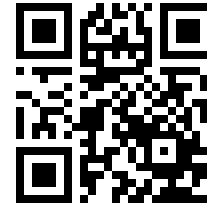




Building Air Bridges

Annual Report 2012-2013

*We learn,
so we develop...*



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Volga-Dnepr Group
website

<http://www.volga-dnepr.com/>



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investor_relations/annual_report/](http://www.volga-dnepr.com/investor_relations/annual_report/)

Company Profile

The Group comprises two of the leading global air cargo industry companies – Volga-Dnepr Airlines and AirBridgeCargo Airlines. Volga-Dnepr Airlines specializes in air cargo charter transportation of outsize and super-heavy cargoes using a fleet of Antonov An-124-100 Ruslan and Ilyushin IL-76TD-90VD freighter aircraft. AirBridgeCargo Airlines provides scheduled cargo services connecting the largest trade hubs in Europe, Asia and the U.S., using a modern Boeing 747 freighter fleet. AirBridgeCargo Airlines also incorporates Atran Cargo Airlines.

> **400,000**
tons of cargo per year

52.2%
share of the world market for An-124-100 cargo operations

> **3,300**
international employees work for Volga-Dnepr Group companies worldwide

30%
share of the cargo market on major routes to Russia

Charter operations



Volga-Dnepr Airlines

The world's leading airline for the transportation of outsize and heavy cargo and operator of the largest fleet of unique Antonov An-124-100 'Ruslan' freight aircraft. Also the company performs charter operations with modernised IL-76TD-90VD freighters, supporting the requirements of the airline's leading industrial, transport and logistics customers all over the world.



Scheduled operations



AirBridgeCargo Airlines

One of the fastest growing scheduled air cargo carriers in the world. Its international route network connects customers moving goods from Asia to Europe and the United States via Russia. One of the largest operators of Boeing 747 freighters. Its customers include many of the world's leading logistics and industrial companies.



Atran Cargo Airlines

Became part of Volga-Dnepr Group in 2011 and performs scheduled international freight transportation using smaller cargo capacity Boeing 737-400F aircraft. Atran is the only operator of this type of cargo aircraft in Russia.



Supporting businesses



Volga-Dnepr Technics Group of Companies

Founded in 2008, the group provides aircraft Maintenance, Repair and Overhaul (MRO) services for Antonov, Ilyushin, Boeing and Airbus aircraft. The group includes Volga-Dnepr Technics Moscow, Volga-Dnepr Technics Ulyanovsk and VDT GmbH (Germany), and cooperates with VD Gulf in the Middle East.



Volga-Trucks

Established in 1997, Volga-Trucks performs road cargo transportation enabling the Group to extend its comprehensive range of services to include door-to-door deliveries. Volga-Trucks is a licensed customs carrier, performing road cargo transportation by internal customs transit.



Volga-Dnepr-Leasing

Volga-Dnepr-Leasing was established in 2004 to implement the programme for the construction and modernisation of the Group's Ilyushin IL-76 fleet to the upgraded IL-76TD-90VD version. The new generation IL-76TD-90VD is approved by ICAO for global air operations having successfully demonstrated its compliance with international noise and emissions standards.



NIC Insurance Company

NIC Insurance Company was established in 1995. It provides reliable insurance coverage for the Volga-Dnepr Group aircraft fleet, and also offers non-aviation insurance services. It is the 8th largest provider of aviation risk insurance in Russia.

Global Company

We have been operating in the global air cargo market for nearly 25 years. Since 1990, our company has developed from being a small business into a strong global brand and a trusted partner for international cargo transportation and logistics. Today, we perform flights to all the major business and industrial centres in the world. Our air bridges provide secure and reliable connections linking North America and South America, Asia, Europe, the Middle East and Australia.



> **90,000**
flights operated since 1990



> **1,200**
airports in 190 countries around the world have welcomed flights by the Group's airlines



> **4,000,000**
tons of cargo safely delivered since 1990



Volga-Dnepr Group's headquarters is located in Moscow, Russia



9
representative offices worldwide



20
countries on 5 continents comprised by agency network



23
destinations in the U.S., Europe and Asia



154
scheduled flights per week



 Volga-Dnepr Group representative offices

 AirBridgeCargo scheduled flights route network

 Charter operations

 Main MRO centres

 Atran Cargo Airlines

As of 30/06/2014

Volga-Dnepr Group's performance indicators

The company's performance indicators represent a clear reflection of its strategy. Its business model is focused on providing customers with a unique 'cargo supermarket' choice of transportation solutions to meet all of their global requirements. Different types of aircraft from super-heavy to smaller freighters perform both scheduled cargo and air charter operations.

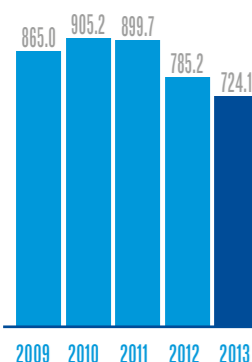
The resulting balanced business model ensures the Group's stability even during the most challenging economic and market conditions, as its broad service offering often means a reduction in one market segment is supplemented by strong growth in another.

Sales volumes

Charter operations in 2013

724.1
mn USD

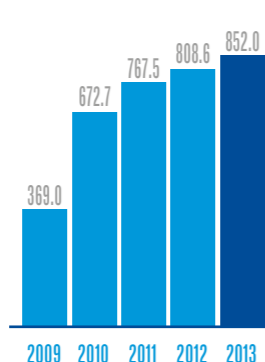
Charter operations mn USD



Scheduled operations in 2013

852.0
mn USD

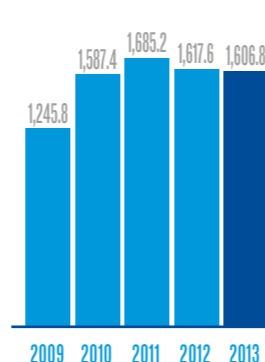
Scheduled operations mn USD



Total income in 2013

1,606.8
mn USD

Total income mn USD



	2009	2010	2011	2012	2013
Sales volume, mn USD					
Charter operations	865	905.2	899.7	785.2	724.1
Scheduled operations	369	672.7	767.5	808.6	852.0
Other income	11.7	9.4	18	23.9	30.7
Total income	1245.8	1587.4	1685.2	1617.7	1606.8
Cargo turnover, thou t/km					
Charter operations	481,108	499,292	384,472	345,700.2	268,068
Scheduled operations	1,318,652	2,057,883	2,372,145	2,383,654	2,607,400
Total cargo turnover	1,799,760	2,447,175	2,756,617	2,729,354.2	2,884,973
Cargo carried, t					
Charter operations	83,894	85,372	62,618	65,929.2	53,857
Scheduled operations	149,109	240,220	285,028	307,648	350,864
Total cargo carried	233,003	325,592	347,646	373,577.2	404,650
Fleet (as of the year end)					
An-124-100	10	10	10	10	10
IL-76TD-90VD	2	3	4	5	5
Boeing 747	7	11	11	11	12
Boeing 737	-	-	-	2	2
An-12	-	-	3	3	3
Staff					
Group of companies	2,649	2,878	3,270	3,498	3,283

Aircraft Fleet

10

Antonov An-124-100 Ruslan

The world's largest series-produced civil aviation cargo aircraft with unique load characteristics and freight compartment size.



120 t

maximum payload

6.4x4.4x36.5 m

freight compartment size

5

IL-76TD-90VD

The modernised and upgraded version of one of the most successful and popular aircraft in the worldwide air cargo industry. Approved by ICAO for global flight operations, having demonstrated its compliance with international noise and emissions standards.



50 t

maximum payload

3.4x3.45x20 m

freight compartment size

In 2013, as part of the project to modernise the unique An-124-100 ramp transport aircraft, Volga-Dnepr Group approved the terms of reference for the upgraded An-124-115M version.

International partnerships with leading Russian and international developers are being established to commence implementation of the programme of design, adaptation and certification of the Group's fleet of An-124-100 aircraft to the improved An-124-115M modification.

6

Boeing 747-8F

The new generation cargo aircraft with improved operating efficiency, offering a 16% increase in payload and extended flying range.



136 t

payload capacity

8,130 km

flying range

59.7 m

Maximum load length

7

Boeing 747-400F/ERF

One of the world's most reliable and modern cargo aircraft. Nose and side loading doors enhance the aircraft's efficiency and increase its cargo carrying potential.



116 t

payload capacity

9,200 km

flying range

53.1 m

Maximum load length

2

Boeing 737-400F

The highly capable cargo version of the Boeing 737-400, perfectly suited to the provision of services on feeder routes.



19 t

payload capacity

3,850 km

flying range

9 countries
5 continents
3,300 people
One
multinational
team



In 24 years

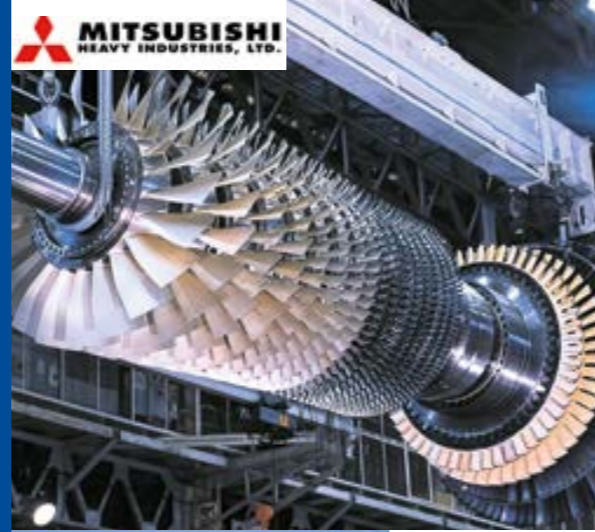
150 global customers

90,000 flights

4,000,000 tons of cargo transported

1,200 airports served

190 countries all over the world



Management team



Alexey Isaikin
President
Volga-Dnepr Group



Sergey Shklyanik
Senior Vice President
Volga-Dnepr Group



Victor Tolmachev
Technical Director
Volga-Dnepr Group



Tatyana Arslanova
Vice President, Strategic Management
Volga-Dnepr Group



Sergey Pedan
Vice President, Economics and
Finance Management
Volga-Dnepr Group



Wolfgang Meier
Vice President, Marketing and Development
Volga-Dnepr Group



Dmitry Obsharov
Vice President, Organization Development
Volga-Dnepr Group



Valery Gabriel
Vice President, Modernisation and New Aircraft
Volga-Dnepr Group



Alexander Bashkov
Executive President
Volga-Dnepr Airlines



Denis Ilin
Executive President
AirBridgeCargo Airlines



Evgeniy Borisov
General Director
Atran Cargo Airlines



Evgeniy Kochetov
General Director
Volga-Dnepr Technics



Andrey Pakhomov
Group Fleet Development Director
Volga-Dnepr-Leasing



Alexander Rodionov
General Director
NIC Insurance Company



Dennis Gliznoutsa
Vice President, Charter Business Development
Volga-Dnepr Airlines



Vladimir Zubkov
Vice President, Relations with International
Organisations
Volga-Dnepr Group



Alexander Eremin
Vice President, Assets Management
Volga-Dnepr Group



Letter from Management

Our confident outlook for the future is based on the Group's unique experience of global air cargo operations and the repeatedly proven ability of the company's employees to solve the most complex tasks, even in the most challenging situations.

Volga-Dnepr's managers and employees have the expertise, knowledge and skills to respond to every challenge and opportunity using the Group's own resources alongside its partnerships with customers and suppliers. For more than two decades, the company has demonstrated its ability and willingness to anticipate changes in the global transportation market and the new requirements of its customers.

In 2012-2013, Volga-Dnepr identified and implemented solutions to maintain its sustainability and business development despite the serious challenges to airlines and industry as a whole by the troubled world economy.

Our future is still based on a simple concept – to do what we do best: delivering global air cargo logistics services that offer customers an

increasingly diversified choice of solutions. Volga-Dnepr has named this as its global 'cargo supermarket' concept. The components of this concept are quite simple: utilising the skills of the best professionals in the industry, the best cargo aircraft, operating a customer-oriented and flexible business model, and a clear mission and strong corporate culture based on our core values and ambitions.

Throughout its growth and diversification, the Group has stayed true to the core values established at the time of its formation: commitment to safety, eagerness to continually improve the solutions we offer to our customers, and an open and honest approach to assessing business opportunities and challenges, and to the decisions we make.

We never forget the people we are working for. We create new opportunities for our customers and, in doing so, build a stronger future for our employees. The basic element of Volga-Dnepr's corporate philosophy is to ensure that everything we do is focused on producing benefits for our customers.

Since its establishment, Volga-Dnepr has been one of the leading charter carriers of large and outsize cargo in the global market. In 2012-2013 the company has maintained this position, and this stability allows it to remain in the top 15 cargo airlines in the world.

In the context of the current excess supply of luggage capacities of passenger aircraft, the reduction of interest rates amid increasing shortage of professional staff within complex political and macroeconomic conditions, we have been able to find new growth drivers and meet the requirements of our customers. This allows us to look forward with confidence.

Our business is attuned to today's dynamic business environment, working not only to respond to new market needs but to also provide services and solutions that our customers can use to generate more growth opportunities. Today, we are developing as a diversified Group, uniting our cargo charter and steadily-growing scheduled cargo businesses alongside the support of our MRO and insurance businesses, providing our customers with the most complete range of high quality services.

In shaping the company's future strategy, we clearly understand that in the current tough economic conditions companies will only be successful and continue to grow their customer bases if they manage their businesses intelligently and adapt their business models to the current market realities.

Volga-Dnepr combines the best industry professionals, the best cargo aircraft, and a customer-oriented and flexible business model with a strong corporate culture that supports the Group's ambitions and values.

30%

share of the air cargo market on the main routes to Russia

400,000

tons of cargo transported by the Group's companies in 2013

Strategy

Mission

We build reliable air bridges for our partners all over the world. With our contribution, we change the idea of air logistics using our unique capabilities. We are confident that we will achieve our goals, facilitating the success of each employee, which leads to the company's success.



Volga-Dnepr Group



Charter operations



Scheduled operations



MRO

Goals for 2020

Volga-Dnepr is a professional organisation, dynamically developing within the top three leaders of the worldwide air cargo industry and is an attractive asset for potential investors.

Cargo Supermarket in action. An established open business structure contributes to the development and preservation of the Group's knowledge and competencies.

World leader in the air cargo charter operations market.

The leader of the Russian scheduled air cargo market, and one of the 10 leaders of the worldwide air cargo industry.

The company provides a competitive benefit in maintaining the continuing airworthiness of the Volga-Dnepr fleet, and ranks among the top 10 global aircraft MRO service providers in terms of sales.

Goals for 2030

Volga-Dnepr is a professional organisation and the leader of the worldwide air cargo industry.

The Group's management system is the key element in achieving leadership in the global air cargo industry by means of a balance between the interests of shareholders, employees, partners and society.

The company is an integrator in the segment of heavy and oversized cargo using the best cargo aircraft.

The group of cargo airlines ranks among the five leaders of the worldwide air cargo market and sets the industry standard.

The group of cargo airlines, ranks among the five leaders of the worldwide air cargo market, and sets the industry standard.

VALUES

> Work

> Health

> Safety

> Development

> Honesty

Our Values

Development

Leadership

We do what we can do best. We lead by example, with a positive and proactive attitude to our work that we instill into the next generation of our business leaders.

Uniqueness

We are constantly seeking ways to improve the unique services we offer through the development of our people, technologies and equipment.

Forward Looking

We work at the heart of a changing world and in a dynamic industrial climate. By taking a long-term view, we look to anticipate change before it happens and to develop solutions that support our customers through those times of change. We aim to learn from every event and to identify opportunities for growth and development, using our ideas and initiative to create new and innovative possibilities for our customers.

Health

Moral and physical health

We believe that spiritually and morally healthy people are best equipped to produce the highest level of work. To support this, we promote and implement a healthy lifestyle culture for all of our employees.

Financial stability

We believe that profit is only a measure of the economic health of an organisation, not the sense and purpose of its existence. We do not welcome the achievement of profit at any cost; we stop any attempt of corruption. We strive to implement innovative approaches in the corporate, financial and organisational management of the company and effectively measure the outcome of the decisions we make. We predict the consequences of decisions made and use international experience to increase the company's value.

Environmental concern

We strive to preserve the environment by using the latest technologies while carrying out our work and through the continued modernisation of our aircraft fleet.

Work

Safety

Responsibility

We recognise our responsibility to create a consistently safe working and business environment to protect the long-term future of the company. This embraces the safety of our employees, customers and partners and the security of our business.

Safe working conditions and accident prevention

We work to ensure we constantly provide safe and secure working conditions. This incorporates continuously improving security standards and exceeding customers' expectations and advance requests imposed by industry changes.

Honesty

Transparency and openness

We build open and transparent relationships with our employees, customers and partners that are founded on mutual trust and respect. We do not tolerate duplicity and deception in business.

Our values

- > We are committed to the Group's Code of Business Ethics, introduced in 2012
- > In 2013, more than 3,200 Volga-Dnepr employees completed training on compliance to our Code of Business Ethics
- > The Group's ethics officer is responsible for the implementation of the Code across the Group's businesses and their subsequent compliance
- > Volga-Dnepr's Ethics Committee consists of the Group's top management
- > All strategic decisions by the company are taken in accordance with our core business values

Code of Business Ethics

Volga-Dnepr Group's Code of Business Ethics is at the heart of its business. Employees and contractors embrace the business ethics set out in the Code to improve the transparency of internal processes and to ensure the efficient and professional operation of the Group.

The Code of Business Ethics was adopted by the Volga-Dnepr Group of companies in 2012 to formally identify and communicate the values and principles of the Group's business. To successfully develop and implement a clear set of ethics, the company undertook an 18 month project under the leadership of a newly-recruited ethics officer, who is responsible for ensuring that all of the Group's divisions operate in full compliance with the Code of Business Ethics. The entire top management of the Group participated in the drafting of the new document and the Code was implemented across the Group's businesses with the help of contractors specialising in compliance training.

Abiding by the Code is obligatory for all Group employees, board members, consultants, contractors, suppliers and other parties acting on behalf of the Volga-Dnepr Group of companies. Adoption of the Code aims to minimise financial, reputational and other risks, as well as improving the image of the Group with its customers. It supports the Group's compliance with legal requirements, including anti-corruption laws, and improves operational efficiency.

A special education system was developed by the Group to provide training in support of the Code of Ethics, with particular emphasis on staff involved in the financial management, sales, procurement and legal processes.

In 2012, every Volga-Dnepr Group employee participated in Code of Business Ethics training.

The company developed regular training activities, including introduction seminars for new employees. Specialist seminars looking at methods of identifying fraud and corruption risks were organised for employees working in the sales, procurement and finance departments.

In 2013, a further series of workshops on various topics took place, including 'Struggling against corporate fraud', 'Combating corruption', and 'Practical application of Volga-Dnepr Group's Code of Business Ethics'.

The Code also involves the implementation of 'supporting policies'. Thus, the anti-corruption policy of the Volga-Dnepr Group of companies was approved in August 2012; and a policy for gift giving and hospitality was adopted in September 2013.

These policies fully meet the requirements of today's international legislation and business practices in the air transport industry.

In order to control the fulfillment of the Code's requirements, the Volga-Dnepr Group of companies has been carrying out an annual monitoring programme that includes analysis of documents and processes as well as interviews with staff.

The group of companies established a new Ethics Committee, composed of senior management, to create and continuously improve the mechanism for reacting to conflict situations involving violations of ethical standards and business rules. In 2013, the Committee held nine meetings, adopted more than 40 management decisions and approved the results of eight internal investigations.

An adopted monitoring plan to examine work ethics' compliance and to consider further improvements to the standards for 2014 involves re-audit of Volga-Dnepr Airlines and Volga-Dnepr Technics, as well as primary audits of AirBridgeCargo Airlines, Atran Cargo Airlines and foreign offices of the Group.

Main events 2012

January

Everett, United States

AirBridgeCargo became one of Boeing's first customers for the new 747-8F. The airline, part of Volga-Dnepr Group, signed a contract with Boeing Corporation for the delivery of five 747-8F aircraft with an option for five more.

March

New York, United States

The documentary film 'Ruslan that united the world' by Alexey Samoletov, commissioned by Volga-Dnepr Group, was shortlisted at the New York Festivals International Television & Film Awards.

April

Moscow, Russia

AirBridgeCargo, Russia's largest air cargo carrier, successfully passed the audit procedures that confirmed its compliance with the International Air Transport Association's Operational Safety Audit (IOSA).

May



Moscow, Russia

Volga-Dnepr Group participated in the organisation of the Executive Summit of The International Air Cargo Association (TIACA) in Moscow. During the Summit, special attention was given to the role of Russian companies in the global air cargo market.

June



Moscow, Russia

Volga-Dnepr Airlines put into operation its fifth new IL-76TD-90VD (No. RA-76511). It was manufactured at the Tashkent Mechanical Plant under the contract signed in 2007 at the International Aviation and Space Salon by UAC-Transport Aircraft and Volga-Dnepr-Leasing.

August



Vladivostok, Russia

Volga-Dnepr Airlines delivered two Mangust patrol boats from Moscow to Vladivostok to ensure the safety of officials participating in the APEC Summit (Asia-Pacific Economic Cooperation).

September

Moscow, Russia

Atran Cargo Airlines, part of Volga-Dnepr Group, took delivery of a Boeing 737-400SF aircraft. The freighter started to perform regular flights from Moscow (Russia) to Cologne (Germany).

Frankfurt, Germany

Volga-Dnepr Technics opened an aircraft maintenance line station at Frankfurt Airport.

November

Moscow, Russia

Volga-Dnepr Airlines was accredited by Russia's Federal Space Agency to perform transportation services for space rocket equipment and rocket fuel components.

December



Leipzig, Germany

Volga-Dnepr Group commenced operations in a new aircraft maintenance complex constructed by Leipzig/Halle Airport. The tenant of the hangar is Volga-Dnepr Technics GmbH.

2013

January



Leipzig-Halle, Germany

Volga-Dnepr Technics GmbH put into operation a new 8,500 sq. m. hangar complex for aircraft MRO, which is designed to service one An-124 cargo aircraft or one Boeing 747, or up to four Boeing 737 and Airbus A320 aircraft at one time.

Moscow, Domodedovo, Russia

A second Boeing 737 freighter enters service with Atran Cargo Airlines.

Frankfurt, Germany

Fraport Cargo Services, the largest handling company at Frankfurt Airport, recognised AirBridgeCargo Airlines as one of the best air cargo carriers at the airport for the fourth year in a row.

June

Le Bourget, France

Volga-Dnepr Group signed an agreement with Rockwell Collins, a leading global provider of avionics and information systems, on cooperation in the An-124-100 Ruslan modernisation project.

Volga-Dnepr Group, international logistics operator SDV and Thales Alenia Space, a leading manufacturer of systems for the space industry, renewed their cooperation agreement for the transportation of aerospace equipment until 2016.

April

Leipzig-Halle, Germany

Volga-Dnepr Technics GmbH opened a wheels and brakes repair shop within its aircraft MRO hangar complex at Leipzig-Halle Airport.

Sharjah, the United Arab Emirates

Volga-Dnepr Gulf commenced operations in a new 22,000 sq. m. aircraft MRO hangar complex in Sharjah (UAE). The facility is able to provide maintenance simultaneously for six narrow-body aircraft or two wide-body aircraft, such as Boeing 747 and An-124-100.

Moscow, Russia

Volga-Dnepr Group companies are awarded prizes in two categories in the annual 'Wings of Russia' air transport industry awards. Volga-Dnepr Group won the 'Business project in civil aviation of Russia' category, while Volga-Dnepr Airlines won the award for 'Airline of the Year – air cargo carrier on domestic and international routes' for the seventh consecutive time.

May



Ulyanovsk, Russia

Volga-Dnepr Airlines received certification from the International Air Transport Association (IATA), confirming its compliance with all IOSA operational and safety requirements for the fourth time.

Moscow, Russia

Volga-Dnepr was voted a runner-up medalist in the 'High-Efficiency Russia-Based Organisation Federal Contest in the nomination category for 'Healthy Way of Life at Industrial Organisations.

July



Nagoya, Japan

Volga-Dnepr Airlines delivered two 28m long Boeing 787 Dreamliner wings from Nagoya (Japan) to Boeing's final assembly plant in Everett (USA).

2014

September



Seattle, USA

AirBridgeCargo Airlines takes delivery of its fourth new Boeing 747-8F aircraft.

October



Moscow, Sheremetyevo, Russia

Volga-Dnepr Technics Moscow starts to providing aircraft maintenance for Aeroflot-Russian Airlines at Moscow Sheremetyevo Airport. The contract for line technical maintenance of Boeing 737NG (Next Generation) aircraft also includes support of Aeroflot aircraft during flights and other events provided by Volga-Dnepr Technics Moscow qualified experts.

November



Milan, Italy

Frequency of AirBridgeCargo flights from Milan to Moscow increased to five per week.

Paris, France

Frequency of AirBridgeCargo flights from Paris to Moscow increased to three per week.

February



Shanghai, China

As part of the Ruslan International Ltd. joint venture, Volga Dnepr Airlines transported lift equipment for the reconstruction of the national airport of Belarus from Shanghai (China) to Minsk.

Leipzig-Halle, Germany

The Ruslan SALIS GmbH joint venture passed a verification re-audit for compliance of its quality management system to ISO 9001:2008 standards.

March



Dallas, USA

AirBridgeCargo Airlines launches a new route connecting Dallas/Fort Worth-Amsterdam Schiphol-Moscow Sheremetyevo. The route is served by the airline's newest Boeing 747-8 Freighter twice a week on Mondays and Thursdays.

April



Leipzig, Germany

AirBridgeCargo Airlines expands its network with a new weekly flight every Tuesday from Leipzig to Moscow.

Malmö, Sweden

AirBridgeCargo Airlines launches a new flight from Malmö to Moscow. The flight from Malmö to Sheremetyevo Airport is operated every Friday and complements the existing services offered on the route by Atran Cargo Airlines' Boeing 737F operation.

December

Moscow, Russia

AirBridgeCargo Airlines successfully passes the IATA Operational Safety Audit (IOSA). The certificate and IOSA operator status are valid until November 2015.



Moscow, Russia

AirBridgeCargo Airlines puts its fifth Boeing 747-8F aircraft into operation.

Leipzig-Halle, Germany

Volga-Dnepr Technics GmbH signed a contract with Swiss carrier Darwin Airline for aircraft maintenance at Leipzig-Halle Airport.

April

Frankfurt, Germany

AirBridgeCargo Airlines commences direct flights from Frankfurt to Chicago, providing European customers with direct access to the North American market.

Moscow, Russia

AirBridgeCargo Airlines celebrates its 10th anniversary. The airline's first Boeing 747 flight was performed from Moscow to Beijing on April 23, 2004.

May

Munich, Germany

Munich to Moscow becomes AirBridgeCargo Airlines' latest route, operated every Friday. The service to Sheremetyevo International Airport complements Atran Cargo Airlines' existing weekly flights on the route.

June



Shanghai, China

AirBridgeCargo Airlines wins the 'Best Cargo Airline' award at the 28th Asian Freight and Supply Chain Awards (AFSCA), established by the authoritative industry media Cargonews Asia.



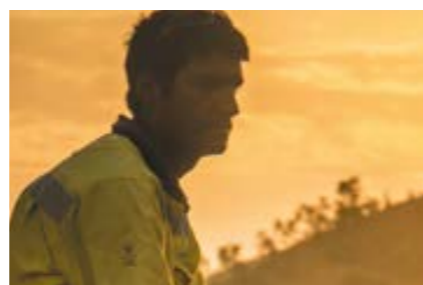
Industrial gas equipment transportation project in Papua New Guinea

This project represented arguably the most challenging logistical task in the history of Volga-Dnepr Group. The company was involved in the project from the airport construction phase in Papua New Guinea to the completion of an intensive flying programme.

Over the five-year period of the project, the Volga-Dnepr team performed an enormous scope of preparatory works. The key element of the project was the construction of the new Komo airfield in the Southern Highlands of Papua New Guinea capable of accepting An-124-100 aircraft. Volga-Dnepr's specialists provided advice on the optimal location for the runway and its technical characteristics. Today, the runway is the biggest in the country at 3,200 metres in length and 45 metres wide.

The major part of transported equipment consisted of single cargo components with an average weight of some 60 tons. Volga-Dnepr's team used their expertise to guarantee exceptional precision and accuracy during the loading and unloading of each cargo unit. A series of measures were carried out to minimise the weight of the empty An-124-100 freighter in order to take full advantage of the aircraft's cargo compartment capacity.

Volga-Dnepr designed and manufactured



bespoke loading equipment for the project and leased a special trailer to eliminate the need for a crane to unload the cargo, reducing the time required for the loading and unloading operation.

Aircraft maintenance was also conducted at the airport in Port Moresby during the project to optimise the efficiency of the An-124 operations.

The project involved more than 80 employees of the company, including 28 pilots, 32 technicians and more than 20 office and management staff. Volga-Dnepr representatives spent more than 100 days in Papua New Guinea to ensure the success of the project.



103 days

6,000 tons of cargo

88 flights from Port Moresby Airport



A series of cargo operations for the Olympic Games in Sochi

Volga-Dnepr Group was an important transport provider supporting the XXII Winter Olympic Games in the Russian city of Sochi, first becoming involved in the initial bid process in 2007. Overall, Volga-Dnepr aircraft performed nearly 50 flights and delivered more than 1,800 tons of cargo.

In 2013-2014, Volga-Dnepr Group companies delivered more than 1,800 tons of cargo to Sochi. By the beginning of 2014 Volga-Dnepr Group aircraft had performed 47 cargo operations to the capital of the Winter Olympics 2014. The company's participation in the successful preparations for the Games culminated in the Olympic flame being flown over the city of Ulyanovsk onboard one of the Group's An-124-100 freighters in December 2013.

Volga Dnepr Group first became involved in the 'Sochi-2014' project in 2007. The airline transported a large ice rink and all of its equipment to Guatemala for the final round of presentations by potential host cities. The ice rink was a centrepiece to Sochi's presence in Guatemala.

In 2009, Volga-Dnepr Group transported 94 tons of tunnel drilling equipment required for construction of transport infrastructure in Sochi. In 2011, Volga-Dnepr delivered telecommunications equipment for test broadcasts of mountain skiing competitions, and in 2013 the airline carried power plant transformers and several mobile gas turbines to Sochi to provide a back-up source of electricity during the Olympic Games in 2014.



47 charter flights
1,800 tons of cargo





Transportation of Boeing 787 Dreamliner wings

Volga-Dnepr Group transported Boeing 787 Dreamliner wing sections on a “turnkey” basis from Nagoya (Japan) to Seattle (USA).

In 2013, Volga-Dnepr An-124 freighter aircraft transported Boeing 787-9 Dreamliner wing sections measuring 28 metres in length from Mitsubishi Heavy Industries’ manufacturing site in Japan to Boeing Corporation’s final assembly plant in Everett, USA. To perform these unique transportations an international team of experts from Russia (Volga-Dnepr Airlines), the U.S. (Boeing Corporation, Volga-Dnepr Unique Air Cargo), Germany (Broetje Automation GmbH), Japan (Mitsubishi Heavy Industries) and England (Engineering and Logistics Centre, Volga-Dnepr UK) created a unique tackle system and handling equipment for loading/unloading of the wings.



Bespoke engineering solutions and the extensive use of digital technologies, combined with the unique capabilities of the An-124-100 Ruslan and the professional work of all the companies involved in the project, ensured this high-tech and high value cargo was transported safely and on-time.

28 metres – length of the Dreamliner wing section carried onboard Volga-Dnepr’s An-124 freighter.





Super-heavy, single cargo piece transportation

In December 2008, Volga-Dnepr Airlines delivered a rotor wheel for the Kambaratinsk HPP-2 hydroelectric power plant onboard one of its An-124-100 freighters from St. Petersburg to Bishkek.

In order to perform the transportation, Volga-Dnepr's experts developed a new technology that involved placing a single piece of super-heavy cargo – weighing 98 tons and measuring 6.25 metres in diameter and 3.5 meters in height – into the freight compartment of the aircraft. The turbine wheel, fixed into a construction frame, was placed into the An-124's cargo hold using four cranes and a rail-track system. Loading and unloading required the greatest precision as the gap between the loading tackle and the cabin floor was only 30 mm.

The development of the unique loading construction was completed over two months with the participation of Ulyanovsk-based enterprises.



The application of the new technology allowed Volga-Dnepr's experts to allocate the load evenly on the cargo compartment floor of the aircraft and to ensure maximum stability of the cargo throughout the transportation. This technology is cross functional and can be used for transporting other cargoes.

132 tons – cargo weight with tackle





Humanitarian operations

One of Volga-Dnepr Airlines' most important activities is the delivery of humanitarian aid supplies and equipment on behalf of international organisations such as the United Nations and the Red Cross. Since 1992, the company has delivered urgently-needed aid supplies to eliminate the effects of disasters all over the world.

The unique operating capability of Volga-Dnepr Group's aircraft fleet enables the company to perform the most complex projects for the delivery of large and oversized cargo worldwide. Therefore, its fleet is regularly used to support humanitarian aid missions as part of the recovery process.

In 2010-2013, Volga-Dnepr delivered humanitarian assistance and equipment to help victims of the earthquake in Haiti, floods in Pakistan, the largest oil spill in the Gulf of Mexico, the earthquake in Turkey, and provided support to the Philippines under assistance programme launched after devastating natural disasters occurred in the country.



In 2011, Volga-Dnepr donated the services of one of its An-124 aircraft to deliver a mobile ophthalmic clinic to Japan to help victims in the aftermath of the devastating earthquake and tsunami.

In total, within the framework of these humanitarian programmes, between 2010-2013 Volga-Dnepr performed 44 flights using its An-124-100 aircraft and 58 operations with its IL-76TD-90VD freighters, transporting 4,000 tons of humanitarian aid and relief cargoes.



> 80 humanitarian flights performed since 2010

> 2,500 tons of humanitarian cargo carried since 2010



Volga-Dnepr global cargo supermarket

How do you transport a huge turbine rotor to another continent thousands of miles away in the most cost efficient and timely manner?

In order to solve such difficult logistics tasks, the Volga-Dnepr Group of companies has developed the concept of the global cargo supermarket, providing customers with complex cost-effective logistics services, include everything needed to achieve on-time door-to-door deliveries of even the most complex cargoes.

Engineering and Logistics Centre

The core element of the global cargo supermarket, Volga-Dnepr's Engineering and Logistics Centre coordinates the actions of the Group's companies and engaged resources to provide comprehensive delivery services. The Engineering and Logistics Centre works on a 24/7/365 basis. Its control points are three main Volga-Dnepr offices in Russia, the UK and the U.S. A specially appointed expert is responsible for each cargo delivery at all stages of the integrated logistics solution. The expert works in close cooperation with the customer, providing regular advice and updates on the transportation process.

Cargo Supermarket Services

- Charter and scheduled cargo services onboard An-124-100, IL-76TD-90VD, Boeing 747 and Boeing 737 aircraft;
- Implementation of multimodal transportation schemes involving road, rail and water transport all over the world;
- Technical expertise, consultations on possible methods of delivery, recommendations on packaging and transportation, beginning with any step of the cargo's "life cycle", including its design and production;
- Development and production of special shipping units for a specific project;
- Planning the optimal route from manufacturing plant to the final destination;
- Providing ground equipment at airports for loading/unloading, ground cargo transportation to/from the airport, including the procurement of all necessary permits;
- Provision of bespoke loading/unloading equipment;
- Assistance in customs registration, insurance and warehousing of cargo;
- Utilising smaller cargo aircraft where possible to maximise the cost efficiency of the transportation project.

24 years

of experience in air cargo operations



Cross-functional complementary aircraft fleet



Broad network of destinations and representatives



In-house truck fleet



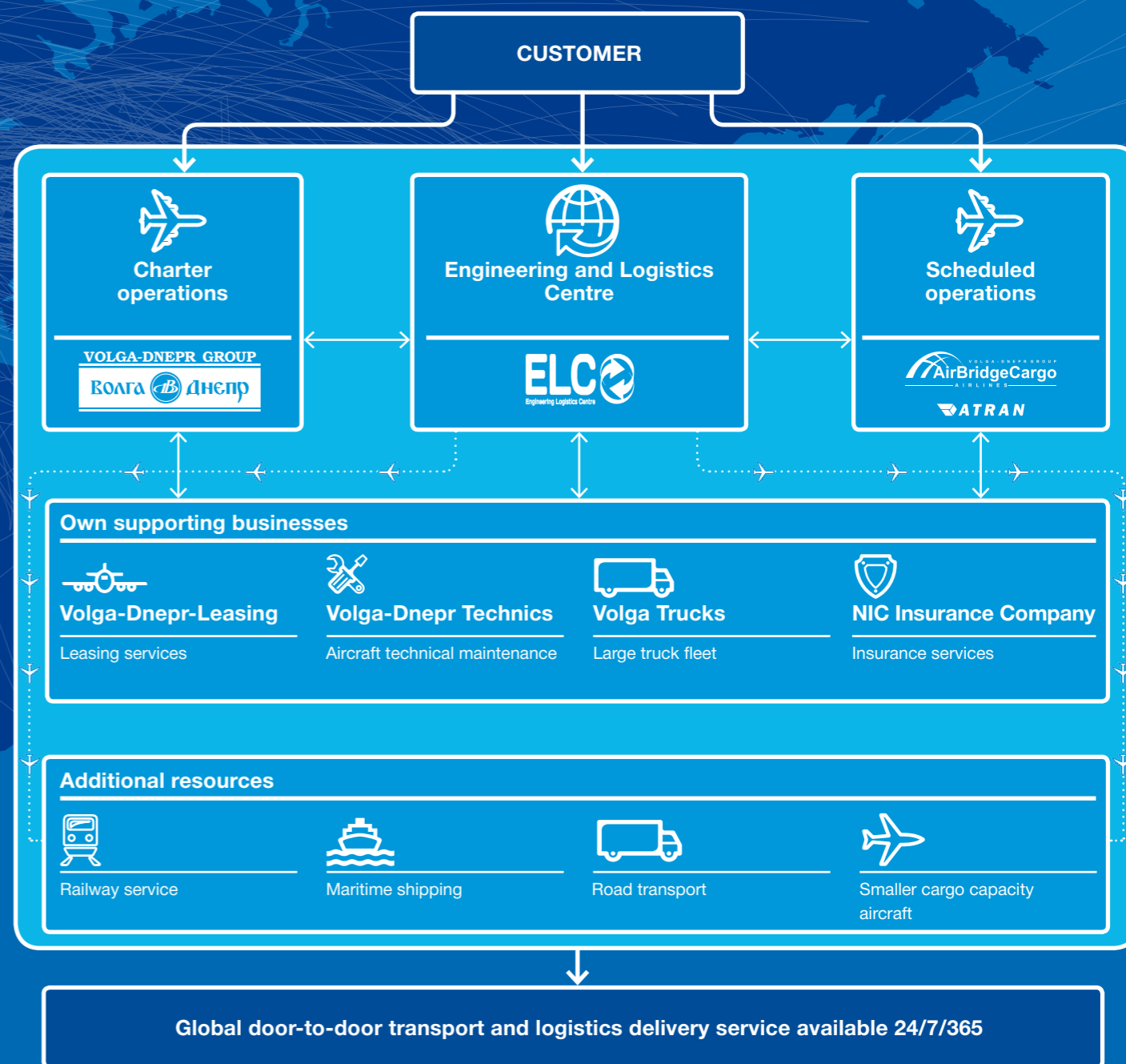
In-house insurance operator



Unparalleled technical solutions for transportation of unique cargo

The main components of the Volga-Dnepr global cargo supermarket:

- > the best industry professionals
- > the best cargo aircraft
- > a customer-oriented flexible business model
- > a mission and a strong corporate culture based on our values and ambitions



Charter cargo operations



One of the key Volga-Dnepr activities is charter cargo operations, performed onboard An-124-100 Ruslan and IL-76TD-90VD transport aircraft.

Over the years, Volga-Dnepr has maintained a leading position in the world's air transportation market for outsize and extra-heavy cargoes.

The company's customers include the largest industrial, transport and logistics companies. Volga-Dnepr Airlines also regularly participates in international humanitarian and logistics operations.

Partners



Charter operations sales in 2013

724.1
mn USD

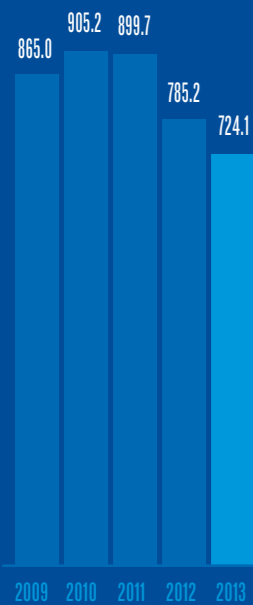
Cargo turnover in 2013

268.0
thou t/km

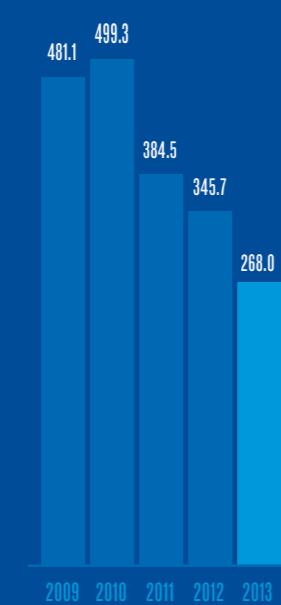
Cargo carried in 2013

53.9
thou t

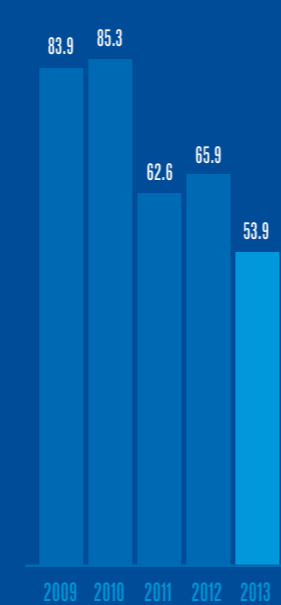
Charter operations, mn USD



Cargo turnover, thou t/km



Cargo carried, thou t



Charter operations geography*

*since the establishment of the Company




>60,000
tons of cargo annually



Flights to more than
80
countries in the world

Unique fleet of heavy cargo aircraft



10	5
10 An-124-100 Ruslan	5 IL-76TD-90VD



IATA IOSA certificate



Member of the International Air Transport Association (IATA)



Member of The International Air Cargo Association (TIACA)

Each **4th** satellite in the world is delivered onboard Volga-Dnepr aircraft (a total of 450 satellites carried over the last 20 years)

Charter operations

In 2012-2013, Volga-Dnepr Airlines continued to develop charter cargo operations.

Antonov An-124-100

Volga-Dnepr is the world's largest operator of An-124-100 freighter aircraft. In 2012, Volga-Dnepr Airlines transported 65,929.2 tons of cargo onboard charter flights, with cargo turnover totaling 345,700.2 thousand ton-kilometres. The company's share of the Russian freight transport market amounted to approximately 7% in terms of traffic and cargo turnover. In 2013, the development of the charter cargo operations market was significantly affected by the global economic crisis. The global market for cargo operations onboard An-124-100 aircraft in 2013 amounted to USD 807.2 million, representing a 17% decrease over the previous year. In 2013 the company was able to maintain its dominant position with an overall market share of 52.2% or USD 421.2 million.

An-124-100 Ruslan

8,321
flight hours



99%
flight punctuality rate



In 2013, Volga-Dnepr Airlines successfully passed an audit for compliance with the requirements of the European Union's Emissions Trading System (EU ETS) for greenhouse gas emissions.

Ilyushin Il-76

Volga-Dnepr Airlines operates a fleet of five modernised IL-76TD-90VD freighter aircraft which comply with the Chapter IV of the International Civil Aviation Organisation (ICAO) requirements on noise. With a reduction in the ageing fleet of IL-76 aircraft, as well as the introduction of a final ban on flights in Europe by old versions of the IL-76 aircraft which do not comply with ICAO's strict requirements, an increase in traffic onboard the new generation IL-76TD-90VD is expected over the next 3-4 years.

The total market for freight services with IL-76-type aircraft in 2013 was estimated at 51,671 flight hours. Volga-Dnepr

Airlines' share of cargo operations on the IL-76 market in 2013 amounted to 9% or 4,415 flight hours. Sales of cargo transport services using the new IL-76TD-90VD increased by 19% to USD 86.3 million compared to 2012, while the same number of aircraft in the fleet was maintained.

The sales growth was achieved by the inclusion of IL-76TD-90VD aircraft in the SALIS programme in 2013, performing transport services for customers in the oil and gas industry, performing flights for humanitarian missions and a sheer increase in the amount of flight operations.

IL-76TD-90VD

4,415
flight hours



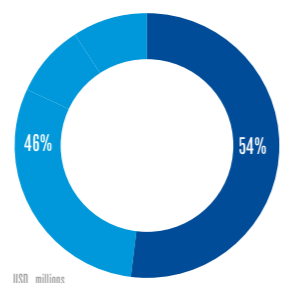
98%
flight punctuality rate



52.2%

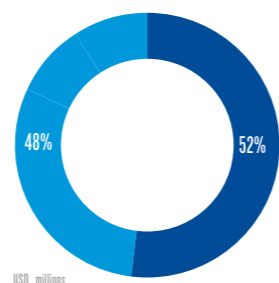
Company's share of the world market for An-124-100 aircraft charter operations in 2013

Market structure of charter cargo operations performed onboard An-124-100 aircraft in 2012



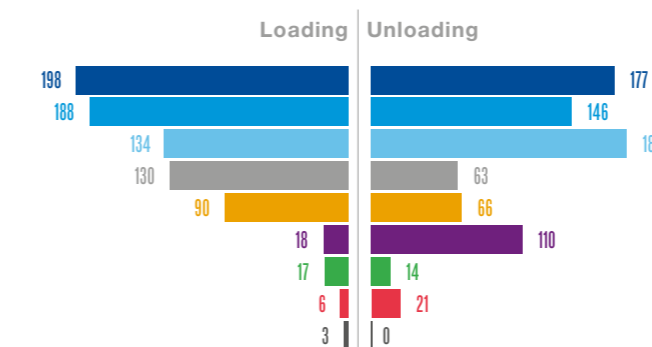
USD, millions
520.9 Volga-Dnepr Airlines
446.5 Other airlines

Market structure of charter cargo operations performed onboard An-124-100 aircraft in 2013



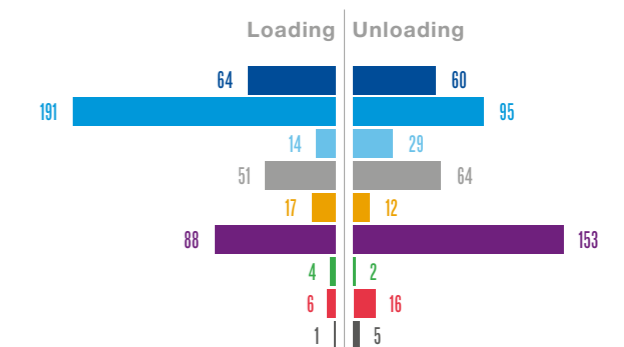
USD, millions
421.2 Volga-Dnepr Airlines
386.1 Other airlines

Number of flights onboard An-124-100 aircraft by region of loading/unloading in 2013



Legend: Middle East, Europe, India, Far East and Pacific basin, Russia and CIS, North America, Africa, China, Latin America, Australia

Number of flights onboard IL-76TD-90VD aircraft by region of loading/unloading in 2013



The most significant increase in sales was achieved from the provision of services to customers in the oil and gas industry.

+78%

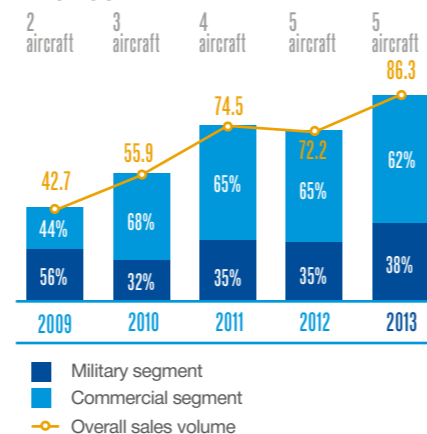
The most significant of these services was the Group's successful participation in ExxonMobil's international project to build a gas production and processing plant in Papua New Guinea.

Customers

Along with Ruslan SALIS, Volga-Dnepr Airlines' main customers in 2013 included leading companies such as CBI Clough JV PTE Ltd., Rosoboronexport, Atlas Air, SDV Group, Boeing Commercial Airplanes, ExxonMobil, Chapman Freeborn, Maximus Air, TVEL, Space Systems/Loral and African Minerals.

The successful implementation of the Group's Code of Business Ethics and the company's development as a socially important business, alongside its extensive experience and expertise in aviation logistics, allowed the company to participate in a number of major international tenders. As a result, the company signed agreements with such companies as GE, Siemens, and SDV/Thales.

Sales dynamics of air charters onboard IL-76TD-90VD, million USD



Industries

The most significant sales growth (78%) was achieved in the oil and gas industry due to the successful implementation of the ExxonMobil's international project to build a gas processing plant in Papua New Guinea, which involved 88 flights and the transportation of more than 6,000 tons of cargo.

In the aerospace industry, in cooperation with Boeing Corporation, Broetje Automation GmbH (Germany) and Mitsubishi Heavy Industries (Japan), Volga-Dnepr Airlines performed a unique operation – the transportation of Boeing 787-9 Dreamliner wings from Nagoya (Japan) to Boeing's final assembly plant in Everett (USA).

In 2012, a new four-storey air traffic control centre with a total area of 3,760.9 sq. m. and a unique IT architecture was

commissioned. The centre possesses one of the best operating rooms in Russia, from which the Group's freight operations are managed. The centre includes a training hall equipped with Russia's only An-124-100 flight simulator with a motion system.

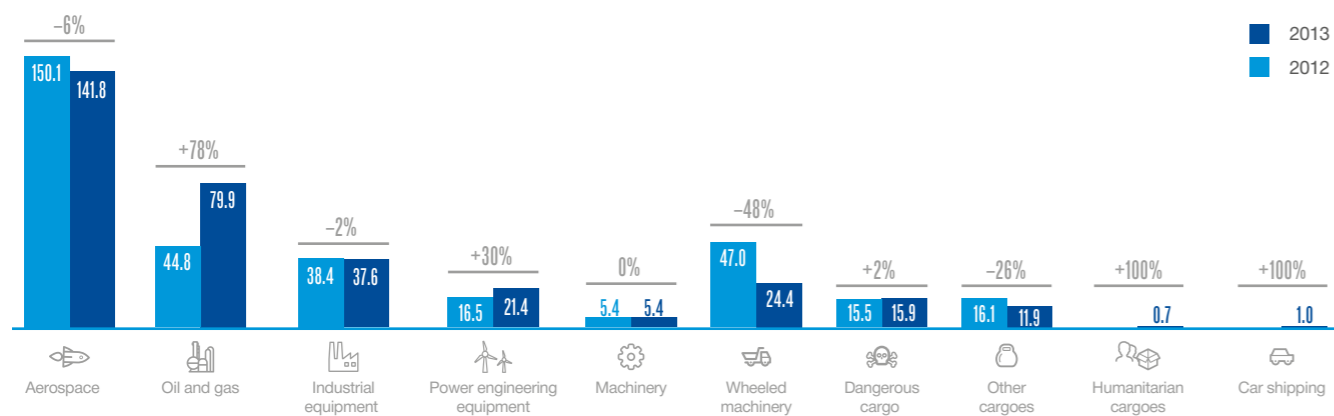
Volga-Dnepr's Engineering & Logistics Centre (ELC) continues to play an increasingly significant role in the Group's service offering to customers, providing integrated solutions and end-to-end project management for transportation of the most complex oversized cargoes. Through close interaction with customers and the implementation of ELC's extended portfolio of services, the volume of direct sales in the total charter flight segment increased by 14% in 2013.

With fleet unchanged in 2013, sales increased by

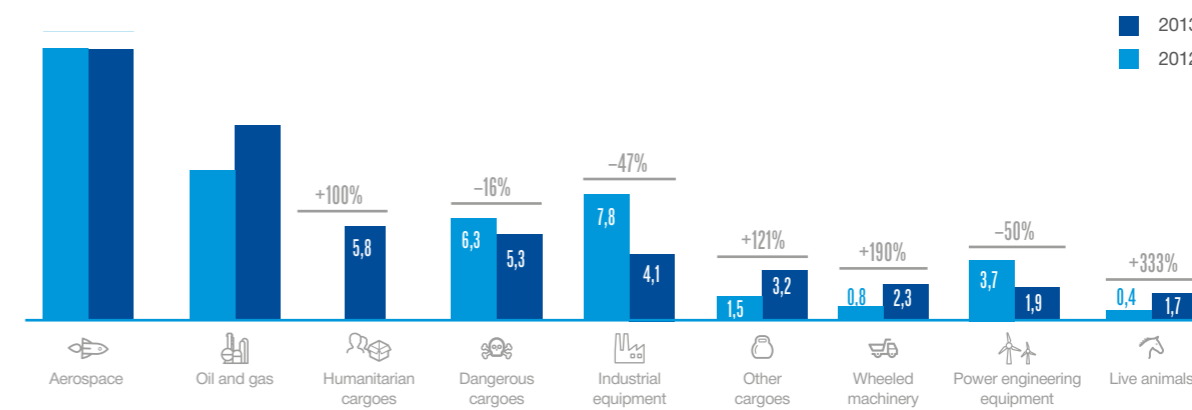
19%



Sales dynamics of air charters onboard An-124-100 in the commercial market segment by industry in 2012-2013, million USD



Sales dynamics of IL-76 air cargo charter services in the commercial market segment by industry in 2012-2013, million USD



Antonov An-124-100 Ruslan modernisation project

Volga-Dnepr Group is committed to the long-term future of the unique An-124-100 aircraft it operates.

The key elements of the strategy for An-124-100 aircraft fleet modernisation are the requirements for reliability and efficiency of the upgraded aircraft, which will be able to carry out cargo operations for customers with the same efficiency and lower costs until 2040.

With the help of advanced domestic and international technologies, An-124-100 aircraft will be improved in several stages in order to meet the requirements of leading member countries of the International Civil Aviation Organisation (ICAO) in terms of noise, emissions of harmful substances, navigation accuracy and radio communication.

International cooperation involving component suppliers and engineering services will contribute to the upgrading of the aircraft in compliance with the strict requirements of the European Aviation Safety Agency (EASA).

The programme for development of a modified D-18T-3M engine to replace the existing D-18T-3 model is being funded.

In order to substantially reduce the paid-for time of an An-124-100 on the ground, sophisticated loading/unloading systems have been designed.

150 tons

The cargo capacity of the new An-124-150 modification is 30 tons higher than the maximum payload of the An-124-100

4 people

The crew of the modernised An-124 is reduced from 6 to 4 people

60 people

The team of Volga-Dnepr Group experts engaged in the An-124 modernisation project already consists of 60 people



Scheduled cargo operations



AirBridgeCargo Airlines, part of the Volga-Dnepr Group of companies, performs scheduled cargo services and operates a modern fleet of Boeing 747 cargo aircraft.

The airline's customers include many of the world's largest logistics and industrial companies, including Schenker, Panalpina, DHL, Inditex, Dachser, TNT and others.

AirBridgeCargo was one of the first operators of Boeing 747-8F aircraft and the company's fleet today includes six 747-8F freighters.



In the market for smaller cargo load capacity aircraft, Volga-Dnepr Group operates Atran Cargo Airlines, which became part of the Group in 2011. Atran's main customers include UPS, TNT and the Central Bank of the Russian Federation. The airline operates small capacity An-12 and Boeing 737-400F aircraft.



> 346,256

tons of cargo transported in 2013

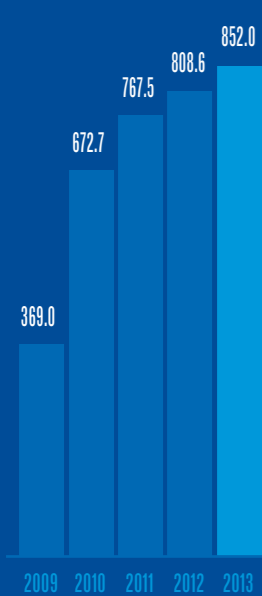
6,885

flights in 2013

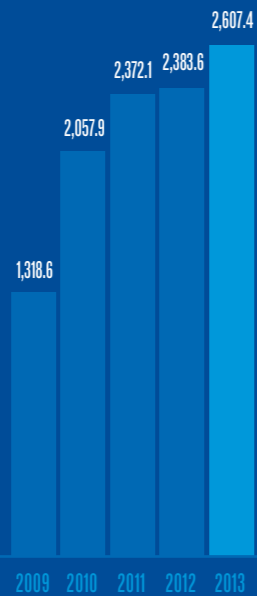
38,000

total flight hours logged in 2013

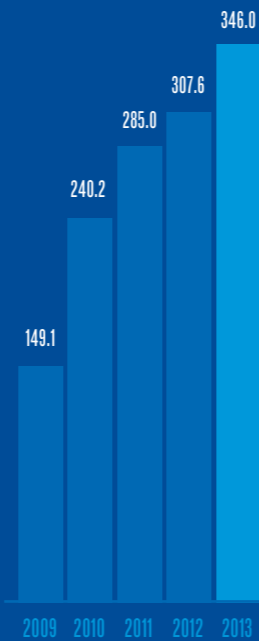
Sales volume, million USD



Cargo turnover, million t/km



Cargo carried, thou tons



Scheduled operations network



99.2%

Atran Cargo Airlines
punctuality rate



AirBridgeCargo
is a member of
IATA
Cargo 2000
TAPA
Cool Chain Association



< 5 years
average fleet age



Route network covers
23
destinations
in 11 countries



13
Boeing 747
cargo aircraft



75%
DAP quality rate
(Delivered As Promised)



72%
average load factor
+1.7 percentage points

AirBridgeCargo scheduled operations
route network

Atran scheduled operations
route network

AirBridgeCargo Airlines

In 2014, AirBridgeCargo Airlines celebrates its 10-year anniversary in the international scheduled cargo transportation market. The implementation of its development strategy has resulted in consecutive year-on-year growth of AirBridgeCargo's operational activity above the industry average.

Best All-Cargo Airline 2014, Asian Freight and Supply Chain Awards 2014

854 employees in 8 countries

2.6 billion ton-kilometers cargo turnover +14%

346,000 tons of cargo transported

In 2012, AirBridgeCargo transported 304,378 tons of cargo, 7% more than in 2011. Cargo turnover for the year exceeded 2,378,731,000 ton-kilometres.

In 2013, the airline performed 6,885 scheduled cargo flights and transported 346,256 tons of cargo, surpassing the 2012 result by a further 5%. Its average load factor of 72% in 2013 represented a 1.7% gain over 2012 and surpasses an industry average load factor of 45.3%.

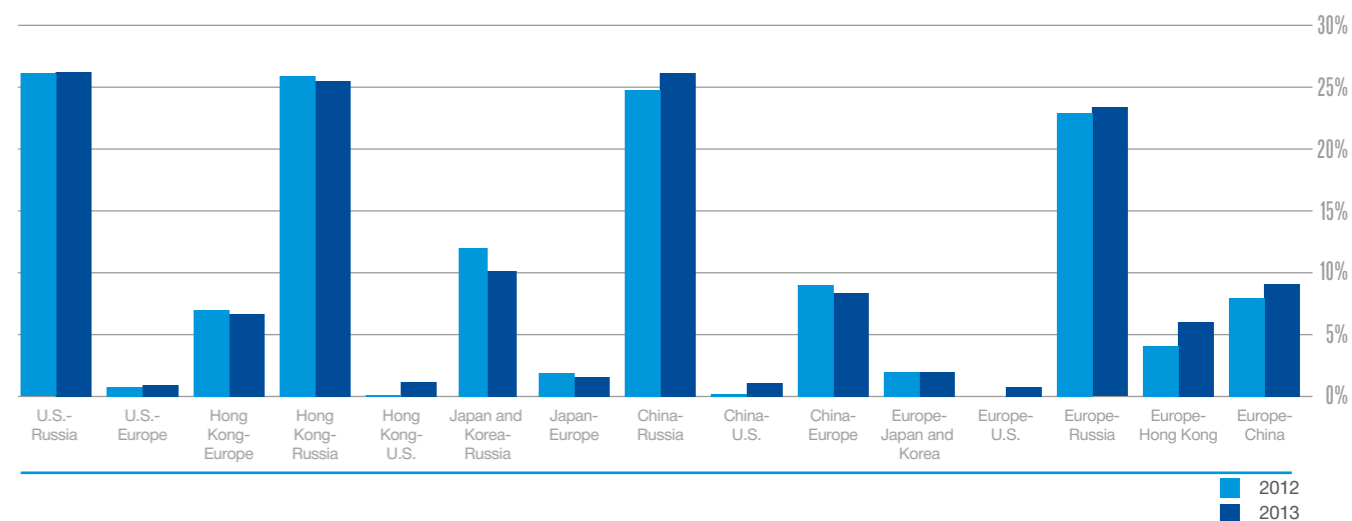
In 2012-2013, AirBridgeCargo improved its performance in all major markets.

In 2012, cargo volume on export flights from Russia increased by 9% to 2,982 tons while imports rose 9% to 69,814 tons. In 2013, cargo tonnage transported on Southeast Asia, Europe and North America routes increased by 3%, 4% and 8% respectively. The largest increase was generated by Russian operations. In 2013, AirBridgeCargo transported 87,679 tons of import cargo to Russia.

One of AirBridgeCargo's strongest competitive advantages is its young fleet of modern aircraft which currently includes 12 Boeing 747: four Boeing 747-400ERF, three Boeing 737-400F and five Boeing 747-8F aircraft. The average age of AirBridgeCargo's fleet is less than five years.

In 2012-2013, the company continued its fleet optimisation and expansion strategy. In 2013, AirBridgeCargo introduced two next generation Boeing 747-8F freighter aircraft into its global route network. The Boeing 747-8F's payload capacity is 16% higher than the capacity of its predecessor. The new Boeing 747-8F strictly complies with environmental laws, including reduced noise levels and a 16% reduction in carbon dioxide emissions. NOx emissions do not exceed 52% of the maximum allowed by ICAO's Committee on Aviation Environmental Protection.

AirBridgeCargo's market share of key destinations, percentage, 2012-2013



AirBridgeCargo's route network connects 23 major cities in 11 countries across the world, serving the busiest international cargo channels between Asia, Europe and the U.S. via Russia. In 2012, AirBridgeCargo performed its first flight across the Arctic flying from Chicago to Krasnoyarsk, therefore opening access to the major Russia-U.S. transit market, and making it a pioneer among Russian companies.

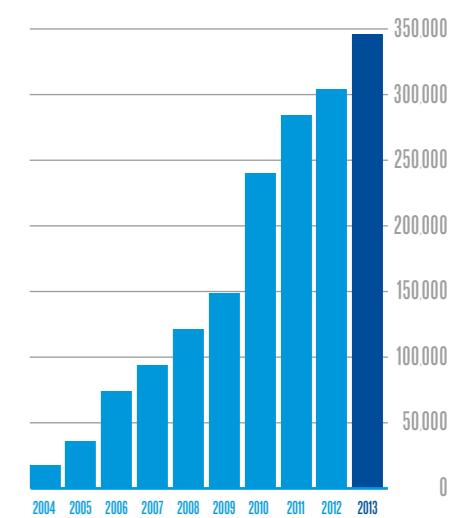
The hub model adopted by AirBridgeCargo at Moscow Sheremetyevo Airport allows the airline to offer customers increased frequencies of available flights and connections, together with the ability to make rapid cargo deliveries to any point in AirBridgeCargo's route network within 48 hours, including the time spent on ground operations. This option has been widely recognised and used by AirBridgeCargo customers across the globe.

AirBridgeCargo is constantly working on improving the quality of its services for customers and the reliability of its operational performance has enabled it to achieve 82% punctuality and 75% DAP

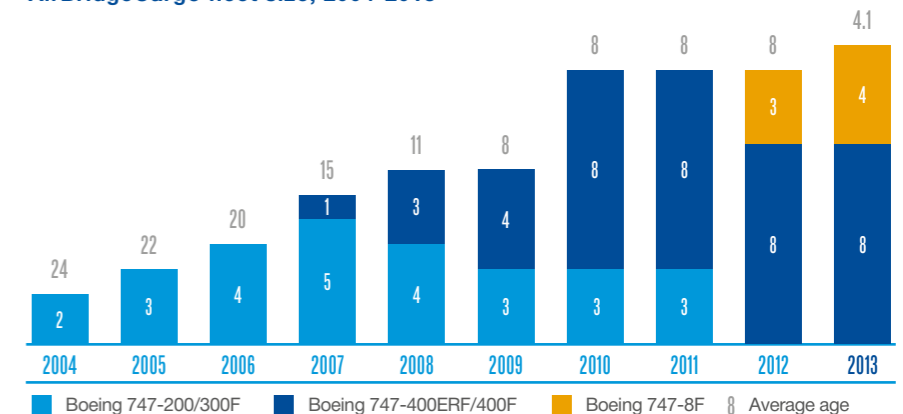
(Delivered As Promised). In late 2013, the airline also confirmed the compliance of its operations with IATA standards by renewing its IOSA (IATA Operational Safety Audit) certification.

Following international safety, security and quality standards (Cargo 2000, TAPA, Cool Chain Association) and ensuring an individual approach to the requirements of every customer has enabled AirBridgeCargo to establish mutually beneficial long-term partnerships with its customers. In 2013, the airline's efforts to succeed in key areas of development, satisfy demands of its customers and increase the quality of its services resulted in a 6% increase in AirBridgeCargo's business volume from its top 10 customers.

Cargo transported, tons



AirBridgeCargo fleet size, 2004-2013





Atran Cargo Airlines

All-cargo carrier Atran Cargo Airlines became a part of Volga-Dnepr Group in June 2011. Atran performs cargo flights with smaller capacity Antonov An-12 and Boeing 737-400F aircraft for express integrators both in the Russian domestic and international markets as well as charter flights for major Russian clients.

99.2%
punctuality

Atran is the only operator of Boeing 737-400F transport aircraft in Russia. In 2012, the airline's fleet was expanded with the addition of two Boeing 737-400s. In 2013, the Atran fleet consisted of three An-12 and two Boeing 737-400 cargo aircraft.

In 2013, Atran completed the modernisation of its Boeing 737-400SFs, equipping the aircraft with a new and improved Traffic Collision Avoidance System, TCAS.

Atran's sales received a significant boost, gaining 25.2% to \$19,336,000 in 2013 compared to \$15,049,000 in 2012.

In 2012, the airline performed 387 flights. Of this total, 289 flights were operated by its An-12 freighters and 98 flights were completed by its Boeing 737s.

Putting another Boeing 737 into operation allowed the airline to perform 435 flights in 2013, achieving a 12.4% increase over 2012's result. A reduction in An-12 flights (150) was significantly

compensated for by the growth in flights performed by the airline's Boeing 737s (285).

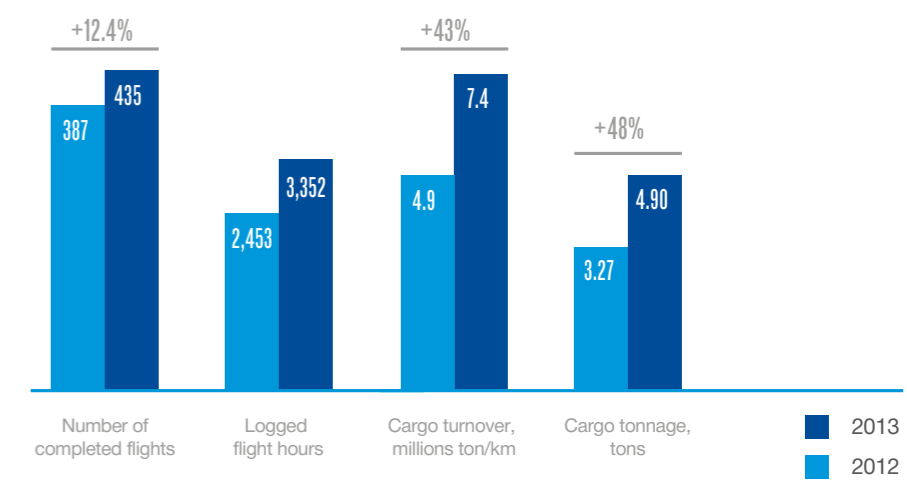
Today, Atran's route network includes Malmo in Sweden, Liege in Belgium and Cologne and Munich in Germany.

In Russia, the airline operates from Vnukovo and Sheremetyevo airports in Moscow. Logged flight hours for the Atran fleet continued to increase in 2012 and 2013, totaling 2,453 hours in 2012 and 3,352 hours in 2013. The combined number of logged flight hours in 2012-2013 increased by 15%.

In 2013, Atran saw its flown cargo tonnage increase by 48% to 4,900 tons compared to the 3,270 tons transported in 2012.

Over its 19 years of operations, Atran has consistently demonstrated the highest level of punctuality which has enabled the company to build mutually beneficial long-term partnerships with the world's leading express integrators. In 2012-2013, Atran's punctuality rate was 99.2%.

Atran Airlines' customers include the world's largest courier company United Parcel Service Inc. (UPS), TNT Express N.V. (TNT), Avial DV in the Russian Far East, and the Central Bank of Russia in the European part of Russia.



Supporting businesses

Supporting businesses secure the reliable and uninterrupted operating activity of Volga-Dnepr Group companies.

Volga-Dnepr Group's subsidiary Volga-Dnepr Technics has developed a network of aircraft Maintenance, Repair & Overhaul (MRO) centres to serve the Group's aircraft fleet as well as the aircraft of other airlines.

Established in 1997 as a branch of Volga-Dnepr, Volga-Trucks focuses on road cargo transportation, enabling Volga-Dnepr to offer its customers an option for direct delivery of their cargo to its final destination.

Volga-Dnepr-Leasing implemented the project for profound modernisation of the IL-76TD to the

new generation IL-76TD-90VD version, which complies with ICAO noise and engine emissions regulations.

The NIC insurance company secures reliable insurance protection of Volga-Dnepr Group aircraft and also provides its insurance services to the Group's employees under its NIC-Life business.

Since 2004, Volga-Dnepr Group has operated its own modern Aviation Training Centre where air crews, engineers and technicians of the Group and other Russian and international airlines hone their skills.




MRO centres in
9 airports in Eastern and Central Europe and the Middle East

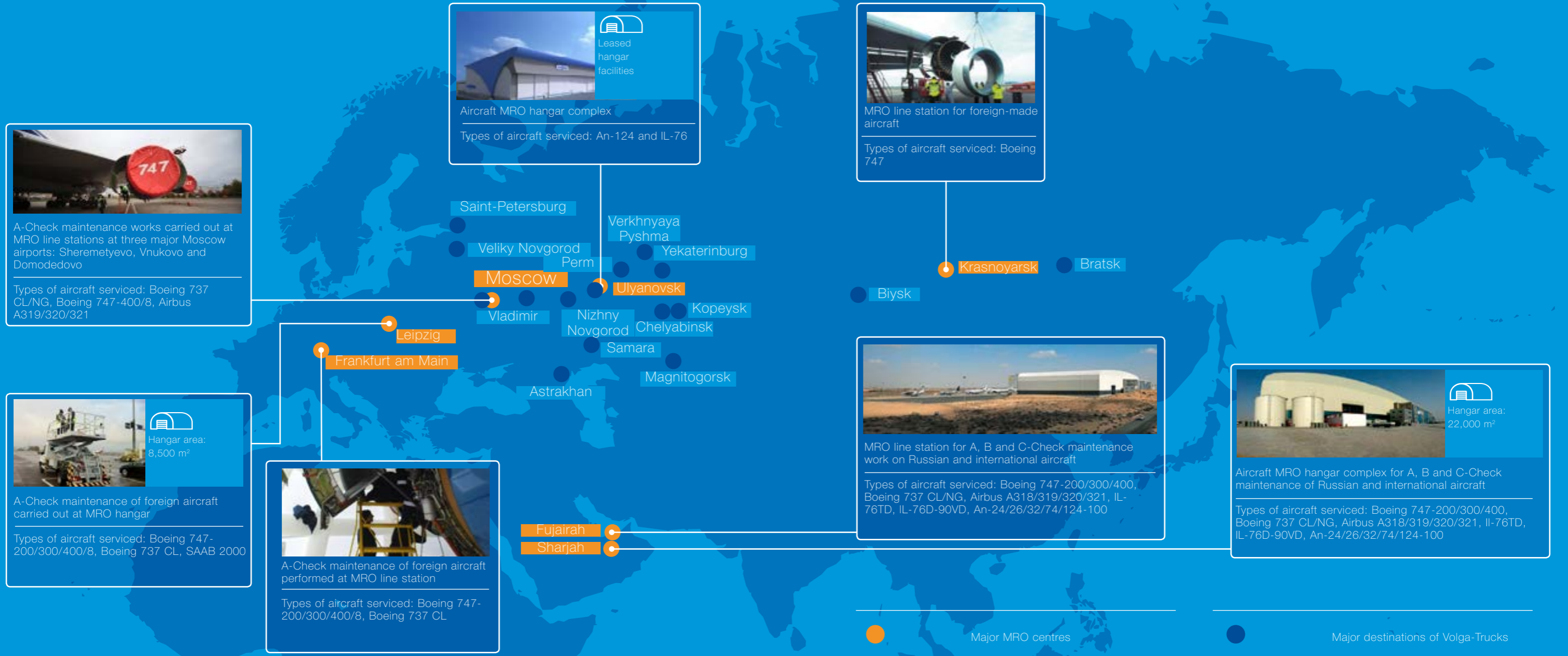

Fleet expansion and modernisation:
Volga-Dnepr-Leasing


Road transport logistics:
Volga-Trucks


Aviation Training Centre


Insurance services:
NIC and NIC-Life


Supporting businesses



As of 30.06.2014


**EASA Part-145
Certification**


MRO Centre in
9 airports in Eastern and Central Europe and the Middle East


>40,000 m²
of production facilities


In 2013, new hangar complexes were launched in Leipzig, Germany, and Sharjah, UAE


MRO services for Antonov, Ilyushin, Boeing and Airbus aircraft

MRO services



Air Transport Observer Award for MRO services



MRO of Antonov, Ilyushin, Boeing and Airbus aircraft

Volga-Dnepr Technics was established in 2008 as a provider of MRO services for Russian and foreign-made aircraft. The company comprises four main centres:

Volga-Dnepr Technics Moscow (Moscow, Russia) provides line MRO of Boeing 747, Boeing 737 and Airbus A320 aircraft and complementary services at three major Moscow airports: Sheremetyevo, Domodedovo and Vnukovo. In order to service Boeing 747 aircraft, Volga-Dnepr Technics maintains an MRO line station at Yemelyanovo airport in Krasnoyarsk.

Volga-Dnepr Technics GmbH (Leipzig-Halle, Germany) created on the base of the Ruslan SALIS MRO station which has been in operation since 2006. It performs technical maintenance of Russian An-124-100 and IL-76TD-90VD aircraft as well as foreign-made Boeing 747 and Boeing 737CL aircraft. Volga-Dnepr's facilities in Leipzig-Halle Airport are used for conducting of A-Check maintenance for the listed aircraft. In Frankfurt am Main, Volga-Dnepr Group maintains a certified MRO station for timely technical maintenance of Boeing 747 aircraft.

Volga-Dnepr Technics Ulyanovsk (Ulyanovsk-Vostochny, Russia) was created on the base of an existing Volga-Dnepr MRO centre that had been operating for over 20 years. In the Middle East, Volga-Dnepr Technics' partner Volga-Dnepr Gulf (Sharjah, UAE), provides technical maintenance of Russian An-124, IL-76, An-24/26/32 and An-74 aircraft as well as line technical maintenance of international Boeing 747, Boeing 737 CL & NG and Airbus A320 aircraft. In Fujairah, the company offers technical maintenance and complementary services for An-24/26 and IL-76 aircraft.

In 2013, Volga-Dnepr Technics' sales volume reached 545,951 thou rubles, compared to 497,664 thou in 2012. AirBridgeCargo Airlines, part of Volga-Dnepr Group, remains the main customer of Volga-Dnepr Technics, responsible for 83.7% of the company's sales in 2012 and 78.5% in 2013. The share of sales generated by companies outside the Group amounted to 16.3% and 21.5% in 2012 and 2013 respectively. The increased share of sales to non-Group companies, both in the combined number of man-hours and sales volume, resulted from the launches of the new hangar complexes in Leipzig, Germany, and Sharjah, UAE.



Capabilities of Volga-Dnepr Group MRO centres:

MRO Centre	Airport	Boeing		Airbus	Antonov		Ilyushin
		Boeing 747-200/300/400/8 (Genx)	Boeing 737 CL	Boeing 737 NG	A320 family	An-124-100	An-24/26
Moscow	Sheremetyevo (SVO)	✂	✂	✂			
	Domodedovo (DME)	✂	✂	✂			
	Vnukovo (VKO)	✂	✂	✂			
Krasnoyarsk	Yemelyanovo (KJA)	✂					
Sharjah, UAE	Sharjah International Airport (SHJ)	✂	✂	✂	✂	✂	✂
Fujairah, UAE	Fujairah International Airport (FJR)					✂	✂
Leipzig, Germany	Leipzig-Halle (LEJ)	✂	✂		✂		✂
Frankfurt am Main, Germany	Frankfurt am Main International Airport (FRA)	✂	✂				

✂ Only aircraft registered in UAE

In 2012, Volga-Dnepr Technics successfully implemented mobile hangar technology in order to be able to service aircraft engines even in difficult weather conditions, and introduced a new service for washing aircraft engines at Sheremetyevo Airport. In 2012, Volga-Dnepr Technics received

EASA approval to launch an MRO line station at Vnukovo airport and to perform A-Check maintenance for new Airbus A320 and Boeing 737NG aircraft at Sheremetyevo airport. In 2012, Volga-Dnepr Technics GmbH received EASA Part-145 certification, becoming the first Russian company to receive this accreditation on EU territory.





EASA Part-145 certification

In 2013, Volga-Dnepr Technics companies got a number of their certifications extended. Volga-Dnepr Technics GmbH's EASA Part-145 certification was extended, allowing the company to service Boeing 737CL and Boeing 747-8F aircraft, including A-Check maintenance of these aircraft. Its EASA Part-145 was upgraded to Rating C14. Volga-Dnepr Technics Moscow expanded its EASA Part-145 certification for the servicing of Boeing 737NG aircraft at Domodedovo Airport and extended its BDCA EASA Part-145 certification until 2015. In addition, Volga-Dnepr Technics GmbH was certified by Russian aviation authorities to serve An-124-100 and IL-76TD-90VD aircraft. Volga-Dnepr Technics Ulyanovsk plans to undergo certification in 2015-2016.

MRO centres in **9** airports in Eastern and Central Europe and the Middle East



40,000 m² of production facilities

Volga-Dnepr Gulf upgraded its CAR 145 certification to A1 rating, which allows it to service Boeing 747CL, Boeing 747-400, Boeing 737CL and Boeing 737NG aircraft, and upgraded its CAR 145 certification to D1 rating, together with extending certifications required for servicing Russian aircraft.

In 2013, Volga-Dnepr Technics increased its performance levels for servicing AirBridgeCargo's fleet, most notably improving its technical punctuality from 92% to 96%, while the average daily technical delay time decreased from eight hours in 2012 to 1.8 hours in 2013. In 2013, Volga-Dnepr Technics Moscow and Aeroflot signed an agreement for servicing aircraft at Sheremetyevo Airport.

The launch of hangar complexes in Leipzig, Germany and Sharjah, UAE, were among the key milestones for the Group in 2013. The 8,500 m² complex in Leipzig supports the maintenance of An-124, IL-76, Boeing 747, Boeing 737 and Airbus A320 aircraft. The complex serves aircraft from the Volga-Dnepr Group fleet as well as those of other airlines operated from the Leipzig-Halle Airport. In 2013, the Group received permission from Russian aviation authorities to service Russian equipment in Leipzig, and expanded its certification for foreign-made aircraft. Volga-Dnepr Technics GmbH also signed a contract with Swiss company Darwin Airline to service SAAB 2000 aircraft at Leipzig-Halle.

The 22,000 m² hangar complex in Sharjah allows servicing six narrow-body aircraft or two wide-body Boeing 747 or An-124-100 aircraft at a time. It provides MRO services to Volga-Dnepr Group companies and other airlines.

Volga-Dnepr Technics' strategy is aimed at further expansion of its range of MRO services as well as continuous improvement of the quality of its services. According to an annual Commercial Fleet & MRO Forecast 2014 prepared by the analytic department of Aviation Week & Space Technology, the global MRO market in the civil aviation segment is estimated at \$51.9 billion. In 2014, aircraft line MRO expenses in Eastern Europe, including Russia, are estimated to amount to \$400 million. The total number of aircraft operated in the region is expected to exceed 1,400 units by the end of 2014.



Areas of development



Volga-Dnepr Technics Moscow

Prioritised project: construction of a hangar



Volga-Dnepr Technics GmbH

FAA Certification

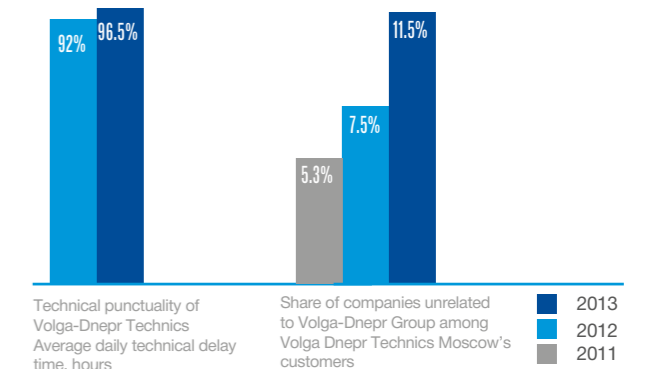
C-Check of Boeing 737 and Boeing 747



Volga-Dnepr Gulf

EASA certification, expanding applicable MRO ratings

A-Check and C-Check of Boeing 737 and Airbus A320 aircraft



Volga-Dnepr Technics Ulyanovsk

Completion of new hangar construction (est. 2016)

Expanding range of services

Volga-Trucks

Volga-Trucks is a subsidiary of Volga-Dnepr Group focused on cargo transportation by road. The company was established in 1997.



Volga-Trucks is a member of the Association of International Road Transport Carriers and an authorised customs carrier, which allows it to perform road transportation under customs transit regulations.

Volga-Trucks' transport fleet consists of 33 Mercedes-Benz, Volvo and Scania vehicles offering a cargo capacity of between 1.5 and 22 tons and used for transportation of general and customs goods.

In 2012-2013, the company continued to provide its services to AirBridgeCargo and Volga-Dnepr, performing cargo operations from Moscow Sheremetyevo Airport to cities in Central Russia, the Volga region, and the Southern and Northwestern regions. In 2012, the company delivered over 100,000 tons of cargo, and increased cargo volume to more than 200,000 tons in 2013.

In 2013, the company transported nearly 120,000 tons of cargo in its refrigerated trucks. These vehicles are capable of maintaining a wide range of cargo temperatures and carry food products, including frozen goods, beverages and milk products in all seasons.

Volga-Trucks' list of clients includes Efes Brewery, SladCo, AIMet, Mars, UAZ, TAKATA Rus, Volga Tyre Company, Coca Cola HBC Eurasia, Pepsi International Bottlers, Alev, UniMilk, AeroComposite and other companies.

In 2012-2013, the number of completed cargo operations performed by Volga-Trucks increased from 5,053 in 2012 to more than 5,500 in 2013. In 2013, Volga-Trucks revenue rose by 3% year-on-year to 178,243,500 rubles compared to 173,051,900 rubles in 2012.

> 300,000
tons of cargo delivered from Sheremetyevo Airport on behalf of AirBridgeCargo and Volga-Dnepr in 2012-2013

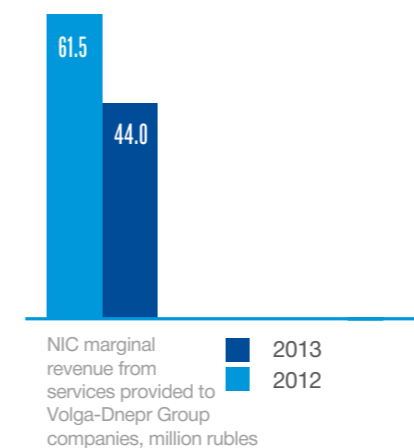
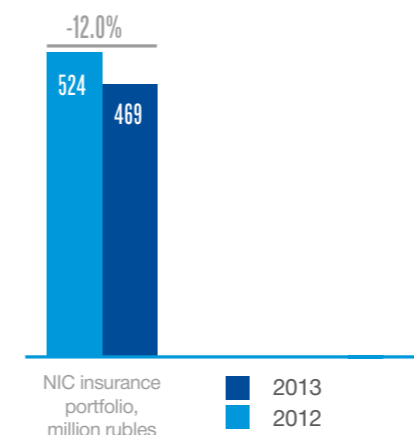


NIC and NIC-Life insurance companies

Insurance services are provided to Volga-Dnepr Group by NIC and NIC-Life. NIC insurance company, established in 1995, secures reliable insurance protection of aviation risks faced by Volga-Dnepr Group's aircraft fleet, while NIC-Life provides high quality insurance services for the Group's operating units and employees.



8th
largest RAASI member company based on combined insurance premiums



NIC is an insurance company and is part of Volga-Dnepr Group. It allows the Group to reduce insurance premiums and achieve optimal payouts. NIC clients include individuals and legal bodies of all Volga-Dnepr Group subsidiaries. According to new requirements set in 2014, the insurance company has implemented an internal control system in order to better manage risks and the assets of the underwriter.

In addition to aviation-related insurance, NIC also provides corporate insurance to the Group's employees. Social packages offered by NIC include voluntary health insurance, accident insurance and professional liability insurance. NIC also provides employees with options for insuring cars, property and liability.

In 2012, NIC was the 7th largest company in the Russian aviation insurance market, including reinsurance, in terms of the number of insurance premiums gathered among RAASI member companies,

and the 8th largest in 2013. NIC works on the international insurance market and has unique experience in insuring cargo aircraft. NIC has well-established partnerships with a number of leading international insurance companies, including AIG, GAUM, Lloyd's, Aspen, Atrium, Partner Re, Allianz and others.

In 2013, NIC-Life acted as a provider of services for life insurance and pension insurance for Volga-Dnepr Group employees. In 2012 and 2013, NIC-Life payouts were higher than the payouts of any other life insurance companies in the Volga region, amounting to 23,589,000 and 20,989,000 rubles respectively. In 2012, NIC-Life accumulated insurance premiums amounting to 19,198,000 rubles. In 2013, this figure was 11,485,000 rubles.

Aviation Training Centre



Volga Dnepr Group has operated its own modern Aviation Training Centre since 2004. It is open to Group employees (air crews, engineers, technicians, shipping management experts and airport services experts) and representatives of other Russian and international airlines looking to maintain and enhance their skills. The centre offers over 100 courses and home study programmes, including basic training, professional development and advanced training courses for a number of aviation professions. Programmes include training trips to facilities. The centre currently develops programmes for individual and distant training and uses advanced education technologies.

The Aviation Training Centre features automated training systems, distinguished by user-friendliness, mobility and advanced electronic testing systems. These ensure that student knowledge is properly assessed. The centre offers special

equipment required for aviation rescue operations and aviation safety training. Media classes and language rooms fitted with audio equipment allow students to perfect their radio communication skills.

In 2012, the Aviation Training Centre offered 100 study programmes, including six courses in Aviation English. In 2013, the list of training programmes offered at the centre was augmented with 29 more courses, including two new Aviation English programmes.

In 2012 and 2013, 3,137 and 3,257 employees graduated from the Aviation Training Centre respectively. 1,650 and 1,440 students successfully completed studies in Aviation English in the respective years.

In 2013, the Aviation Training Centre successfully renewed its certification until 2017.

> **100** courses in various aviation disciplines

3,257 employees graduated from the Aviation Training Centre in 2013

Aviation English Courses



Training to develop experts in ICAO standardised Aviation English and radio communication terminology in compliance with ICAO international standards is one of the key activities of the Aviation Training Centre.

All courses are developed in compliance with ICAO recommendations (Doc 9835). During the training process students are taught using real radio conversations. Recorded all around the world, these conversations between international pilots and dispatchers provide excellent training material for the students.

897 aviation experts underwent qualification tests in English in 2012-2013

Upon finishing the course, all students must undergo qualification tests in order to get their English communications skills assessed. The certificates awarded attest to a certain level of English skills on the

standardised ICAO scale. Teaching and testing are performed by qualified instructors that hold international certificates and who are listed as raters/examiners by the Federal Air Transport Agency.





Incident prevention and flight safety assurance

Volga-Dnepr Group maintains the highest level of airworthiness of its aircraft and invests in training its experts to maintain the safe operation and servicing of Russian and international aircraft in compliance with international standards.

Volga-Dnepr Group's airlines undergo audit procedures on a regular basis in order to confirm their operational compliance with global aviation industry safety standards. In 2012, AirBridgeCargo became an IOSA operator and was granted an IATA certificate as part of Volga-Dnepr, the only Russian cargo airline certified by IATA at that time. In 2013, AirBridgeCargo successfully passed the IATA Operational Safety Audit procedure, extending its certificate and IOSA operator status until 2015. Volga-Dnepr Group has its own inspection crews responsible for ensuring aviation safety and managing incident prevention measures. Incident prevention

activities are overseen by a dedicated department within the managing company of the Group. The principles for implementation of the Group's incident prevention policy and securing aviation safety are an inherent part of the conduct code of every Volga-Dnepr employee and form the basis of the Volga-Dnepr corporate safety culture.

The Group has its own flight safety management system. Flight safety is constantly monitored through a set of special indicators.

In 2012, the safety level at Volga-Dnepr was measured at 1.49 incidents per 1,000 flights, slightly above its 1.11 target level.

In 2013, Volga-Dnepr improved its aviation safety level to 0.92 incidents per 1,000 flights, below the set 1.11 minimum.

In 2013, Volga-Dnepr approved and began implementation of its Aviation Safety System project, covering every safety aspect including flight, aviation, environment and employee safety.

In 2012, the 3,760.9 m² four-storey Air Transportation Control Centre began operation of its unique IT infrastructure. The centre has one of the best operating rooms in Russia, from which the Group's freight operations are managed. The center fully complies with strict international standards. The Centre's training facilities include the only moving An-124-100 flight simulator in Russia.



Cargo supermarket in action

Industrial and oil & gas equipment

August 2013

Volga-Dnepr completes a large-scale project in Papua New Guinea. Over a 103 day period, 88 An-124-100 Ruslan flights were completed, delivering over 6,000 tons of equipment for ExxonMobil's new gas production and processing plant near Komo. The majority of shipments were single-piece units with an average weight of 60 tons, which required a high degree of precision during the loading and unloading operations.

See details on p. 28.



March 2013

Volga-Dnepr performs an express delivery of oil and gas equipment with its IL-76TD-90VD aircraft from Bergen, Norway, to Saint-Johns, Canada, following an urgent request from global logistics company Panalpina.



September 2013

Volga-Dnepr performs two flights from Saint-Petersburg to Bratsk, Russia, delivering more than 180 tons of oil and gas equipment for the Talakan oilfield.



December 2012

Three An-124-100 flights carry over 320 tons of gold mining equipment from Ostrava in the Czech Republic to Nairobi, Kenya.

Aviation and space industry

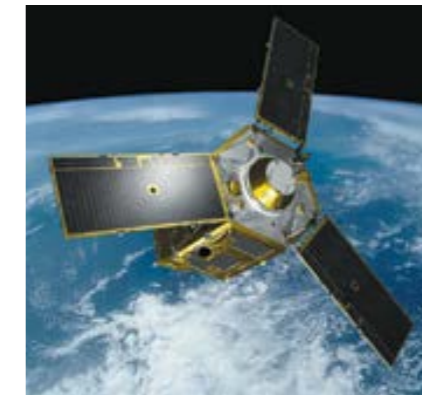


December 2012

Two IL-76TD-90VD flights from Montreal, Canada, to Krasnoyarsk, Russia, deliver the Express AM5 and Express AM6 satellites that will provide multi-channel satellite television and radio to consumers in Russia as well as providing secure mobile communications for governmental purposes.

August 2013

AirBridgeCargo performs the delivery of satellite equipment onboard one of its Boeing 747-400 aircraft from Toulouse in France to Krasnoyarsk, Russia.



October 2013

Volga-Dnepr Airlines completes a series of flights delivering space equipment ordered by Astrium GmbH, the largest European aerospace company.



February 2013

Volga-Dnepr Airlines delivers part of an MC-21 aircraft fuselage from Irkutsk to Ramenskoye Airport for testing at the Central Aerohydrodynamic Institute.



September 2013

AirBridgeCargo delivers two large containers transporting the multi-purpose EI-7 Ivvolga ground effect vehicle from Moscow to Hong Kong. The large containers were loaded within 40 minutes, the standard timing for common types of cargo.

 **Sports equipment and vehicles**



March 2012

Sports equipment is delivered from Munich, Germany for athletes taking part in the final phase of the 2011-12 Biathlon World Cup in Khanty-Mansiysk.

TV equipment is also transported to enable Russian TV to broadcast live coverage of the competition.

January 2014

Volga-Dnepr delivers video equipment for coverage of the XXII Winter Olympics from Vatry, France to Sochi, Russia.



July 2013

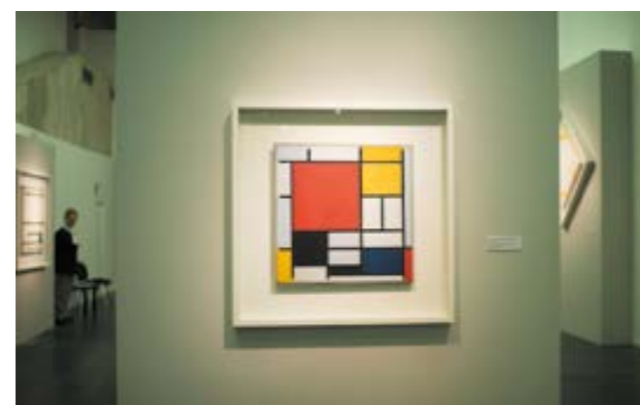
For the fifth time in the company's history, Volga-Dnepr provides organisational support to the International Silk Way Rally which took place in Russia between Moscow and Astrakhan on July 5-13.

 **Unique projects**



August 2012

Mongoose patrol boats used to ensure the safety of officials participating in the APEC economic forum are delivered from Moscow to Vladivostok onboard one of Volga-Dnepr's An-124-100 freighters.



September 2013

AirBridgeCargo delivers 34 works of art by Dutch painter Piet Mondrian worth €130 million from Amsterdam, Netherlands to Moscow.

July 2013

AirBridgeCargo delivers 27 animal 'stars' of the famous Nikulin Circus to Tokyo for a tour of Japan.



March 2013

Volga-Dnepr delivers live buffalos for a breeding programme onboard an IL-76TD-90VD flight from Edmonton, Canada to Yakutsk, Russia.



July 2012

When 520kg Atlantic walrus, Sgate-Neseike, the star attraction at the Udmurt Republic zoo needed urgent dental surgery, an AirBridgeCargo Boeing 747 took care of the transportation process to Frankfurt, Germany.

Social responsibility and professional development

OUR VALUES

> Health

> Safety

> Work

> Development

> Honesty



Professional development
Corporate University
of Volga-Dnepr Group



Ecology



Education
Experimental School
Istochnik



Social responsibility



**Occupational safety
and health**



Social responsibility and professional development

Volga-Dnepr Group's corporate culture promotes a healthy lifestyle. The Group has a medical clinic and a sports and fitness complex. Flight personnel undergo a physical examination once a year.

Professional Development

The priorities of Volga-Dnepr Group's personnel policy include:

1. providing employees with attractive working conditions and opportunities for professional growth;
2. engaging highly qualified personnel to increase their professional development within the Group;
3. ensuring effective social policy and employee protection, including for those in retirement;
4. increasing workforce productivity to the European level by using modern motivation systems.

The Group provides its employees with unique opportunities for professional growth and career development, and offers a wide range of training programmes designed to build the company's Management reserve, and provides options for corporate and advanced training.

Volga-Dnepr employs a highly professional international team. The number of employees working in the overseas offices of the Group's various divisions amounted to 524 people in 2012 and increased to 563 people in 2013.

Personnel Training

Volga-Dnepr Group pays great attention to maintaining the high qualifications and professional development of its employees. Training and professional development programmes are provided by the Corporate University of the Group. In 2012-2013, 3,871 employees successfully passed training programmes at the Corporate University. In 2012, in addition to the curriculum, extra 47 Code of Work Ethics seminars were conducted.

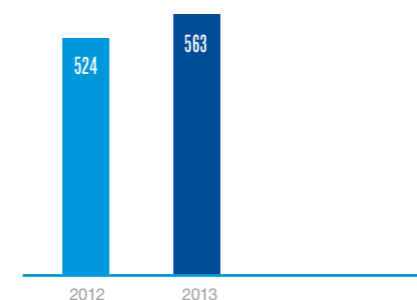
In 2013, in order to supervise the corporate education programme, a dedicated department was established within the Group with the goal of strengthening corporate spirit and encouraging a successful management team.

Volga-Dnepr promotes professional continuity: in 2013, a new Coaching School was established to provide special training seminars.

3,871 employees passed training programmes at the Corporate University in 2012-2013

129 training programmes were carried out by the Aviation Training Centre in 2013

The number of Volga-Dnepr Group employees working outside of Russia



Management talent pool

In 2012-2013, one of the key areas of personnel development was the establishment of the management talent pool.

The Group operates a double-level management talent pool, including at the operating level (7 people) and the long-range level (34 people). The company's employees also complete training under the President's management training programme.

Cooperation with educational institutions

In 2012, in order to attract young professionals, arrange internships, provide practical training opportunities and establish an external personnel reserve, Volga-Dnepr Group launched a programme to encourage students and graduates at specialist universities to pursue employment opportunities within the Group.

Volga-Dnepr Group entered a strategic partnership with leading universities in the Ulyanovsk region: Ulyanovsk Higher Civil Aviation School (UVAUGA), Ulyanovsk State University (USU) and Ulyanovsk State Technical University (USTU).

Research projects are also being conducted in cooperation with partner universities.

In 2013, a 'Perspective transport aircraft of the 21st century' contest was launched to attract the attention of young people and aviation professionals and to encourage them to research opportunities in the air transport industry. The competition featured four nominations: trends and forecasts of the global air cargo market, shaping the technical aspect of the transport aircraft of the 21st century, advanced engines for heavy transport aircraft, and avionics for prospective cargo aircraft.



Occupational safety

Volga-Dnepr Group companies work constantly to improve their professional safety systems and support this with personnel training and coaching. The Group conducts certification of workplace conditions, including examination of flight and aircraft maintenance crews, and undertakes internal audits of professional safety conditions in all of its divisions.

58 employees

received new apartments as part of the Group's Housing for Young Specialists programme in 2012-2013.

Social programmes for employees

Volga-Dnepr Group's social programmes for employees include a voluntary medical insurance programme, the provision of vouchers for treatment centres and assistance with housing issues. In order to retain key personnel and attract highly qualified young professionals, the implementation of the Housing for Young Professionals programme continued in 2012-2013. In 2012, 43 Volga-Dnepr specialists received the keys to their new apartments. In 2013, another 15 employees participated in the programme. The apartments are made available by Volga-Dnepr Airlines under a long-term lease and give employees the right to acquire ownership of properties at their residual value in 3-5 years.

The NIC-Life insurance company, part of Volga-Dnepr Group, provides Group's personnel with personal insurance services, including life and pension insurance.

Volga-Dnepr Group provides various activities for its employees' children, including meetings with famous designers, competitions and festivals. In 2013, the company held an Aircraft of the Future competition asking children to dream up a futuristic aircraft image by answering the question 'What will Ruslan and Boeing be like when they grow up?' Later the company arranged an exhibition of children's drawings and handicrafts.



Projects implemented by the Istochnik Author School won gold medals at the New Time international exhibition for inventions and new technologies in the Young Inventor category. The event was held in September 2013 under the auspices of Euroinvent, the global forum of inventors and researchers.



Experimental School Istochnik

One of the key Volga-Dnepr Group social projects was the establishment of the experimental secondary school *Istochnik*. The half board school supports pre-school, primary, basic and additional education. Istochnik provides all the necessary conditions for studying as well as for the creative expression and physical development of children. The school began the certification process under the International Baccalaureate (IB) programme which enables the institution to acquire the status of an international school. The selected programme – The Diploma Programme – is a unique course for high school students, who will receive their International Baccalaureate diploma upon graduating from school and will be able to enter almost any university in the world without entrance examinations.

In 2013, Volga-Dnepr School of Management specialists began to work with Istochnik students on a project management programme. Their goal is to develop the children's project management skills and encourage students to implement creative, cultural and socially significant initiatives.



Promoting healthy lifestyle

The Group pays special attention to promoting and maintaining a healthy lifestyle.

In 2012-2013, the Group organised a number of sporting events, including the Volga-Dnepr Olympics and competitions in a variety of sports. Teams from the Group successfully participated in sports tournaments at district, municipal, provincial, regional and Russian national levels. In particular, in 2012 Volga-Dnepr athletes were silver medalists in the relay race in Ulyanovsk. In 2013, Volga-Dnepr Airlines' futsal team won the top league in the city championship futsal competition and took 1st place in the third inter-regional futsal tournament in the Volga region, and 2nd place in the Aviacup 2013 football tournament. In 2012 and 2013, the Volga-Dnepr teams finished second and third in the futsal cup competition organised by Aeroflot.

Participation in socially important industry projects

In terms of its social responsibility strategy, Volga-Dnepr Group participates



Volga-Dnepr Group is a socially responsible business involved in sponsorship and charity programmes and seeks to contribute to the improvement of the social and business climate in Russia as well as to a constructive dialogue between business and society.

in projects which play a significant role in the development of the national aircraft engineering and transport industry. These projects include the resumption of serial production of An-124 Ruslan family aircraft, funding the construction of the eco-friendly IL-76TD-90VD, and developing land transport infrastructure to support cargo hubs and network cargo delivery. The successful implementation of these initiatives is not only important for national economic development; it also plays an important social role by providing jobs for tens of thousands of people and allowing them to maintain and develop expert skills.

Charity, support of children and vulnerable groups

In 2012-2013, the Group continued to provide support to socially disadvantaged groups. In the reporting period, Volga-Dnepr Group employees took part in various charity events, including the Prepare Children for School initiative aimed at supporting low income families. It also supported a charity event to raise funds for the construction of the Spiritual Centre for children and youth on the territory of the parish church of St. Nicholas in Ulyanovsk. For many years, Volga-Dnepr Airlines' flight service has provided help and patronage for children from the Cherdaklinsky orphanage Rainbow. In 2013, Volga-Dnepr Group provided assistance for a boarding school in the Khabarovsk region after it was badly damaged by flooding. 772 employees of the company participated in a campaign to provide funding for the purchase of a diesel

power plant, several sets of playground equipment, domestic appliances and other necessary equipment for the boarding school.

The Group also runs a campaign with employees responding to children's letters and preparing gifts for them. Also in 2013, Volga-Dnepr Technics GmbH organised a Magic for Christmas event and presented gifts to patients of the St. Elizabeth hospital in Leipzig, Germany.

Providing support for war veterans and disabled persons

Volga-Dnepr Group provides support for veterans of the Great Patriotic War. In 2012, Volga-Dnepr allocated funds to the administration of the Zavolzhsy district of Ulyanovsk to stage festive events dedicated to the 67th anniversary of Victory in the Great Patriotic War. In addition, the Group regularly provides assistance to Organisations such as the Ulyanovsk Regional Hospital for War Veterans, the City Society of Disabled People, and Regional Gerontology Centre.

Support of culture and sports activities

For many years, Volga-Dnepr Group has been actively participating in the cultural and sporting life of the country. In 2012, the company supported the 'World of Childhood' musical project for gifted children organised by the Ulyanovsk Regional Philharmonic Hall. This project

provides talented children with an opportunity to perform on stage with professional ensembles and to perform in children's musical programmes throughout the entire concert season.

Volga-Dnepr Airlines is member of the board of trustees of the Ulyanovsk Drama Theatre named after I. A. Goncharov. The company also supports the Ulyanovsk Regional Philharmonic and the Museum of Fine Arts named after Plastov, as well as the House of Folk Art and Leisure. Social projects are carried out not only in Russia but also abroad. For example, Volga-Dnepr employees in the United Arab Emirates provided financial assistance for the construction of the Orthodox Church in Sharjah.

In 2012-2013, Volga-Dnepr Airlines provided Organisational support to the Silk Way 2013 international rally, performing flights and providing air navigation and aeronautic support.

In 2012-2013, Volga-Dnepr also continued to sponsor rugby competitions.

The Corporate University



« The Corporate University of Volga-Dnepr Group has been successfully developing in line with global trends in the field of professional training. The University aims to support and achieve the strategic objectives of the Group by continuous improvement of its employees' skills. We strive to ensure that more than 70% of the Group's strategic objectives are implemented with the involvement of specialists trained at the Corporate University »

Galina Isaykina
Director of Corporate Education department

The main activities of the University include the training of managers and professionals as well as aviation specialists at the Aviation Training Centre. In 2012, within the Corporate University, the School of personal assistant, the School of line manager, the Project management school, and the School of financier and economist operated on a regular basis. In 2013, the University also included the School of financier and economist, the School of procurer and the School of mentor. The basic training grounds of the Corporate University are located in Ulyanovsk and Moscow.

The University structure also comprises the Knowledge Centre which aims to create a single information field, structure experience and preserve unique knowledge.

In 2012-2013, 3,871 employees passed training courses at the Corporate University. In 2012, in addition to the curriculum, 47 seminars on the Code of Work Ethics were carried out. In 2013, within the School of financier and economist, the School of procurer, the School of personal assistant and the School of management reserve, Volga-Dnepr held 52 training events. 33

training events were held in 2012.

In order to improve the efficiency of the Corporate University, the feedback is gathered and evaluated on a regular basis.

In 2012, the Corporate University became the platform through which training programmes were developed to implement the Group's Code of Work Ethics. The President of the Group held a series of seminars on the Ethics Code.

Volga-Dnepr Group has been organising management training programmes since 2001. Today, training programmes and seminars, business sessions and professional conferences are held every week in Moscow, Ulyanovsk and other main Group business locations. The events involve training and seminars for management teams, project, functional and line managers, as well as the management talent pool. As a result of the work of the Corporate University, young professionals have been promoted to key positions in the Group.

1,199 people
were trained in 2013



Ecology

Upgrading and modernisation of the Volga-Dnepr Airlines, AirBridgeCargo Airlines and Atran Cargo Airlines' aircraft fleets help the Group to reduce emissions of harmful substances into the atmosphere and minimise noise pollution.

5

latest generation Boeing 747-8F aircraft

Taking care of the environment is one of the most important targets of Volga-Dnepr's activity and the Group strives to meet the latest international environmental standards in order to ensure the highest level of environmental safety.

When implementing environment protection policy Volga-Dnepr Group adheres to the following principles:

- Plan and carry out activities in accordance with the requirements of Russian and international legislation for environmental protection.
- Use equipment, technologies, materials and technological processes that comply with current environmental requirements and provide the potential to reduce harmful effects on the environment.
- Increase awareness of the Group's employees of all environmental aspects within the main, supporting and management processes of the Group.
- Ensure transparency of environmental protection activities for all stakeholders.
- Maintain reliable accounting, analysis and reporting of the actual environmental performance of the Group.
- Maintain an effective system of environmental management for the ongoing reduction of the Group's negative impact on the environment.

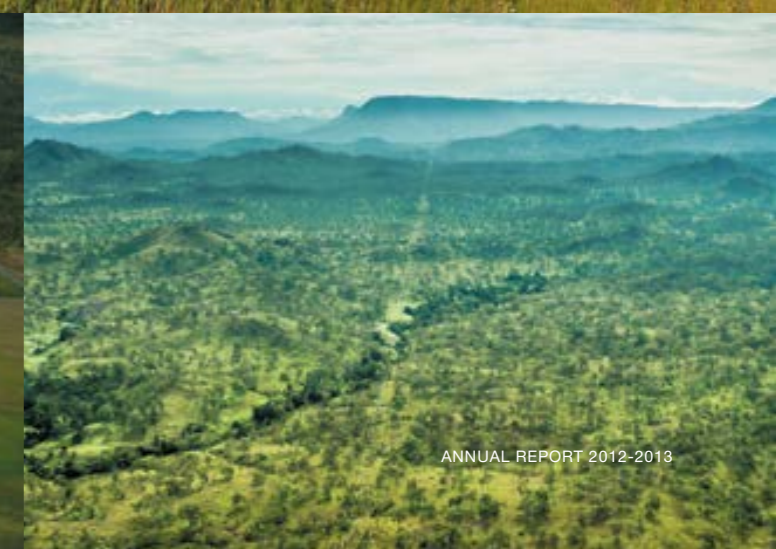
The Group works proactively to improve the environmental efficiency of its fleet. Upgrading and modernisation of the fleets of Volga-Dnepr Airlines, AirBridgeCargo Airlines and Atran Cargo Airlines contributes to the reduction of emissions of harmful substances into the atmosphere and helps to minimise noise pollution levels.

The Group's aircraft fleet includes the upgraded IL-76TD-90VD and modern Boeing 747 freighters, including the latest Boeing 747-8F aircraft. These aircraft positively impact the overall fuel efficiency of the Group and ensure its compliance with the highest environmental standards.

In 2013, as part of the environmental policy of the Group, internal regulations were updated for production and consumption waste management, and environmental protection internal documents were developed, including Guidelines for identifying the environmental impact of the Group's activities.

The Group is constantly working to improve energy and environmental efficiency, reduce pollution and its negative impact on the environment. In 2013, the Group introduced a week-by-week system to monitor supply and exhaust ventilation control, as well as a control system for reducing human impact on the environment.

During 2013, field measurements of environmental indicators were conducted as a part of industrial environmental monitoring. Environmental quality standards were applied or extended for the airlines of the Group. The Group aims to outperform environmental safety standards. In particular, the permitted volume of waste for Volga-Dnepr Airlines in 2013 was set at 1,218.05 tons (RUB 2,191,392 fee), and the actual amount of waste was 570.9 tons.



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