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By tradition April is the time for Volga-Dnepr Group to be visited by representatives of biggest companies operating in the foreign insurance market. This time again the guests saw by their own eyes the Company's accomplishments of Strategic Goals over the past year, its dynamic development, aircraft fleet growth and implementation of new technologies in the key value of the Group: Safe Flight Operation.

Undisputable air cargo market lead features were positively appreciated by the underwriters and the meeting helped achieve efficient mutual understanding resulting in renewed insurance agreement covering Volga-Dnepr's fleet in 2011.

Flying High

Volga-Dnepr's Aviation Training Center (VDATC) received new evidence of confidence on behalf of its partners.

First, the number of training programs offered to Russian airmen by the Training Center increased by a good dozen. New programs cover initial training, recurrent and advance training of maintenance personnel providing Technical and Repair services to IL-76TD-90VD freighters, Weight and Balance calculations for Boeing 747 as well as all classes of flight attendants.

The high quality of new training programs provided by the VDATC has been, pursuant to directive by ROSAVIATSYA (RCAA) of the Ministry of Transport of the Russian Federation, verified by AEROSTANDARD experts during their audit carried out on June 14-15, 2011. The VDATC is now awaiting for a new Supplement to the Basic Certificate.

Another both interesting and none the least important event occurring in the life of our flying "source of talents" was personnel training contracts entered into with two VDATC partners namely The Academician S. Korolev State Airspace University of Samara (SGAU) and 224 Flight Group of the Military Transport Aviation of the Russian federation performing similar air cargo services with the use of N-124.

Both above mentioned companies use the VDATC services long enough and their choice of this training institution for continued cooperation proves their satisfaction with the quality of educational services. In the next year the SGAU's trainees will take training courses for AN-124-100 RUSLAN, IL-76TD-90VD and TU-204-100. The 224 Flight Group is going to have their engineering personnel trained on AN-124-100 maintenance and repair and



initial training of Load Masters for the same type aircraft.

"Undoubtedly, contracts with these customers are very important for us, – says Stanislav Novoseltsev the VDATC Director.

"For example, cooperation with academic and core industry educational establishment like the SGAU, will enrich us with new training methods and help shape up the development potential. Besides, the graduates are perspective employees of Volga-Dnepr.

"It is easy to understand why the trainees select us. Only here in VDATC both theoretic knowledge and practical skills of RUSLAN maintenance and flight operation are concentrated like nowhere else. Volga-Dnepr Airlines is the biggest operator of N-124-100s and therefore, the holder of abundant experience of their commercial, technical and flight operation.

Writing a Sacred Book of efficiency. What the Pilots will come up with?



On May 16, 2011 the Volga-Dnepr Group held in Moscow the First Session of its VII Flight and Maintenance Conference 'Economic Efficiency and Methods of Flight Operations Performance Improvement'. The conference was patronized by Alexey Isaikin the President and CEO of Volga-Dnepr Group, organized and conducted by the Corporate University with Flight Departments of AirBridgeCargo and Volga-Dnepr Airlines as main performers.

The Conference was also participated by Arkady Merkoulov, Deputy IATA Representative in RF, Bob Ruta of the Boeing

Company and Ralf Cabos of Flight Focus. In his welcome speech addressed to the Conference attendees Alexey Isaikin noted that the subject of discussion the Economic Efficiency is being recognized as an urgent issue on all the levels of the Company Management and by every employee. Moreover, it is of universal matter as "everything starts from the selected Aircraft, high efficiency is impossible to achieve if you collect aging aircraft". But any problematic issue would be resolved sooner or later since "the most important thing in our airline business is our dearest selves. And if we are worth our salt any target will surely be accomplished. And the final note: why such a global problem like the Company efficiency was raised by Flight Operations? Because in accordance with the reason reported at the Conference, their activities account for up to a good half of all the Group expenses to include 36 to 41 percent of fuel costs. Therefore it was the fuel component that brain storm started with.



'Burning' Management



The outstanding relevance of the fuel saving problem is being explained by a whole number of reasons. First being unrestricted oil price growth. Note that since the incorporation of Volga-Dnepr in 1990 the cost of jet fuel in the world market increased by nearly six times from \$20 (blessed are the times!) to \$110 per barrel in early 2011. A is no limit. IATA projections say that average air jet fuel cost next year will rise up to \$127 per barrel, which would increase the total fuel procurement costs of the industry by \$60 billion.

The second fundamental reason is the need to reduce emissions following the pressure by regulatory authorities. The third reason is that in conditions of costly approach to air transport the carriers have to maintain competition. In this regard, according to Valery Gabriel the Executive President of Volga-Dnepr Airlines, the VDA will have to reduce the net cost of its services by 30 percent. Otherwise it will be of no attraction to civil customers, which now constitute a major priority.



What are the Ways to Make Savings?

A vast international approach on the subject matter was shared by the Conference guests from IATA and Boeing Company. They made the following point: everything that the Company uses and what is being produced by it, shall be of the best quality: aircraft, its engines, personnel training and flight operations, engineering services and aircraft maintenance. Potentially, the biggest fuel saving (45.6%), according to IATA auditors, shall be achieved in

flight operations supporting matters. In total fuel saving measures may reduce company costs by 2 - 14%. So, what is more precise two or fourteen 14?.. The exact figure in this case would be determined by the initial "advance" or, vice versa, "backward" position of the company and the package of saving measures that the company is ready to undertake. The more systematic is the approach, the better response. The complete list of economy measures as offered by IATA is set out in the fourth edition of the so called Fuel Bible. Other economy advice may be found in Company Operation Cost Management Manual, which second edition will see the light in the Third Quarter this year. The International Air Transport Association (IATA) is also ready to provide individual assistance to Russian carriers by way of consultations, on-site fuel audits etc. up to the development of a better route network.

By the way, the total fuel optimization of air transport business is quite young. According to Vladislav Rourie, the Senior Navigator of AirBridgeCargo "Fuel saving has been a problematic issue subject to discussion since the very birth of aviation, however, the systematic approach recommended by ICAO and IATA documents was published only two years ago ...' Two only! And what is the most pleasant here is that a new invented approach is no novelty for Volga-Dnepr Group. According to estimation provided at the Conference, we have been using from 80 to 90% of what IATA and Boeing recommend. This figure could have been greater but few foreign practices survive on local grounds. For example, connection of the arrived aircraft to ground power unit, which is 30-50 times cheaper, would take 2-3 minutes in Frankfurt, while in Russian airports it requires up to 30 minutes. Russian Air Traffic controllers clear foreign carriers to direct-to approaches for landing, while no such clearances are being given to Russians. And so on and so forth.

So saving can only be achieved within currently existing restrictions. However, for real professionals such limits are definitely wide. As an example, transition of AN-124-100 to a paper free aeronautical information technology would provide saving of ... over 36 tons of fuel. Why? The answer is simple – there will be



no need to carry on board aeronautical publications weighing 110 kg. A well known truth: the less is the weight the more graceful is the step. But with a stringent requirement remaining: safety is above saving! In particular, the final decision as to the amount of fuel reserves on board is the sole responsibility of the Captain. No pressure upon the crew over fuel saving shall ever be allowed. But you are free to be creative, inventive and smart in all other matters!

A New Sense of Modernization

However, in line with saving restrictions, there is also a 'ceiling'. This means technical capabilities of particular type aircraft. A man can do no more than he can. But there is an escape point here: improve performance by upgrading the fleet. This was the subject matter of the second part of the Conference.

In the beginning reports were delivered about economic benefits of aircraft systems and flight parameters control in real time scale (online), which is only possible if the aircraft are fitted with modern information systems of ACARS and EFB type.

Purposes of modernizing N-124-100 up to N-124-150VD are well known to everybody in the Company with the main being the increased payload capacity up to 150 tons and enhanced payload-distance ratio. These purposes could be achieved in different ways. Moreover, with absolutely different costs incurred. The first way is complete performance modernization as suggested by Antonov Design Bureau. The other way is limited performance modernization offered by Volga-Dnepr. The first option requires \$250 million of capital investments with payback period about 15 years. Volga-Dnepr's option is \$110 million cheaper (!) and has a shorter payback period of 12 years. And what are the cost saving based on?

Perhaps on the same systematic approach – the Volga-Dnepr's strong point. The condition and potential capabilities of all aircraft systems were analyzed in all details. Seven of them had been ruled out of any investigation as these were not worth the trouble. These are Airframe, APU, Oxygen equipment, Hydraulic, Fire and De-Icing systems. But five systems should be replaced completely. For example, 822-20 and 822-10 radars will be replaced by RDR-4000. Apart from direct digital gain, this will help achieve

considerable weight benefit. The weight of one outdated radar is about 300 kg, while the new one weighs only 25. Another seven systems must be modified and five modernized. One of the most important objects of modernization efforts is D18T engine, which will be upgraded from Series 3 to Series 3 .

As the result of such differential approach the scope of research and scientific work to be performed by Antonov Design Bureau, will be reduced according to Volga-Dnepr, to the acceptable level, while the subsequent modernization will improve aircraft performance and technical capabilities to target values, reduce labor cost of aircraft maintenance, reduce flight crew composition and improve fuel efficiency. D18T engine modernization will alone provide an annual effect in the amount of \$17.6 million. Nothing to say about such gains as benefits from great reduction of separate systems failures as the result of being replaced by digital ones. F great importance is reduced aircraft maintenance costs. That is the effect of modernization: its economic efficiency horizons look both long-term and much promising.

Tatiana Arslanova the Executive President of AirBridgeCargo concluded and summarized the First Session of the VII Flight and maintenance Conference. She pointed out productive outcomes of the discussion and emphasized that searching for new approaches should in any way replace clear and strict compliance with existing and effective standards and procedures in Airline Industry. According to her, the starting point of the Second Session of the Conference scheduled for June should be a clear determination of economic efficiency level the Group is on at the moment. Which of the two extremes we are closer to – 2 or 14%? Only having an understanding of initial disposition, one should be able to select the right way to go.

Airbridgecargo airlines launches its first scheduled route to North America



AirBridgeCargo Airlines (ABC), Russia's largest scheduled cargo airline, has launched services to its first destination in North America with three flights a week to Chicago, becoming the first all-cargo airline with regular flights from the USA to Russia.

The new route will operate from ABC's hub in Moscow to Chicago's O'Hare Airport via Amsterdam Schiphol Airport. AirBridgeCargo will serve Chicago with a Boeing 747-400 freighter offering over 100 tons of cargo capacity per flight.

ABC, part of Volga-Dnepr Group, says it has chosen "the windy city" as its first destination in North America as Chicago is the biggest transport hub in the United States and conveniently situated at the intersection of major international air cargo routes.

"The addition of North America to our growing international network is another key milestone in the history of our company. With this new service, we are ready to offer our customers a truly worldwide service

and the opportunity to deliver their cargo inter-continently. We also become the first all-cargo carrier to offer regular services from the United States to Russia, which can only help trade links between the two countries. As such an important market, the USA has always been on our strategic radar screen as we have increased our aircraft fleet and capability and we are extremely confident it will reinforce our position as a strong, international scheduled cargo airline," said Tatyana Arslanova, Executive President of ABC.

Volga-Dnepr Operates Free Flight to Japan with Mobile Medical Vehicle for Tsunami Survivors

Volga-Dnepr Airlines has transported a special mobile medical vehicle from Miami (USA) to Sendai (Japan) to help survivors of the country's devastating earthquake and tsunami. Volga-Dnepr operated the flight free of charge as a gesture of support for the Japanese people.

The AN-124-100 'Ruslan' freighter flight, which touched down in Japan today (April 14th), was the first international civil flight to land at Sendai Airport since flood waters and debris from the tsunami deluged the airport on March 11th. Although the airport was seriously affected by the natural disaster, all the necessary safety conditions were ensured for the landing of the AN-124-100 heavy freighter with its urgently-needed relief load onboard.

Moscow-based Volga-Dnepr chose one of its AN-124-100 cargo aircraft for the flight because of the non-standard height of the medical vehicle, which exceeded 3.5 meters. The specialist medical van was delivered on behalf of the Bascom Palmer Eye Institute in the United States. It is designed as a mobile clinic to provide on-the-spot diagnostics and treatment of ophthalmologic diseases in those regions where medical aid is urgently needed because buildings housing medical centres were destroyed or badly damaged by the earthquake and flood waters.

Alexey Isaikin, President of Volga-Dnepr Group, said the flight was to signal the Group's support and admiration for the Japanese people at such a difficult time. He commented: "People all over the world have watched the impact of the tsunami unfold and have been so amazed and humbled by the strength and resilience of the Japanese people and by their determination and selflessness in both helping others and beginning to rebuild their lives and their country. The fact that we have been able to land our aircraft at Sendai Airport today is a tribute to their resolve. We hope that the mobile medical equipment we have delivered today will ensure the lives of many people affected by this natural disaster are made a little easier."

Volga-Dnepr Airlines approved to handling cargo at Russian airports

The Federal Air Transport Agency of Russia's Ministry of Transport has awarded a certificate to Volga-Dnepr Airlines to perform its own cargo handling at Russian airports.

The certificate gives Volga-Dnepr Airlines the right to handle and load various types of cargo at Russian airports without the need to use external agencies. The move will enable Volga-Dnepr to increase its aircraft operating efficiency by shortening ground time and reduce its transportation costs for domestic and international services.

Obtaining certification is an additional step in support of Volga-Dnepr Group's 'Cargo Supermarket' business strategy. Approval to conduct cargo handling further increases the capabilities of Volga-Dnepr as an air transport operator and improves its competitive advantage.

Volga-Dnepr joins efforts with Ulyanovsk State University to develop electronic safety management system

Volga-Dnepr Airlines has joined forces with Russia's Ulyanovsk State University on a project to develop an electronic system to support the prevention of air accidents.

Following a tender conducted at the end of 2010 to identify participants for the project, leading researchers have been engaged in the work as part of an expert advisory council reporting to Alexey Isaikin, President of Volga-Dnepr Group. Since March, the council has been chaired by Professor Nikolay Makhutov, a corresponding member of the Russian Academy of Sciences and a prominent specialist in risk and safety management.

The project is being implemented under the Russian Government Decree No. 218 dated 9 April 2010 – Measures of Government Support to Facilitate Co-operation of Russian Higher Education Institutions and Organisations Implementing Integrated Hi-tech Projects. It is being jointly funded by the Russian Ministry of Science and Education and Volga-Dnepr Group.

The project's main goal is to improve operational safety in the aviation industry using innovative computer modelling and assessment tools that support the introduction of an enhanced preventive risk management concept for flight operations. Safety depends on a great number of factors and the new system will account for these, from consideration of available facilities at an airport to the political situation in a country. This will result in substantial time and cost savings for Volga-Dnepr in its decision-making and ensure the optimal allocation of resources assigned to air safety.

In addition, this project has a distinct social significance. The co-operation between Volga-Dnepr and Ulyanovsk State University will facilitate development of specialist courses, create opportunities for field experience and training, increase competitiveness of the university's scientific and technical research products and generally improve the quality of student education, thus increasing the flow of qualified specialists to the business sector.

The commercial version of the system will be released in December 2012 with further trial testing to be arranged with Volga-Dnepr Airlines. The electronic safety system is expected to interest both Russian and foreign air carriers.



Volga-Dnepr delivers equipment for cooling damaged nuclear plant at Fukushima

Volga-Dnepr Airlines has completed an urgent delivery from Stuttgart, Germany, to Japan of a large pump to help in the cooling of the damaged reactors at the Fukushima nuclear power plant.

The 60-tons of equipment, transported on March 31, included a truck-mounted pump produced by German-based Putzmeister, which has a 62-meter boom, enabling it to discharge water over the edge of the reactor buildings and into the buildings from above. The pumps may also be used for any necessary concreting work.

On arrival onboard one of Volga-Dnepr's AN-124-100 freighters at Tokyo's Narita Airport, the equipment was transferred to the Tokyo Electric Power Company, which operates the Fukushima nuclear power plant.



In the next few days, Volga-Dnepr Airlines will deliver three more pumps to Fukushima from Stuttgart (Germany), Atlanta and Los Angeles (USA) using An-124 'Ruslan' freighters.

The atomic crisis was prompted by the huge earthquake and tsunami, which claimed the lives of over 12,000 people. It damaged the power supply to Fukushima and back-up generators failed. Since then, there have been a number of explosions in the reactor buildings.

Volga-Dnepr has some 20 years' experience of providing fast air cargo deliveries of large, outsize shipments and humanitarian supplies to emergency zones all over the world. Last year alone, the airline operated three urgent flights to Haiti and the Dominican Republic carrying helicopters for rescue work after another earthquake. This was followed later by four more flights with helicopters to Pakistan after devastating floods hit the country.



Volga-Dnepr representative offices

Managing Company

17 Krylatskaya Str., Bldg 4,
Moscow, 121614
Tel.: +7 495 7557836/7556850
Fax: +7 095 7556851
E-mail: fax@msk.vda.ru

Volga-Dnepr Airlines

14, Karbysheva St.,
Ulyanovsk, 432072
Commercial department
Tel.: +7 8422 590292
Fax: +7 8422 590142
SITA: ULYDMVI
E-mail: commerce@vda.ru

Stansted Volga-DneprUK Ltd.

Endeavour House,
Coopers End Road,
London-Stansted Airport,
Essex,
CM24 1AL

Sales executives +44 1279 661166
+44 7799 416324
Fax: +44 1279 661103
SITA: STNDMVI
E-mail: sales@volga-dnepr.co.uk

Houston Volga-Dnepr Unique Air Cargo, Inc

Town Center Plaza
9400 Grogans Mill Rd., Suite 220
The Woodlands, Tx 77380
Tel.: +1 832 585 8611
Fax: +1 832 585 8618
E-mail: c_volga@yahoo.com

ABC, Moscow, Head office

Building 16/1, Malaya
Pirogovskaya,
Moscow, Russia, 119048
Tel.: +7 495 7862613
+7 495 2342618
Fax: +7 495 7556581

E-mail: service.svo@airbridgecargo.com

NIC office

29, 40 - Ietiya Pobedy St.,
Ulyanovsk, 432072
Tel.: +7 8422 204745
Fax: +7 8422 202805
E-mail: info@sk-nic.ru