies and mobile communication companies through its telecommunications network in Russia. As of December 1, 2004, all assets, liabilities, rights and obligations of Comincom and Combella were transferred to Sovintel as part of the legal merger of these three wholly-owned subsidiaries.

In February 2004, we completed the acquisition of 100% ownership interest in ST-HOLDING s.r.o. ("ST-HOLDING"), a Czech company that owns 50% plus one share in ZAO Samara Telecom, a telecommunications service provider in Samara, Russia from ZAO SMARTS and individual owners. In April 2004, we completed the acquisition of 100% of the common stock in OAO Balticom Mobile ("Balticom") that owns 62% of ZAO WestBalt Telecom, an alternative telecommunications operator in Kaliningrad, Russia. In April 2004, we completed the acquisition of the remaining 49% ownership interest in OOO Uralrelcom that we did not already own. In May 2004, we completed the acquisition of a 54% ownership interest in SP Buzton ("Buzton"), an alternative telecommunications operator in Uzbekistan. These companies were acquired for approximately \$16.0 million in cash, with \$1.1 million held in escrow for a period of one year related to Balticom and \$0.5 million payable for Buzton upon satisfactory achievement of certain conditions.

In August 2004, we entered into a share purchase agreement with Nodama Holdings, Ltd. ("Nodama"), to acquire 100% of the common stock in Hudson Telecom, Inc., a Delaware corporation, which owns 100% ownership interest in OOO Digital Telephone Networks and OOO Digital Telephone Switches, which together comprise one of the largest regional alternative operators in Russia. Their operations are in Rostov-on-Don and the surrounding region. Upon closure, Nodama will receive \$45.0 million in cash of which \$5.0 million will be placed in escrow for a period of one year subject to the achievement of certain financial conditions. Amounts in the escrow may be used to compensate us in the event of the realization of certain contingent liabilities in the acquired entities. While we expected to consummate this transaction in 2004, it has taken the seller additional time to conclude this transaction. The consummation of the transaction is conditioned upon, among other things, the completion of satisfactory due diligence and the seller's fulfillment of certain conditions precedent. The transaction is expected to close in the first half of 2005.

OTHER DEVELOPMENTS

On January 1, 2004, a new law "On Telecommunications" (the "New Law") came into effect in Russia. The New Law sets the legal basis for the telecommunications business in Russia and defines the status that state bodies have in the telecommunications sector. The New Law was designed to create a new interconnect pricing regime in 2004 that should be more transparent and unified, if fairly implemented. However, as of December 31, 2004, this pricing regime has not been implemented. The New Law also creates a universal service charge calculated as a percentage of revenue which is not expected to exceed 3% of certain revenues of a telecommunications company. It is expected that the first

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payments of the universal service charge will be made in 2005. The New Law may increase the regulation of our operations, as it is intended to regulate licenses for long distance, international long distance and Voice over Internet Protocol ("VoIP"). Until such time as appropriate regulations consistent with the New Law are promulgated, there will be a period of confusion and ambiguity as regulators interpret the legislation.

In March of 2005, we submitted an application for an intercity and international license in Russia. This license would allow us to handle long-distance voice traffic for our customers and other licensed operators, including mobile operators. This license is an integral component to our strategy of becoming the number one nationwide operator in Russia. This intercity and international license regime is an important component to Russia's liberalization plans for telecommunications. In anticipation of approval in 2005, we are planning the implementation of essential infrastructure including a number of long-distance switches.

Recognizing that many of the markets in which we operate are complex, in particular as it relates to business, regulatory, political and cultural matters, we occasionally seek experienced local partners to assist in markets where we are likely to encounter operational difficulties. We have been cooperating with local partners in Ukraine to resolve commercial and regulatory disputes with monopoly

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operators and regulatory authorities in Ukraine but had not previously finalized the compensation arrangement for the services. In addition to or in lieu of cash compensation, the Board of Directors approved the sale of a non-controlling interest in Golden Telecom (Ukraine) ("GTU") to such parties.

Upon approval of our Board of Directors, in August 2004 we entered into a compensation arrangement for services provided to assist us in resolving commercial and regulatory disputes with monopoly operators and regulatory authorities in Ukraine. Our local partners have provided services on a success fee basis. Our Board of Directors approved an arrangement that effectively transferred 20% of the shares in GTU owned by us to the local partners as compensation for the services already provided and certain additional services to be provided. Under this arrangement, we paid the local partners \$0.5 million in cash and granted the local partner an option to purchase 20% of GTU for \$0.5 million in cash, in a transaction where the cash and the value of the services were approximately \$3.6 million. This transaction closed in the third quarter of 2004, when the performance was completed and the option was exercised and resulted in a charge to operating income of approximately \$3.6 million. The excess of the fair value of consideration exchanged for services over the book value of 20% of net assets of GTU was recorded as a credit to the consolidated equity, rather than income since we did not believe that the method of determining fair value met the objectively determinable criteria as required by Staff Accounting Bulletin Topic 5H. Fair value of the option approximated the fair value of shares transferred to the local partner due to the short exercise period of the option and was determined using the discounted cash flow valuation method. We continue to believe that Ukraine offers promising investment opportunities but that there are still political and commercial risks associated with operating in Ukraine.

In July 2004, our Board of Directors adopted a Long-Term Incentive Bonus

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Plan ("LTIBP") for our senior management, effective as of January 1, 2004. The LTIBP is designed to reward senior management with annual bonus awards consisting of 100% restricted shares for our officers and 50% restricted shares and 50% cash payments for other qualified employees participating in LTIBP if we meet certain targets for net income growth established by the Board of Directors. In addition, the program provides for a one-time grant of a limited amount of shares to senior management in an aggregate amount not exceeding 50,000 shares. The LTIBP is intended to act as a retention mechanism for senior management as the cash payments and the restricted stock vest over a th