

Airlift WORLD

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Volga-Dnepr Group reports 75% increase in nine months sales to US \$1,265 million

Moscow, 5 October 2008 – Volga-Dnepr Group of Companies has today announced a 75% increase in sales for the first nine months of 2008 with total revenue from its charter and scheduled cargo transportation services of \$1,265 million compared to the same period a year ago.

- Total cargo tonnage was up by 51% to 210,000 tons
- Cargo carried onboard the Groups AN-124-100 fleet grew by 56% to 52,000 tons
- Volga-Dnepr's IL-76's fleet carried over 60,000 tons, 71% more than in the previous year
- Sales for charter services increased by 80% to \$882.9 million.
- Sales for AirBridgeCargo Airlines' scheduled cargo services achieved an increase of 68% to \$344.1 million.

Commenting on the Group's nine-month, Alexey Isaikin, President of Volga-Dnepr said: "Volga-Dnepr continues to actively promote its growth strategy. Our customers from 150 countries worldwide have demonstrated the long-term demand for our services and this again proves the solid competitive position of Russian AN-124 and IL-76 freighters. In the scheduled cargo market, characterized by extremely high levels of competition from the world's largest operators, the Group has also shown positive dynamics. We have managed to build a strong marketing, operational and financial base and all this, combined with our proven ability to deliver unique logistics solutions, will allow us to take advantage of further development opportunities even in the current challenging environment."

Giant Ruslan and Future Perspectives Surprised the ICAO Visitor

Ricardo Heighes the Director of ICAO Technical Cooperation Bureau recently visited Volga-Dnepr Airlines. During the visit he had a rare chance to step onto the board of An-124-100 to receive unforgettable impressions.

The purpose of the visit was to review opportunities for cooperation between ICAO and aviation training and educational establishments of Ulyanovsk.

When visiting the Volga-Dnepr International Training Center Mr. Heighes was briefed as to how the training process is structured and trainees categorized. Ricargo Heighes underlined that the Training Center was a professional aviation personnel training organization and suggested that the Center participate in ICAO TRAINAIR Program (training program based on modern technologies). "This will help to establish the interchange of experience between the Program participants and involve trainees from Russia and other countries," he said. In the course of the meeting with the company management personnel Mr. Ricardo Heighes outlined the major trends of ICAO activities in the flight safety area. After having been presented the information on how Volga-Dnepr does its business he noted the high level of the company efforts in promoting safety and preventing the aviation accidents. Summarizing the visit to Ulyanovsk Mr. Heighes said "I am really impressed with the attention that your company attaches to safety and especially accidents prevention activities. The presentation of this matter made by the management is worth being noted by the global aviation community and the Volga's experience shall be used in the international air navigation business". The guest from Montreal also visited the Ulyanovsk Civil Aviation School. Ricardo Heighes appreciated the hospitality delivered to him by Alexey Isaikin, the President of Volga-Dnepr Group, Alexander Sidorin, the Deputy DG, Operations and Vladimir Zubkov the Senior Vice President, Corporate Relations and expressed his positive belief in the future cooperation. First steps towards the joint work have been already made. Volga-Dnepr's representatives were included in the official Russian delegation to ICAO aviation accidents prevention conference (AIG/08). Volga-Dnepr's Training Center has drafted and submitted to ICAO its proposals on cooperation in aviation personnel training and upgrading.



Boeing Representatives in Volga-Dnepr Airlines



On October 8, 2008 Boeing representatives arrived at Volga-Dnepr office on a working trip.

The purpose of this visit was to learn about the Group units in Ulyanovsk and discuss the prospects of cooperation. Boeing was represented by Mr. Dennis Floyd, Vice President for Aircraft Conversions; Mr. Joe Scarce, Head of Engineering Department; Mr. Timur Dyablov, Boeing Design Bureau Manager in Moscow; and Mr. Kamil Gainutdinov, Sales Director for Europe and Central Asia. Mr. Sergey Amanov, "Volga-Dnepr Technics" Deputy Project Manager, told the guests of the construction of an aircraft maintenance base. The enterprise will be established within the Special Port Economic Zone "SPEZ" on the territory of Ulyanovsk-Vostochny Airport. The guests in their turn shared the plans of Boeing future development and paid special attention to training of maintenance personnel for aircraft repair and conversion. Boeing representatives visited Operations Control Center, Commercial and Flight Departments, Operations Base in Ulyanovsk-Vostochny Airport, and Aviastar-SP. Mr. Floyd noted the Group's growth, high potential of SPEZ "Volga-AviaCargo", and showed his interest in further cooperation. Next stage of interaction between the companies implies preparation of certain pro-

Volga-Dnepr Airlines Has Established a New Policy for Quality Assurance



This step was taken for several reasons. Firstly, the Airline is to have a repeated audit of its quality management system for re-certification in 2008 to be conducted by the Russian Register, a professional certification association, where the primary qualification criteria will be availability of documented and implemented Quality Assurance Policy. Secondly, there has been a significant change in the composition of the Company's management over the recent period. The change affected almost one-third of the management, including General Director. In view of primary purpose of the Policy, as being the statement of top management's intentions in the field of quality assurance, certain modifications were made to the Company's general Policy Statement in order to keep it up-to-date. The updated document now contains the Management's statement of the main objective relating to company management system and implementation principles. According to the new QA Policy, the Company's quality objectives

are to achieve maximum possible level of customer satisfaction and to strengthen its leadership in international charter cargo operations for carriage of outsize and heavy cargoes worldwide. For achievement of the stated objectives, the management system shall be build upon international standards and legislation of the Russian Federation, advanced management practices shall be adopted and main operating assets shall be redesigned or upgraded. The main principle of Quality Assurance Policy is that the Company seeks to achieve long-term business arrangements with consumers of its services through satisfaction of their demands and making them assured of safety, reliability and timeliness of services being rendered by the Company. The Quality Management Principles stated in the Policy show the Management's strong belief that the stated objectives can be achieved and requirements to the Airline can be met.

Mayor of Oklahoma City Paid Volga-Dnepr a Visit

24 October -- Volga-Dnepr Airlines was visited by Mayor of Oklahoma City (Oklahoma, US) Mick Cornett as a part of his three-day visit to Ulyanovsk. The Mayor was accompanied by representatives of US business community and public organizations. The main purpose of the Mayor's visit was to get acquainted with Volga-Dnepr Group's operations and to discuss possible ways for cooperation. Yury Malevinsky, Head of Volga-Dnepr's Flight Safety and Accident Prevention Department, gave the guests a presentation on Volga-Dnepr development history, current operations and outlook for fleet development. The Airline's Flight Operations Control Center was of great interest to the guests. Making bottom-line for his visit to the Airline's facilities, Oklahoma City Mayor Mick Cornett noted: "The meetings have had are very useful to us. We learned a lot about the Company and saw many exciting things here". The key point in the US guests' three-day visit to our city was the signing of Twinning Agreement between Ulyanovsk and Oklahoma City. The new partnership arrangement is to open up new horizons for economic cooperation and cultural exchange. It will also allow sharing experience and information in the field of municipal administration.



Accident Prevention Measures

Every year, Volga-Dnepr Group implements measures which are specifically aimed at further enhancing safety of operations. In turn, NIC Insurance Company set up the Preventive Measures Fund (PMF) in 2008 and signed an agreement with Volga-Dnepr Airlines for shared financing in support of the following measures:

- control of runway excursions and roll-outs probability in unfavorable weather conditions at an airfield;
- measures to further improve quality of crew performance analysis in operation of a flight, which are to make flight debriefings more visual, effective and facilitating.

NIC Insurance Company allocated more than USD 28 thousand to implementation of the measures in 2008. For this purpose, Volga-Dnepr entered into a series of agreements with its partners – Federal Unitary Enterprise Gromov Aviation Research Institute and the Head Office for Flight Documents Processing of Ukraine. More details on implementation of the measures to follow in next issues of Airlift World.



AN-124-100 Full Flight Simulator Training Started

Full Flight Simulator is an exact copy of An-124-100 flight deck with all instrumentation available, it is fitted with visualization system, which enables simulation of any outside condition and represents the whole world on the basis of satellite mapping with precision of up to 60 meters. The simulator database may contain data on up to 1,000 airfields. Landscape view is generated with account to seasons and times of the day. Furthermore, the simulator's navigation database contains all the radio-navigation fixes and references currently existing in the world.

This allows navigating a simulated route for an actual airway and considering take-off/landing for a specific airfield in any condition that really exists. Actually, it makes it possible to exercise in operation of actual, not virtual flights. We asked Mr. Sergey Vasin, Leader of FFS Project Management Team, to share details of how the FFS was being implemented and how simulator training is now arranged.



perfect tool for enhancing flight staff training efficiency. The Company's customers must stay assured that our flight crews are trained at the highest level of quality in order to be able to meet every demand of a Customer. It is also essential that flight crews are able to handle any abnormal situation that may arise in flight.

- How much time it took to design the simulator, and when its operation started?

- In 2001 we understood that we strongly needed a simulator for An-124-100, and a decision to order one was made by the management. Simulator construction works started in spring of 2002. Total time allowed for FFS completion was two and a half years. However, all the works were suspended in 2003... In 2004-2005 we kept striving to save what had already been done. Luckily, we managed to preserve all units, assemblies and systems of the simulator finished by that time, thus minimizing financial losses.

On September 20, 2006 management decided to finance completion of the simulator with its systems designed to account for features and performance of new modification of AN-124, which had been redesigned over the period while the FFS Project was suspended.

In October of 2008 the simulator entered commercial operation and recurrent training for flight crews was launched.



- What was the purpose for setting up simulator?

- According to Mr. Alexey Isaikin, President of Volga-Dnepr Group, the purpose of simulator is to provide the Company with a



- What operators are using your services?

- So far, Volga-Dnepr Airlines is our only customer, but starting from January of 2009 we expect POLET Airlines to join. We had an evaluation visit from POLET Airlines and their flight crews tried and tested our simulator in operation. POLET is currently considering allocation of finance in order to arrange training for their flight crews at our facility.

- What is the total number of simulator flight hours and pilots trained?

- As of today, total simulation time that has accrued during the period of FFS operation is 152 hours. Thirty-six Pilots-In-Command have been trained. We can safely multiply this figure by four because, in addition to Pilot-In-Command, a crew of An-124-100 typically comprises First Officer, Flight Navigator and Flight Engineer. So we can say that more than 120 flight crew members have been trained with our simulator over the 2 months of operations.

- Is there any other similar equipment elsewhere in the world?

- Currently, there is only one comparable simulator of An-124 aircraft, which is owned by the Russian Military. However, it differs significantly from ours by performance parameters, and therefore cannot be used for training a commercial crew. Thus, we can say that there is no similarity to our simulator in commercial operation.

- How does the simulator contribute to flight safety enhancement?

- Of course, flight safety improves. According to Volga-Dnepr Group's Flight Safety and Accident Prevention Department, those crews who have been trained using the simulator show a 25 to 30% decrease in probability of an incident related to Human

Factor. Also, the extent of an incident related to Equipment or Environment Factors decreases by 50 to 60%. The simulator enables greater use of simulation for crew exercises in emergency operations rather than actual aircraft, which, in turn, makes it possible for them to practice in much greater number of abnormal situations than in an actual flight. The simulator allows modeling any complicated situation, which is beneficial for enhancing crew piloting skills.

- Could you share any plans for the future?

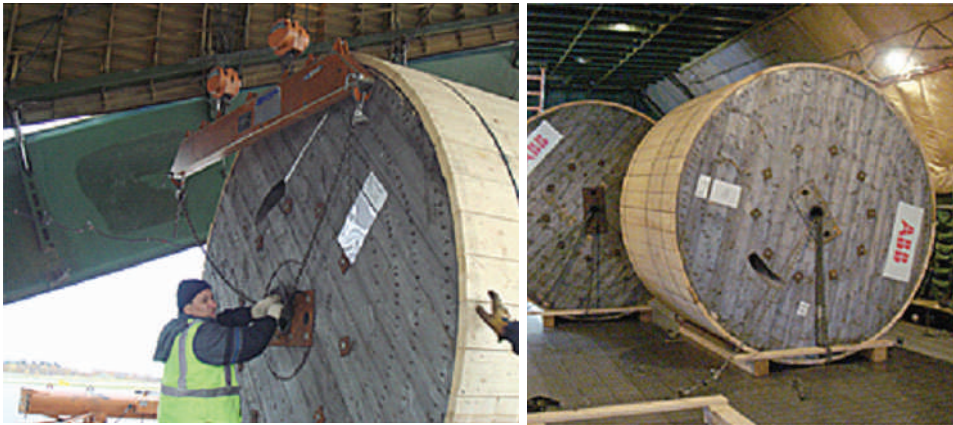
Our future plans include designing an automated system enabling us to provide up-to-date training means for the entire cycle of flight crew training - from classroom to simulator, and then to actual aircraft.

- Are there any plans to construct simulators for any other aircraft type in Ulyanovsk, for example, IL-76 or Boeing-747?

- Volga-Dnepr Group's management are currently considering possible launch of a new project, which is provisionally called "Major Simulation Center", but has no official name as yet. It would involve design and construction of simulators covering all types of aircraft operated by Volga-Dnepr Group. These are Boeing-747, IL-76TD-90VD and, possibly, other types. Basically, management of Volga-Dnepr Group views future development of the Simulation Center as based on an increased number of Boeing-747 and IL-76TD-90VD aircraft simulators. Of course, we are not currently in position to indicate any timeline for contemplated projects. What is clear now, while Boeing-747 simulators are available for purchase abroad, a simulator for IL-76TD-90VD would need to be designed and constructed individually.

11 thousand kilometers airborne

October 14, Volga-Dnepr Airlines delivered 12 cable reels from Stockholm (Sweden) to Campinas (Brasil).



100 tons of cargo were transported on board of AN-124-100 freighter. The reels were loaded by onboard cranes without any tooling. It took five hours to complete the loading procedure. In order to secure the reels in the cargo cabin, our experts designed and manufactured special stands. The cargo was safely delivered. The customer expressed his thanks to VDA experts for their professional and efficient work.

Electromagnet for the Land of the Rising Sun

On September 25, 2008 Volga-Dnepr Airlines delivered a superconducting electromagnet from Russia to Japan. 10 tons cargo was transported onboard Ilyushin IL-76TD-90VD.

The electromagnet was manufactured in Novosibirsk Institute of Nuclear Physics and was intended for use in production of cancer cure equipment and in scientific purposes. The electromagnet was loaded with the help of special tooling equipment. The cargo was delivered successfully. Now one more electromagnet is prepared for transportation in Novosibirsk Institute of Nuclear Physics. The following flight to Japan is to be performed on October 1, 2008.



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