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Volga-Dnepr Group announced 2006 results

Volga-Dnepr became number one among Russian cargo carriers in terms of transported cargo volumes. The group is still controlling over 50 per cent of the world market in charter transportations of oversized cargoes

In 2006, Volga-Dnepr has increased its sales volume by 55 per cent, up to USD 725 Mio. The Group's income increase is stipulated by successful development of charter air transportations on An-124-100 and Il-76 aircraft, as well as by active development of regular cargo transportations on Boeing 747. The volume of An-124-100 charter transportations has increased by 26 per cent, the volume of Il-76 transportations by 114 per cent, regular cargo transportations by 96 per cent. This year the Group plans to increase its sales volume up to USD 1 billion.

In 2006, over 155 000 tons of cargoes have been transported, which means Volga-Dnepr Group becomes the cargo carrier number 1 in Russia (in 2005, according to ATI, Volga-Dnepr was on the 33rd position in the world cargo airlines ranking). 98 per cent of all cargoes have been transported on international routes. Today the Group's flight network includes more than 900 airports in 150 countries.

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The Group's business structure remains the same: charter flights using An-124-100 and Il-76 aircraft are performed by Volga-Dnepr airline and regular transportations on Boeing 747 are carried out by AirBridge Cargo.

In 2006, Volga-Dnepr Group occupied over 52.4 per cent of the world market for charter transportations of unique oversized



cargoes. An important result of the year was significant growth of the number of long-term contracts in the Group's charter portfolio. For instance, in 2006, Volga-Dnepr Group together with Antonov Airlines has established international companies, Ruslan SALIS GmbH and Ruslan International. Ruslan SALIS participates in strategic cargo transportations for NATO and EU countries. Ruslan International is a single marketing agent of An-124-100 operators on the international air transport market. In 2006, joint sales volume of Volga-Dnepr and Antonov Airlines within Ruslan International project amounted to USD 122 Mio. 290 flights have been made, and 17 200 tons of cargoes have been transported. Within Ruslan SALIS project Volga-Dnepr made 220 flights and transported 13 500 tons.

Another important result of the last year was steady growth of Il-76 services both in classical and modernized (Il-76TD-90VD) versions, within the new marketing strategy that implies complete rejection of using this aircraft on the disappearing 'shuttle' market. Starting operation of the new, modernized Il76TD-90VD aircraft meets all modern ICAO standards enabled significant increase of Il-76 transportations and significant flight network extension.

The legendary Ilyushin aircraft started a new life and was finally allowed to many airports in Western Europe, America, Australia and Japan, and in the beginning of 2007 it made its first flight to the U.S. in the last seven years. In 2006, the transportations on Il-76 made 29 per cent of the overall charter services volume and 16 per cent of the Group's total sales volume. The new aircraft was set into commercial operation in June 2006. During next 6 months the modernized aircraft performed 35 flights and carried 524 tons of cargoes.

In October 2006, AirBridge Cargo that makes regular cargo flights has obtained an operator certificate and a status of an independent company. AirBridge Cargo sales volume in 2006 amounted to USD 227,04 Mio, the company transported 78 400 tons, which means a 79 per cent increase compared to 2005. In 2006, the regular transportations on Boeing 747 aircraft made 31 per cent of the Group's sales. The company continued flight network development by opening flights to Hong-Kong, re-launching flights from Luxemburg to Moscow Domodedovo airport, increasing frequencies to Nagoya and Yuzhnosakhalinsk and launching the first internal route, Moscow-Krasnoyarsk.

The airline's fleet has grown to four Boeing 747-200 cargo aircraft. As already announced, in 2007 Volga-Dnepr Group has signed a contract with Boeing Company to deliver five new long-haul Boeing 747-8 Freighters by 2013. The contract also implies an option for five additional aircraft.

'One of Volga-Dnepr's strategic goals is to enter the Top-20 of the world's largest airlines by 2015. We have already reached significant positions in the charter transportations of unique cargoes using An-124 aircraft. In this segment, the Group occupies more than a half of the international market. As for the cargo transportations market in general, it is possible to become 'visible' there only by developing the regular transportations and reaching significant positions in the main market segment regular cargo transportations. The dynamics of regular business development allows us to estimate that our goal is quite possible to reach', said Alexey Isaikin, President of Volga-Dnepr Group.

Volga-Dnepr Airlines takes possession of Wings of Russia Award again.



Volga-Dnepr Group won the first place in Wings of Russia Award in "Airline of the Year - International and Domestic Cargo Carrier" category. This was announced at the Tenth Award Ceremony which took place on 3 April, 2007 at Moscow International Music House. This is the fifth time Volga-Dnepr wins the Wings of Russia Contest.



Wings of Russia is an annual award. This year, the nation's best air industry companies competed in 9 categories. The winners were determined by secret ballot vote by the Members of Award Board participated by over 90 civil aviation experts, authority, state-owned and private company, and mass media representatives. It was not mere quantitative airline performance that the jury had to evaluate, but also market promotion methods, safety and customer-orientation levels.

Obtaining the Award is an actual result of public and professional recognition of company's activities. The founders of the Award expressed confidence that Volga-Dnepr development dynamics would allow to justify the honorary title of the winner continuing to consolidate company's standing in domestic and international freight market.

Volga-Dnepr buys 5 Boeing 747-8F's with an option for 5 more

MOSCOW, MARCH 12, 2007 Today Volga-Dnepr Group and The Boeing Company have signed a contract for delivery of five brand new long-range Boeing 747-8F freighters. The contract also provides the Russian cargo operator with an option for five additional aircraft of this type.

The delivery times for the initial firm order of five freighters have already been agreed with the first Boeing 747-8F scheduled to join AirBridgeCargo Airlines, a scheduled services arm of Volga-Dnepr Group, in February 2010. The next four Boeing jumbo jets are expected for delivery in 2011-2013. Volga-Dnepr also secured an option to buy another five Boeing 747-8F's.

Nowadays, Boeing family aircraft account for around 90% of the global freighter fleet, shaping the core of cargo fleets for many leading operators worldwide. Furthermore, over half of all existing international cargo capacities are represented by Boeing 747 aircraft.



"Our order with Boeing for delivery of these brand new freighters makes a benchmark of major importance for Volga-Dnepr as it facilitates the successful achievement of the company's strategic corporate goal to become the fastest-growing company rated among top twenty leaders of the global air cargo market," says Alexey Isaikin, President of Volga-Dnepr Group.

To ensure sufficient grounds for its future leadership, as well as in striving for the Russian Government-recommended philosophy of transition to newer aircraft types, Volga-Dnepr Group will commence operation of the most advanced cargo airplanes currently available in the market, i.e. Boeing 747-400ERF engaged under lease arrangements with GECAS and Guggenheim Partners, starting from November 2007. The further coming Boeing 747-8F's will add up to the strength.



"Boeing 747-400ERF and -8F aircraft will help us to foster a new level of safety and reliability, which Volga-Dnepr is extremely keen to achieve, as well as to boost up the economic efficiency of the company's performance," says Stan Wraight, Volga-Dnepr Vice President for scheduled cargo services.

These aircraft are the optimal solution to carry general cargo on transcontinental routes. Utilization of such freighters featuring unmatched high-performance characteristics in combination with development of a cargo hub system in Russia (Moscow, Krasnoyarsk, Saint Petersburg, Khabarovsk) will make Volga-Dnepr a true big player among the global air freight industry leaders.

Volga-Dnepr to Support Boeing 787 Production Logistics

MOSCOW, MARCH 12, 2007 Volga-Dnepr Group and The Boeing Company have signed a contract for AN-124-100 aircraft contingency airlift services in Boeing 787 production cycle logistics.

Under this contract, Volga-Dnepr and Boeing agree that the Russian AN-124-100 operator will provide The Boeing Company with ad-hoc and urgent air logistics services throughout the manufacturer's 787 program life cycle.

For the years of its dominance in the outsize and non-standard cargo market, Volga-Dnepr has accumulated a vast experience in supporting air logistics projects. Unique in kind and tailor-made technical solutions that have been and are being successfully implemented by Volga-Dnepr are always the decisive factor of choice in favor of the company as the integral transport component of complex production projects.

"This announcement of Boeing's dedication to benefit from the use of our services in 787 logistics means not just a brand new evolution in relationship with The Boeing Company, but a sign of trust and reliance on us by our partner," says Alexey Isaikin, President of Volga-Dnepr Group.



The long-term commitment for Volga-Dnepr's services in the logistics chain of such large-scale project will smoothly complement to capabilities of Boeing's in-house LCF fleet in case of any critical requirement for urgent airlift. Involvement of Volga-Dnepr will not be limited to only providing AN-124-100 cargo capacities. The Russian specialist carrier will, most of all, bring in the whole range of its knowledge and expertise in international logistics integration. Within its 16-years history in the outsize and non-standard cargo market, Volga-Dnepr has become a globally recognized expert in offering seamless 'turn-key' logistics solutions. This cooperation of the American and Russian companies serves as an outstanding example of partnership in the high-tech field and as an example of a strong commercial relationship between the USA and Russia.

AN-124-100, Strategic Wings of Russia photo exhibition has opened in State Duma

MOSCOW, 10 APRIL 2007. State Duma of the Russian Federation accommodated AN-124-100, Strategic Wings of Russia photo exhibition. The exhibition is dedicated to the 25th anniversary of Ruslan freighter's maiden flight.



The exhibition was initiated by Volga-Dnepr Group with assistance of Russia Aviation and Astronautics Inter-group Deputy Association. The following were present at the exhibition opening: A.N. Chillingarov, Deputy Chairman of the State Duma; B.I. Zotov, Chairman of Ulyanovsk Province Legislative Assembly; V.A. Sychev, Representative of Ulyanovsk Province Legislative Assembly to Federation Council; V.G. Tsvetkov, Chairman of the Executive Committee of Russia Aviation and Astronautics Association; P.P. Belevantsev, Deputy Chairman of the Executive Committee of Russia Aviation and Astronautics Association; V.I. Tolmachev, AN-124 General Designer (presently Volga-Dnepr-Moscow Technical Director); and other officials.



In his opening speech, A.N. Chillingarov emphasized colossal contribution made by the famous Ruslan freighter to the development of domestic and world aviation. V.I. Tolmachev was among the pioneers of the freighter development and production. V.A. Sychev wished AN-124 to further support respected traditions of domestic aviation industry, while Volga-Dnepr to carry on with the freighter resumed production project. The closing speech was taken by A.I. Isaikin, Volga-Dnepr Group President who assured that Volga-Dnepr would henceforth use its best efforts to consolidate Russia's position in the world aviation market.

AN-124 made its first flight in 1982. The aircraft is fairly regarded as the most successful project in the world's air freight industry. This unrivaled airplane can uplift 150t cargo (AN-124-100-150 version) with up to 6.5 diameter. The aircraft height is 21.1m, 73.3m wingspan, and 16,000km operational range. The airplane has set 21 world records, including that of payload capacity (over 170 tons) and close-circuit non-stop flight (over 20,000km). In Russia, Volga-Dnepr Airlines is the major AN-124 operator (43% of commercially operated fleet). 2006 annual results showed the Airline has taken about 53 per cent of global outsize and heavy freight.

Our crew amazed the Dutch

February 22, Volga-Dnepr Airlines' N-124-100 freighter delivered ship screws for Amur Shipyard. The loading procedure made unforgettable impression on the Dutch customers, who observed the crew work in the Airport of Amsterdam, the capital of the Netherlands.

The shipment was an outstanding one for the customer, as the screws were transported by air for the first time. Previously they were delivered to the Shipyard by sea or by land. Four huge ship screws, 2 cruise and 2 bow screws were onloaded in Amsterdam and offloaded in Khabarovsk by means of special loading equipment. Total cargo weight amounted to 97 tons. VMF PartnerSHIP GmbH representatives (customer) and airport employees were engrossed by freighter capabilities and crew teamwork.

VMF PartnerSHIP GmbH was the customer of VDA for the first time. The shipment was prepared rapidly. The loading procedure of 25-ton screws with offset centre of gravity required special technical solutions. Volga-Dnepr Technical Department developed the equipment as short as possible. The Customer highly estimated VDA work and expressed deep gratitude to the Airline management and crewmembers for perfect flight arrangement. The letter of appreciation highlighted the professional work and team play of technical crew, which was breathtaking for Dutch employees.

Ruslan dropped anchors in Seattle

Volga-Dnepr Airlines transported four vessel anchors from Amsterdam to Seattle.

The shipment was ordered by G.J. Wortelboer Jr.B.V., a company specializing in the supply of anchors & chaincables for all kinds of vessels, throughout the whole world. The delivery was prepared by Spare Cargo, the freight agent from Rotterdam. It was vital to transport the anchors to Seattle urgently.



The task was performed swimmingly. It took only two hours to onload two 18-ton and two 14-ton anchors, and the freighter departed to Seattle and delivered the cargo at the stated time.

The customer representatives thanked VDA management and Ruslan crew for urgency and professional work.

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