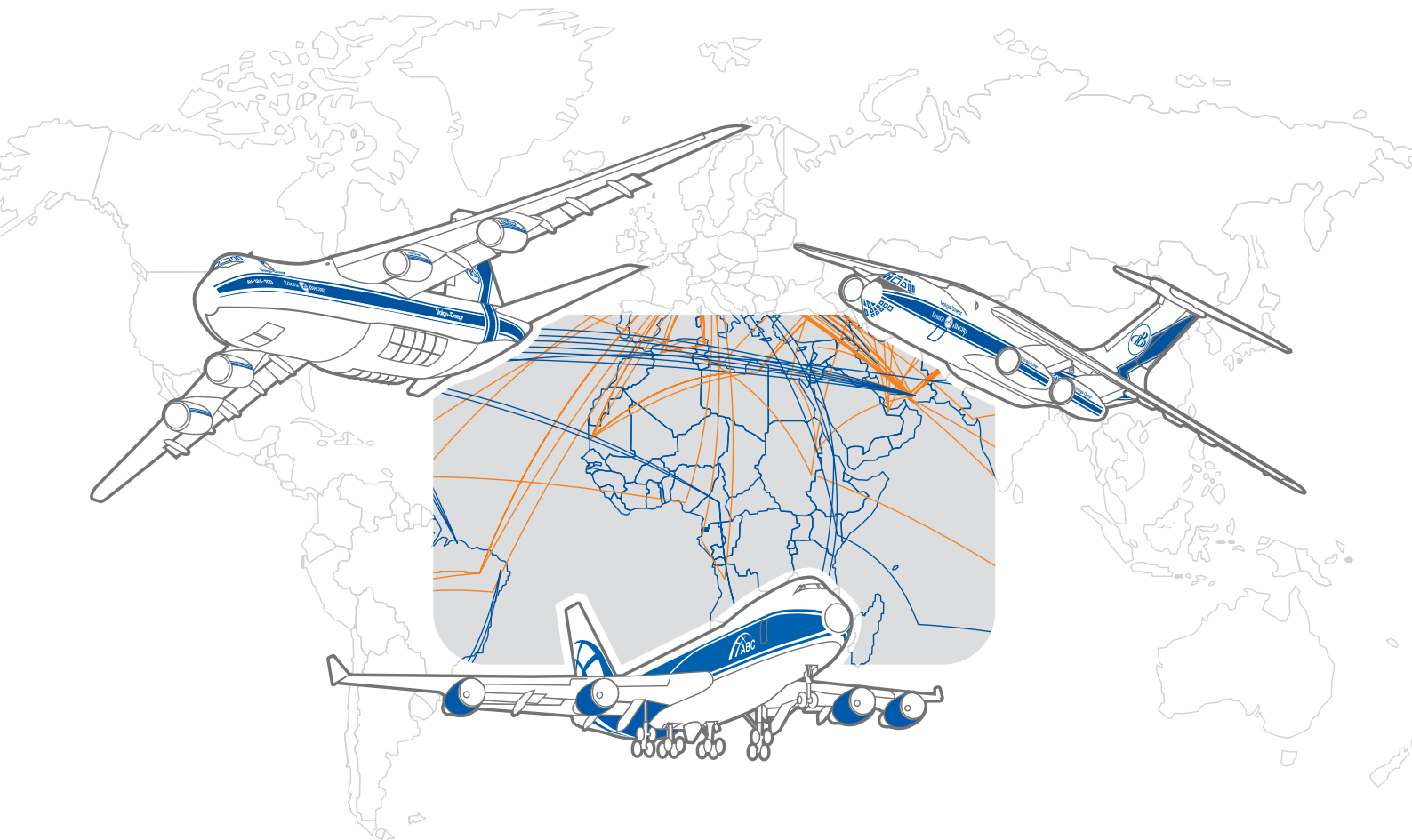




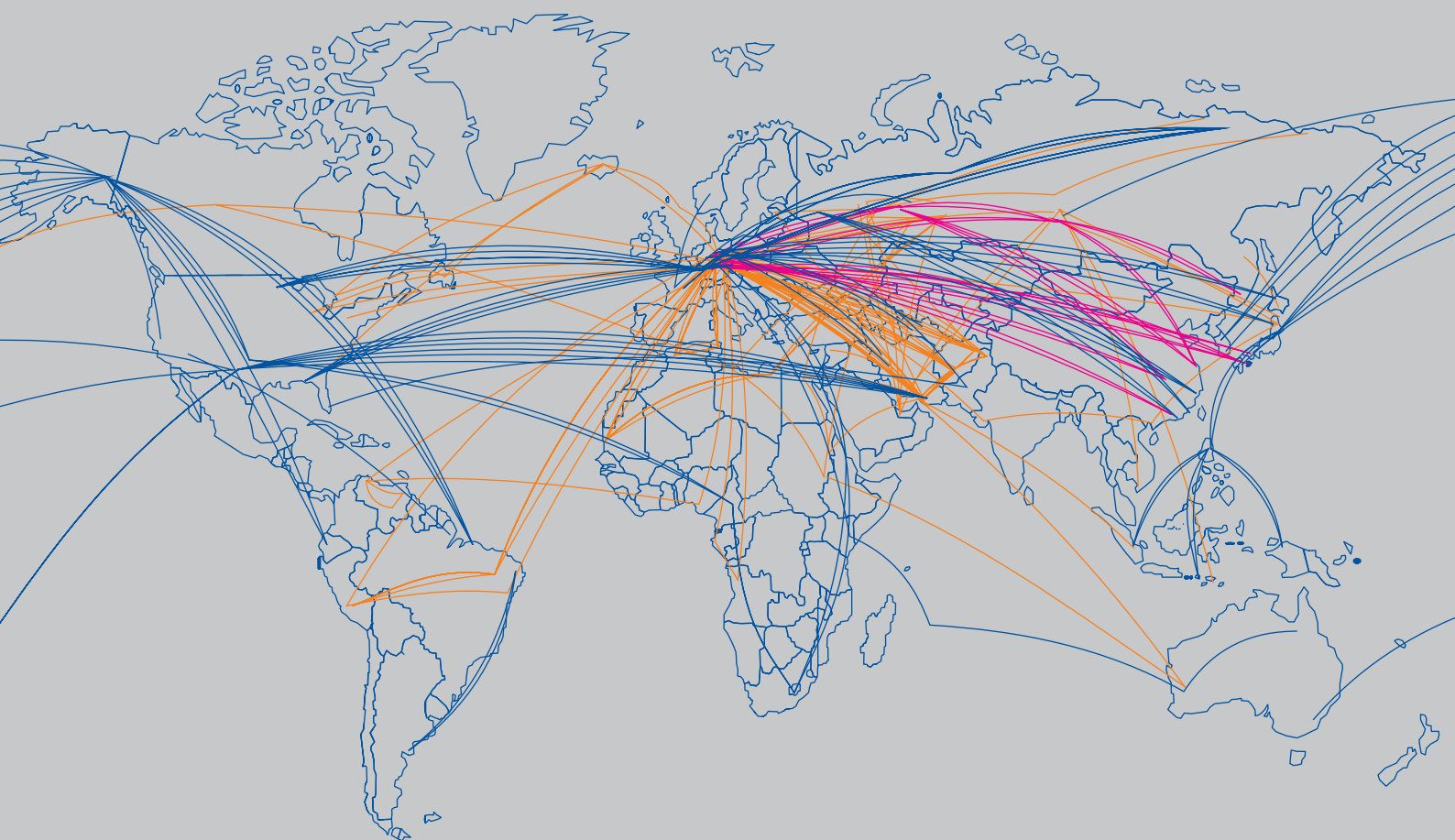
Annual report
2009



VOLGA-DNEPR GROUP

ВОЛГА  ДНЄПР

Annual report
2009







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VOLGA-DNEPR GROUP 20 YEARS IN THE GLOBAL MARKET

Volga-Dnepr Group is an international company with key competence in global air cargo operations. This is realized through a long-term leadership strategy based on the Group's 'Cargo Supermarket' business concept of combining three product lines: air cargo charter operations, scheduled air cargo services and aircraft maintenance.

Volga-Dnepr Group incorporates more than 20 companies located in 9 countries, including the two biggest Russian cargo operators:

Volga-Dnepr Airlines — specializing in air cargo charter transportation of outsize and super heavy cargo utilizing the unique capability of world-renown AN-124-100 and IL-76 ramp loading freighters.

AirBridgeCargo Airlines — operating scheduled cargo flights using a fleet of Boeing 747 freighters.

The consolidated value of the Group for business owners, top level finance managers and all of the company's employees is its continuing innovation-based market leadership and commitment to meeting the requirements of its customers worldwide.

Volga-Dnepr Group's 2009 annual results demonstrate that it has established itself in the top three of Russian air carriers in terms of sales and entered the top 10 of the world's biggest air cargo operators in terms of incomes generated by cargo operations.





Volga-Dnepr Airlines was incorporated in 1990 in Ulyanovsk (Russia) as the first private air cargo company in Russia. It is a certified member of the International Air Transport Association (IATA) and The International Air Cargo Association (TIACA). In 2009, Volga-Dnepr Airlines confirmed its status by successfully completing the IATA Operational Safety Audit (IOSA), which is valid until 2011.

In 2002, Volga-Dnepr Airlines implemented and certified its Quality Management System (QMS) that corresponds to the ISO 9001 international standard. In 2009, the company started bringing the Group Management System into compliance with International Standard ISO 9001:2008.

Today, Volga-Dnepr Airlines is the world's biggest operator of AN-124-100 freighters and the recognized leader in the market of super heavy and outside air cargo transportation. The Group's fleet consists of ten AN-124-100s and five IL-76TDs, two of which are modernized IL-76TD-90VD versions.

AirBridgeCargo Airlines, incorporated in 2004, is the first Russian scheduled cargo airline operating Boeing 747 freighters. As of the end of 2009, the company fleet consisted of seven aircraft of the type, including four brand new Boeing 747-400ER

Freighters. AirBridgeCargo's route network links 17 destinations in 12 countries. As part of its commitment to service quality and continuous improvement, the company is also a member of Cargo 2000.

In 2010, Volga-Dnepr Group will be celebrating the 20 anniversary of its successful presence in the Global Air Cargo Market. This success is based on the Group's professional team that has been acknowledged for their expertise by customers and partners all over the world as well as with awards from aviation authorities and international organizations.

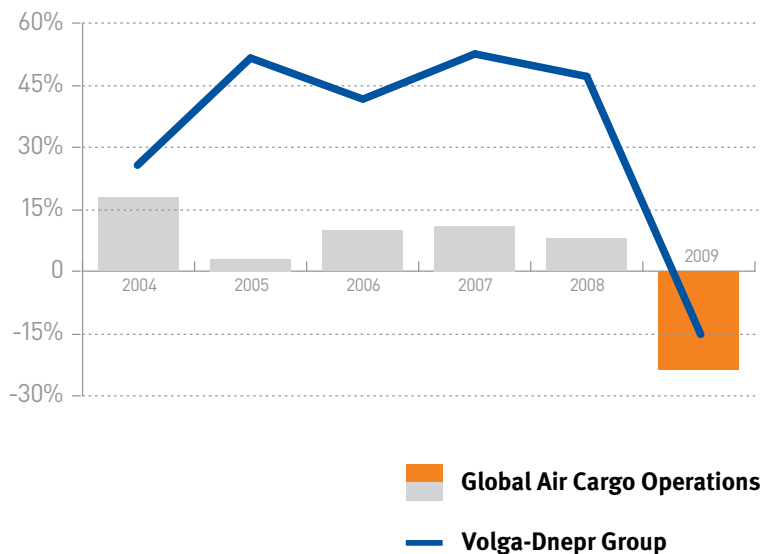


KEY PERFORMANCE INDICATORS OF THE COMPANY IN 2009

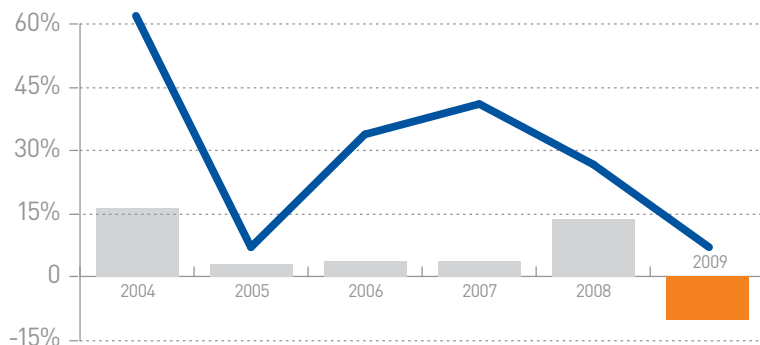
During the reporting period, Volga-Dnepr's sales revenues achieved the level of \$1.246 billion, 16% below the level reported in 2008. This was caused by the negative effect of the worldwide financial and economic crisis, reduced general availability of aircraft due to heavy maintenance checks, the scheduled completion of some long-term programs and a reduction in fuel prices in the second half of 2009. For the industry as a whole, average sales fell by 23% last year. Under such conditions, the cargo turnover of the Group increased by 7%, versus an average industry decline of 10.9%, to achieve 1.844 billion FTK.

While the air cargo industry as a whole was dramatically affected by the economic downturn, Volga-Dnepr Group was able to demonstrate growth in basic operational indices and ended the year in profit.

Sales Volga-Dnepr Group vs Industry



Cargo turnover (FTK) Volga-Dnepr Group vs Industry



	2005	2006	2007	2008	2009
SALES, USD MILLION					
AIR CARGO					
Charter Operations	339.8	420.8*	681.8*	1,004.6*	865*
Scheduled Operations	115.9	227.4	304.1	451.0	369
Other income	12.1	11.7	19.6	22	11.7
Total revenues	467.8	659.9	1,005.5	1,477.7	1,245.8
FLIGHT TIME (HOURS)					
Charter Operations	15,909	18,859	24,919	29,036	22,372
Scheduled Operations	7,422	12,934	16,511	21,392	21,017
CARGO TURNOVER, FTK THOUSAND					
Charter Operations	421,981	325,576	538,017	617,978	526,107
Scheduled Operations	326,463	666,814	859,193	1,101,798	1,317,709
Total turnover	748,444	992,390	1,397,210	1,719,776	1,843,816
CARGO TRANSPORTED, T.					
Charter Operations	61,055	71,361	111,014	136,564	83,894
Scheduled Operations	43,618	78,451	101,956	130,388	158,786
Total cargo	104,673	149,812	212,970	266,952	242,680
FLEET (AS OF THE YEAR END)					
AN-124-100	10	10	10	10	10
IL-76TD	3	6	11	6	3
IL-76TD-90VD	–	1	2	2	2
Boeing 747	3	4	6	7	7
Yak-40	6	6	5	5	3
PERSONNEL					
	1,768	2,174	2,410	2,849	2,649

* to include sales by Ruslan International and Ruslan SALIS



MAJOR EVENTS OF 2009



Air Cargo Charter Services

- In 2009, the Baltic Air Charter Association (BACA) voted Volga-Dnepr Airlines as 'Best Cargo Airline' in its prestigious annual awards.
- Volga-Dnepr Group financed the production of its third IL-76TD-90VD freighter, due for delivery to its commercial fleet in the second quarter of 2010.
- The company started implementation of its Engineering & Logistics Center Project with the aim of providing customers with a complete logistics solution for the door-to-door delivery of outsize and heavy air cargo.
- The Group's Regional Air Cargo Project was transformed into a stand-alone business utilizing regional freighter aircraft.



Scheduled Cargo Operations

- At the end of 2009, AirBridgeCargo Airlines became the biggest air cargo carrier in Russia measured by tonnage of cargo transported and was one of the few international airlines to complete the year 'in the black'.
- AirBridgeCargo Airlines switched from a line-type Business Model to a Hub Operation and started to carry out hub operations at Moscow's Sheremetyevo Airport to manage delivery of cargo across its entire route network.
- Expansion of routes in Europe and the Middle Asia saw AirBridgeCargo start new scheduled routes to Maastricht (Netherlands), Milan (Italy), Zaragoza (Spain), Kabul (Afghanistan), Bishkek (Kyrgyzstan), Almaty and Atyrau (Kazakhstan), thereby increasing the attractiveness of its network for clients and improving the efficiency of east-bound operations.
- AirBridgeCargo Airlines received the 'Wings of Russia' national aviation award in the category of 'Airline of the Year – Cargo Operator on Domestic and International Air Routes in 2008'.
- In 2009, AirBridgeCargo Airlines achieved the highest cargo turnover of any airline handled by Fraport at Frankfurt Airport and was acknowledged as 'Best Cargo Airline 2009' in the annual presentation organized by Fraport Cargo Services (FCS).
- AirBridgeCargo Airlines added another brand new Boeing 747-400ERF to its fleet, the fourth aircraft of the type to enter service with ABC and taking its total Boeing 747 fleet to seven aircraft.



Aircraft maintenance

- The Group's aircraft maintenance, repair and servicing operations were established as a stand-alone business; Volga-Dnepr Technics Subgroup.
- Volga-Dnepr Technics received its EASA PART 145 Certificate for the line maintenance of Boeing 747 aircraft.

Projects

Restarting production of AN-124 aircraft

- During the international airspace show MAKS-2009 in Moscow, the United Aircraft Corporation (UAC), Volga-Dnepr Airlines and Antonov Design Bureau agreed and signed Technical Specifications for the design of the modernized AN-124-300 Ruslan ramp freighter.

- The President of Russia, Mr. Dmitry Medvedev, instructed the Government of the Russian Federation to include in the State Armament Program 2020 the purchase of 20 new large military transport aircraft of the AN-124 type for the Ministry of Defense of Russia. As a result, the initial order for a new AN-124 fleet for Government and commercial customers is now in place.
- The international project for the joint manufacture of a large strategic freighter based on the modernized AN-124 initiated by Volga-Dnepr Group received support from the President of Russia during the State Council meeting dedicated to innovative development of the transport complex on November 24, 2009 in Ulyanovsk. The project was also included in the agenda of US-Russia talks.

Hub project

- Trilateral negotiations were held with Moscow's International Airport Sheremetyevo to discuss the construction of a modern cargo hub and the creation of a handling company.

Events after December 31, 2009

- Based on its 2009 results, Volga-Dnepr Airlines received the Air Cargo Award of Excellence from Air Cargo World magazine in the Air Carrier nomination.
- AirBridgeCargo Airlines was once again successful in winning the 'Wings of Russia' national aviation award in the category of 'Airline of the Year – Cargo Operator on Domestic and International Air Routes in 2009' while Volga-Dnepr Airlines was among the nominees for 'Airline of the Year – Cargo Operator on Domestic and International Air Routes in 2009' award.





ADDRESS BY THE MANAGEMENT OF VOLGA-DNEPR GROUP

2009 was one of the most difficult years in the history of Global Air Transport. The severe crisis in the world economy and the resulting downturn in demand for air transport services forced the airline industry to seek deeper business efficiency improvements and new ways of reducing overhead costs, along with innovative and original business ideas and implementation of advanced technologies. Thanks to the well-timed actions taken by management and personnel, Volga-Dnepr Group was able to appropriately meet these challenges and ended the year in the black having preserved and even expanded its client base, improved cargo traffic indicators and continued the implementation of its strategic projects.

The company's sales revenues decreased in 2009 by 16% against a global industry average decline of 23%, ending the year at \$1.246 billion. Cargo turnover for the Group increased by 7% to 1.844 billion ton-kilometers during the 12 months and again outpaced the rest of the industry, which saw an average reduction of 10.9%.

Based on the sales results of 2009, Volga-Dnepr Group is steadily holding its position in the top three of Russian airlines, only giving way to Aeroflot and S7 Airlines. At a global level, the Group is rated among the 10 biggest international air cargo operators.

Air cargo operations should be viewed as an important indicator of global economy health. Starting in 2008 and throughout 2009, the global transport network suffered the affects of the worldwide economic crisis. According to IATA, the past year was the hardest one in the history of world commercial aviation and saw a drop in general demand for cargo services of 9.8%.

In conditions of unprecedented economic uncertainty, Volga-Dnepr Group was able to maintain its financial and operational stability. The Group's airline operations - AirBridgeCargo Airlines and Volga-Dnepr Airlines - both demonstrated their ability to successfully operate under unfavorable market conditions. The key survival factor here was the persistent implementation of the Group's long-term strategy as well as successful crisis management activities that included reductions in operational costs and the partial transfer of operating expenses into 2010.

The Group's scheduled air cargo operator AirBridgeCargo Airlines increased its cargo turnover by 19.6% to the level exceeding 1,317 million ton-kilometers while its payload factor improved by 22.7% in comparison with performance in the previous year. Cargo tonnage increased by 22% to 159,000 tons. During the reporting period, the company expanded its route network considerably by connecting more destinations in Europe and Asia via a cargo hub at Moscow's Sheremetyevo Airport. In addition, as part of its aircraft fleet growth and optimization program, ABC took delivery of its fourth Boeing 747-400ERF freighter.

Results in 2009 from the Group's air charter operations demonstrated the continuing global demand for transportation of outsize and heavy weight air cargo using AN-124-100 and IL-76 ramp freighters, particularly in the US and European markets.

Despite the very serious external pressures, the Group continued to actively implement its strategic projects. In 2009, it started a new Regional Air Cargo Services Project within the 'Cargo Supermarket' strategy. This business area will expand the product range offered by the Group by providing clients with the opportunity to move their shipments using smaller aircraft with up to 20 tons payload capacity.

Another strategically significant area of the Group's business is its Aircraft Maintenance and Repair Project for Russian and foreign-made aircraft. In recognition of this, a Volga-Dnepr Technics Subgroup was established within the Group structure with the goal of becoming one of the world's top MRO providers (in terms of sales).

A great step forward was made by the AN-124-100 Resumed Series Production Project, which gained support from the President of the Russian Federation, Mr. Dmitry Medvedev. An order for 20 aircraft of the type was included in the State Armament Program 2020. Technical specifications of the new aircraft were signed by the United Aircraft Corporation, Antonov Design Bureau (Ukraine) and Volga-Dnepr Group. Under the IL-76TD Remotorization Project, the third IL-76TD-90VD aircraft was built and added to the company fleet after the reporting date.

In 2010, Volga-Dnepr will be celebrating its 20th anniversary. Over 20 years, the company has experienced a long journey of triumphs and failures, discoveries and losses. The achievements are impressive. Having started from zero, Volga-Dnepr is now a confident leader in the industry with a recognized brand whose personnel have earned a high reputation around the world. A lot more could be said about victories and achievements but the most important point is that during its history, the company has accumulated, preserved and developed priceless experience, established a high-class team and at the same time remains as optimistic and enthusiastic as it did during its early years in existence. As before, we want to be the first in everything. We believe the quality of our work and assessments given by customers around the world are the best measure of our career achievements and aspirations.



MANAGEMENT OF THE VOLGA-DNEPR GROUP

The top management of Volga-Dnepr Group combines the highest levels of industry expertise and an innovative approach to business and the generation of new ideas based on a complete understanding of the aviation market.

Among the Group's managers are experts in aviation, air transport, finance, human resources and economics. A strong team spirit and the ability to work within a results oriented environment have always helped Volga-Dnepr Group to achieve high performance indicators even in the most challenging market conditions. The strongest acknowledgement of the Group's management team is Volga-Dnepr's highly successful and efficient operations during the last 20 years of its presence in the Russian and International markets.



ALEXEY I. ISAIKIN

President of Volga-Dnepr Group

Having qualified as a Planning Engineer, upon graduation from the Irkutsk Institute of National Economy in 1976, Alexey Isaikin went to work at the Ulan-Ude Aviation Factory as an Air Force economist. His duty was to maintain control over the cost of military aviation equipment. In the late 1980s, Mr. Isaikin's responsibility was implementation of the State Order for the manufacture of AN-124 aircraft for USSR military transport at the Ulyanovsk Aviation Industrial Complex. In 1989, Alexey terminated his military career to lead an action group that had tasked itself with the ambitious goal of creating the first air cargo company in Russia.

In 1990, Volga-Dnepr Airlines was founded in Ulyanovsk and became the first non-governmental air cargo carrier and the first Joint Stock Company in the Ulyanovsk Region. Between 1990 and 2002, Mr. Isaikin held the positions of Volga-Dnepr Airlines' Chairman of the Board, Executive Director and General Director of Volga-Dnepr Airlines. In 2002, he has appointed President and CEO of Volga-Dnepr Group. In 20 years of hard work, Mr. Isaikin has created a dynamic and diversified business group serving the Russian and international air cargo markets. He is also an active public worker with a strong commitment to building Russian Cargo Aviation prestige and authority both at a national and international level. He has been honored with many international, Russian Government and industry awards and prizes in recognition of his achievements.

**SERGEY I. SHKLYANIK**

Senior Vice President of Volga-Dnepr Group

Upon graduation from Kharkov Aviation Institute as an aircraft production mechanical engineer in 1979, Sergey Shklyanik joined the Ulyanovsk Aircraft Manufacturing Complex (now the Aviastar-SP Aircraft Factory). He started his career there as shop foreman and quickly rose through the ranks to become deputy director of finance and costing for aircraft component production. He was directly involved in all phases of the manufacturing process of the first series version of the AN-124 aircraft.

In 1991, Sergey Shklyanik joined Volga-Dnepr Airlines as finance director and held this position until 1997 when he was promoted to deputy general director for corporate development. In 2003, he was appointed vice president of Volga-Dnepr Group with responsibility for corporate development and strategic planning. In November 2005, he was promoted again to senior vice president.

Sergey Shklyanik has organized a number of major projects, including AN-124-100 production financing, the establishment of a captive insurance company NIC, financing of the AN-124-100 and IL-76TD modification programs, and financing of the Group's Boeing 747 purchase transactions.

**VICTOR TOLMACHEV**

Technical Director of Volga-Dnepr Group

Victor Tolmachev graduated with distinction from the Kharkov Aviation Institute in 1959 and joined Antonov Design Bureau as a design engineer. He was involved in the development of most Antonov airplane designs.

In 1971, Victor Tolmachev was appointed the head designer of the AN-124. He participated in the AN-124 project from the development stage through to the launch of serial production and operation. In 1983, Victor Tolmachev became Deputy Chief Designer, and in 1985 was appointed Chief Designer of An-124 Ruslan and its modification, the six-engine AN-225 Mria.

From 1991 to 2002, he worked as technical director of Volga-Dnepr Airlines. Between 1997-2002, he was also Board Chairman of the company. Since 2002, Victor Tolmachev has been technical director of Volga-Dnepr Group.

Victor Tolmachev was awarded the Ukraine National Recognition Award for the AN-124 Ruslan design. He is also the author of over 100 science and technical papers and the inventor of numerous aviation-related devices and systems. He became a member of the Russian Academy of Natural Sciences in 1997 and a member of the International Inventors Association in 1998.



DMITRY OBSHAROV
Director of Volga-Dnepr Group for Marketing and Strategic Management

In 1995, Dmitry Obsharov graduated from Ulyanovsk Polytechnic Institute, majoring in fixed and rotary wing aircraft construction.

He started his career as a Computer Engineer. In 1995, he joined Volga-Dnepr Airlines where he held positions as a sales department manager, senior manager for aircraft outsourcing and senior sales manager. From 2004 to 2006, he performed the duties of deputy marketing director before his appointment to the position of group director for marketing and strategic management.



NATALYA PLOTNIKOVA
HR Director of Volga-Dnepr Group

In 1992, Natalya Plotnikova graduated from the Ulyanovsk State Technical University after majoring in Automated Management Systems.

In the same year she started working at the Aviastar Aircraft Factory as a production engineer. From 1994 to 2004, she was an IT Manager of Municipal Polyclinic No.6. She joined Volga-Dnepr Airlines as HR Manager in 2004 and was later promoted to the position of HR Deputy Director. In 2009, she was appointed HR Director of AirBridgeCargo Airlines and, in February 2010, took over her current post of HR Director of Volga-Dnepr Group.

Air Charter Operations



VALERY GABRIEL

Executive President of Volga-Dnepr Airlines

Valery Gabriel graduated from the Kharkov Aviation Institute as an aircraft construction engineer in 1979. From 1979 to 1992, he worked at the Ulyanovsk Aircraft Manufacturing Complex, successfully developing from a process engineer to the role of general manager of the components assembly shop.

Between 1992 and 1994, he worked as commercial director of Middle Volga Industrial Company in Ulyanovsk before joining Volga-Dnepr Airlines to head its Special Projects division. He was appointed as the airline's deputy commercial director in 1996 and promoted to commercial director two years later.

He played a lead role in the successful creation of Volga-Dnepr's international operations and in making the Group the true global leader in the outside and heavy air cargo transportation market. Under his direct supervision and control, Ruslan International and Ruslan SALIS were organized to further promote and extend the global reach of unique AN-124 services. He has headed both of these companies since 2006.

Valery Gabriel was appointed executive president of Volga-Dnepr Airlines in 2009.



SERGEY DYACHKOV

Executive Senior Vice President for
Operations of Volga-Dnepr Airlines

His business career started in 1976 at the Ulyanovsk Instrument Factory as a construction electrician. In 1983, Sergey Dyachkov graduated from the Kuybyshev Aviation Institute as an aircraft construction mechanical engineer and over the next 10 years, he held various positions in the aviation industry.

He joined Volga-Dnepr Airlines in 1993 as AN-124-100 Heavy Checks shop manager. Subsequently, Sergey Dyachkov held the positions of lead maintenance engineer for airframe and engines, AN-124-100 senior aircraft engineer, and director of the Maintenance Department. In 2005, he was appointed as the airline's senior deputy general director for operations, taking over as general director of Volga-Dnepr Airlines in October 2007.

Sergey Dyachkov took up his current post of Executive Senior Vice President for Operations of Volga-Dnepr Airlines in February 2009.



SERGEY PEDAN

Finance Director and Chief Accountant of
Volga-Dnepr Airlines

Sergey Pedan graduated from the Kiev Institute of National Economy (today the Kiev National Economic University) in 1978 as an industrial planning specialist. In the same year, he was employed in production management at the Ulyanovsk Aircraft Manufacturing Complex, where he worked for 14 years holding a series of positions as mathematician, planning economist, head of the aircraft assembly planning bureau, and head of the general production planning department.

In 1993, he joined Volga-Dnepr Airlines as deputy chief accountant and was later promoted to senior deputy chief accountant. In 2003, Sergey Pedan became director of the Internal Audit Department of Volga-Dnepr Group and in 2007 he was promoted to the position of finance director-chief accountant of Volga-Dnepr Airlines.



DENNIS GLIZNOUTSA

Executive Senior Vice President for Sales of
Volga-Dnepr Group

Dennis Gliznoutsa graduated from the Ulyanovsk Branch of Moscow State University in 1995. In the same year, he joined Volga-Dnepr Airlines' sales department as a commercial department assistant and in 1996-1997 was sales manager. In 1997 – 2001 he worked as a sales manager at Volga-Dnepr UK office and later on became sales director of Volga-Dnepr UK, responsible for charter sales co-ordination within Volga-Dnepr Group.

In 2005, he was promoted to Commercial Director of the Group. This role incorporates the post of vice president, sales and marketing of Ruslan International.

Scheduled Cargo Operations



TATYANA ARSLANOVA
Executive President of AirBridgeCargo
Airlines

In 1995, upon graduation from the Economics Department of Ulyanovsk State University, majoring in strategic management and marketing, Tatyana joined the sales department of Volga-Dnepr Airlines.

Since then she has held various positions within Volga-Dnepr Group, working as a marketing executive, senior market analyst, management technologies director and marketing director before taking the post of group vice president for strategic management and marketing in April 2007. In October 2008, her role as Senior Vice President of ABC for Strategy, Marketing and Sales was extended to include responsibility for the development of corporate strategy, business planning for long-term development projects, marketing surveys and the promotion of company services. She also assumed responsibility for implementation and follow-up of the basic strategic goals of Volga-Dnepr Group and AirBridgeCargo Airlines.

On January 1, 2010, Tatyana Arslanova was appointed Executive President of AirBridgeCargo Airlines.



WOLFGANG MEYER
Executive Senior Vice President for Sales of
AirBridgeCargo Airlines

Wolfgang Meyer started his air cargo career as a sales executive over 25 years ago. Before joining AirBridgeCargo in 2009, Wolfgang worked for such leading global logistics companies as Kuehne + Nagel and Panalpina. At Panalpina, he was responsible for charter operations and the development of scheduled routes.

His main responsibilities as AirBridgeCargo's Senior Executive Vice President for Sales include coordination of the company's business activities, establishing and developing relationships with customers and managing key decisions to ensure the successful and progressive growth of AirBridgeCargo's business in the future.



EVGUENY BORISOV

Director of Operations, AirBridgeCargo Airlines

After his graduation from the Aktyubinsk Higher Civil Aviation School, Evgueny started flying. He was a pilot flying YAK-40 aircraft and went on to Captain IL-96, AN-124-100 and Boeing 747 airplanes. Evgueny Borisov has worked for AirBridgeCargo Airlines since its formation in 2004 as Chief Pilot of its Boeing 747 Flight Group. In 2008, he was appointed to the position of Deputy Flight Director.

As well as being regularly commended by the Management of Volga-Dnepr Group, he has been honored by the Civil Aviation Authorities of the Russian Federation for his performance in the field of civil aviation, great personal contribution to the development and improvement of operational activity, and for ensuring accident free flight operations. He was awarded a breast badge for 'Accident Free Flight Hours' with changeable plate 'Pilot 7000' and awarded a Letter of Commendation by the Ministry of Transport of the Russian Federation.

On December 21, 2009, Evgueny Borisov was appointed Director of Operations of AirBridgeCargo Airlines.



ANDREY KOLESNIKOV

Finance Director and Chief Accountant of AirBridgeCargo Airlines

Andrey graduated from the Ulyanovsk Branch of Moscow State University with a diploma in Applied Math in 1994. Over the following five years, he worked in the planning department of Incombank as a finance controller and later as a senior finance controller.

He joined Volga-Dnepr Airlines in 1999 to lead the SAP R/3 project. Prior to taking the position of deputy group finance director for management accounts in 2003, Andrey Kolesnikov also led the project implementing the 'Charter Prime Cost Control System' within the Group. In 2003-2004 he was the group's deputy finance director for management audit.

Between 2005 and 2007, he held the office of finance director-chief accountant of Volga-Dnepr Airlines and, during 2007-2008 he was Finance Director of AirBridgeCargo Airlines. He has been Finance Director and Chief Accountant of the company since 2008.

Aircraft Maintenance



VICTOR SHERIN

General Director of Volga-Dnepr Technics
Moscow

In 1983, Victor Sherin graduated from the Kuybyshev Aviation Institute, majoring in Maintenance of Aircraft and Engines.

From 1985 to 1992, he worked at the Ulyanovsk Aviation Industrial Complex as an aircraft and engine operation engineer within the Aircraft Testing Complex. In 1992, he joined Volga-Dnepr Airlines and since 1998 he has been the Director of Aircraft Maintenance at the company's base in Sharjah (now the Volga-Dnepr Gulf Company).

In 2007, he headed the Aircraft Maintenance and Repair Centralization Project of Volga-Dnepr Group – Volga-Dnepr Technics. A year later, he was appointed General Director of Volga-Dnepr Technics Ulyanovsk. Victor Sherin took over his current post of General Director of Volga-Dnepr Technics Moscow in 2009.



VLADIMIR ROMADANOV

Deputy General Director for Quality and De-
velopment Strategy of Volga-Dnepr Technics
Ulyanovsk

In 1976, he graduated from Kuybyshev Aviation Institute, majoring in Aviation Engines Operation and Maintenance. He joined Volga-Dnepr Airlines in 1991 to take the position of Deputy Company Manager. From 1992 to 1995, Vladimir Romadanov worked as First Deputy Director of the Flight and Maintenance Department and between 1997 and 1998 he was Deputy Director for Operations – Director of the Flight and Maintenance Department of Volga-Dnepr Airlines. In 2002, he was appointed Deputy General Director for Operations. In 2009, he took over his present position as Deputy General Director for Quality and Development Strategy of Volga-Dnepr Technics Ulyanovsk.



ANTON KOROLEV

Commercial Director of Volga-Dnepr Technics Moscow

He graduated from the Moscow State Technical University of Civil Aviation in 1999, majoring in Aviation Management and later achieved a PHD in Economics. From 2002, he worked for different companies in the aviation industry before joining Volga-Dnepr Group in 2008 as Deputy Project Team Manager for VDT. In 2009, he was appointed Commercial Director of Volga-Dnepr Technics Moscow.



ALEKSEY SDOBNOV

Finance Director of Volga-Dnepr Gulf

He graduated from the Ulyanovsk State Technical University as a Fixed-Wing and Rotary-Wing Aircraft Construction engineer in 1997 and in Finance Management in 2004.

From 2002, he worked for Volga-Dnepr Airlines as Finance Controller, Cash Planner and Senior Cash Planner. In 2006, he was promoted to his current role of Finance Director of Volga-Dnepr Gulf.



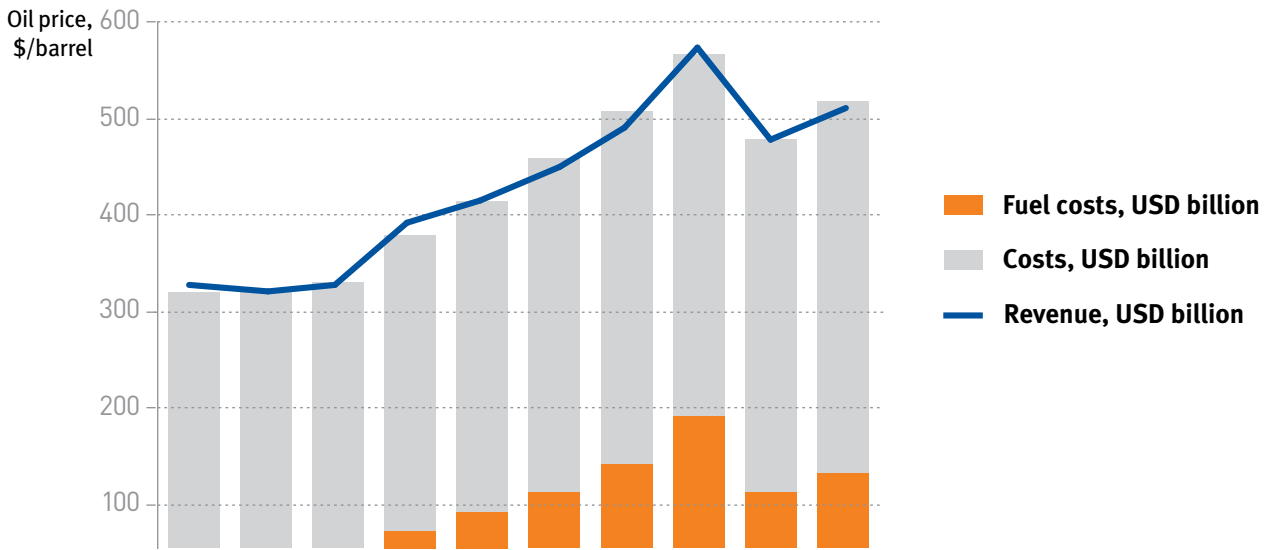
RUSSIAN AND GLOBAL AIR CARGO MARKET REVIEW AND TRENDS

The International Air Transport Association (IATA) has described 2009 as the most difficult year in the entire history of world aviation. According to IATA data, in 2009 the global demand for passenger services fell by 2.1% while cargo transportation decreased by 9.8%. Consolidated net losses suffered by airlines were \$9.9 billion compared to earlier predictions of \$11 billion.

Low demand for air operations in early 2009 resulted from the continued global economic meltdown that had commenced in 2008. The peak of the downturn was experienced in the first quarter of 2009 but by the end of the year, the general situation in the industry had started to improve. Trends determining the long-term development of the aviation industry have not been affected in any way despite the negative impact of the worldwide financial crisis. Further growth of the industry will be dependent on the recovery dynamics demonstrated by the world's leading economies.

A new prediction by IATA for 2010 contains an expected net profit for the industry of \$2.5 billion (for comparison, in December 2009 industry losses forecast to be borne in 2010 were predicted to be \$5.6 billion). The main driving force behind this far more optimistic forecast was the level of traffic growth generated in the second half of 2009 and early in 2010 which was much stronger than previously expected. This is evidence of the long-term growth potential of air traffic despite low economic indicators in the short-term perspective. The air transportation industry is being developed in a wave-like manner. The present wave is primarily connected with the rising economies of BRIC countries and their increasing influence on the global economy.

Operations indicators of civil aviation (IATA)



IATA Fact Sheet:
Industry Statistics – February 2010

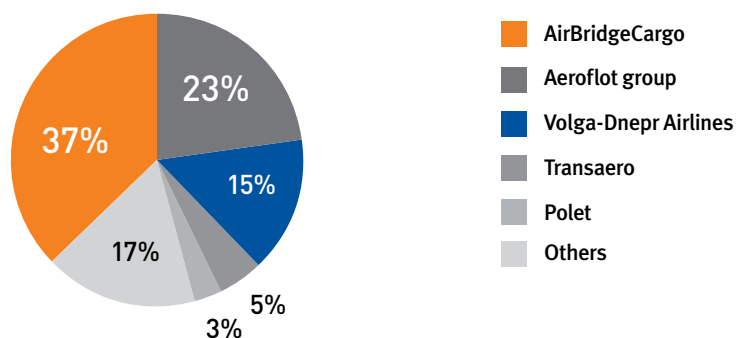
Performance indicators of the industry:
freight traffic **-10,9%**,
tonnage of cargo transported **-8,5%**,
revenue drop **23%**

Business indicator improvements in the second half of the year were not uniform across air carriers. Air cargo operators in the Pacific Region demonstrated a more rapid rate of recovery than their European rivals. Their cargo traffic index in 2009 fell by 8.3% only in comparison with 2008, while European carriers finished the year with a 16.4% decline. First and foremost, this is explained by the increasing role played in the world aviation industry by global operators based at hubs in the Persian Gulf, China and Japan. Freight traffic in the relatively small but fast growing Latin America market fell by 7.9%. During the reporting period, the average cargo traffic downturn achieved 10.9% versus the previous year.

The seriousness of the crisis was slightly mitigated by reduced fuel prices. Annual average cost per barrel of oil dropped from \$99 to \$62. This resulted in a reduction of average industry fuel expenses from 33% of total operating costs in 2008 to 23% in 2009.

Despite the fact that losses borne in 2009 and 2010 are being revised and downgraded by IATA, further growth of air carriers' income could be impeded by general industry risks, such as the return of aircraft capacity that was 'mothballed' during the downturn. Increasing fuel prices would present another problem with IATA revising its 2010 forecast to \$79 per barrel against the \$75 per barrel level contained in predictions in 2009.

Distribution of cargo carried among Russian airlines



Data source: FAVT, company data

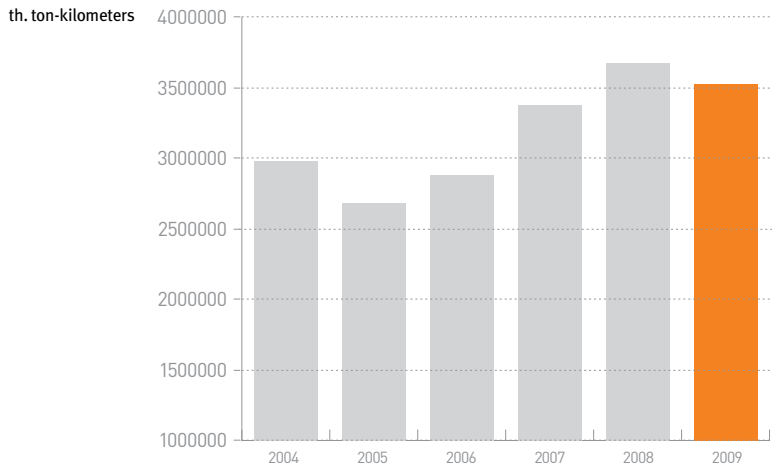
volume of cargo and mail carried by airlines was 712.1 million tons, a decrease of 8.6%

For the Russian market, 2009 was the most difficult year in over a decade. After the major downturn suffered during the 1990s, Russia's aviation industry had seen steady growth since 2000. Fast growth of air traffic was followed by airline industry consolidation with the biggest players increasing market share through modernization and optimization of their aircraft fleets, the introduction of new technologies and modernization of the country's airports infrastructure. Positive results gained over these years helped the Russian aviation industry to mitigate the effects of the financial crisis.

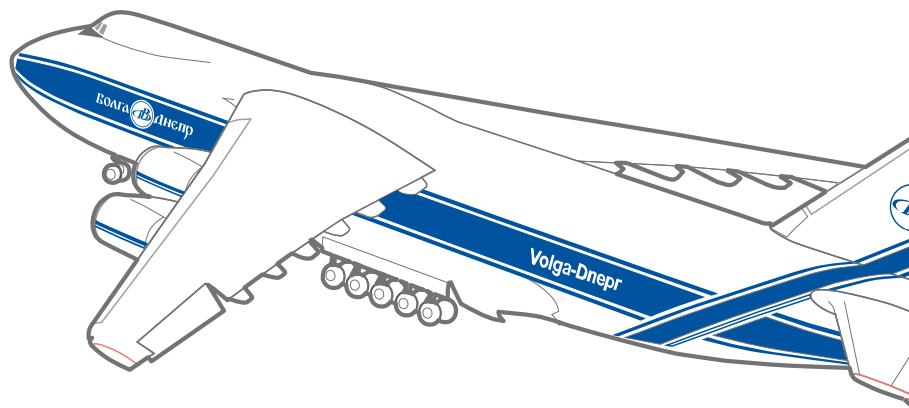
Lower demand for air cargo transportation, which started in the second half of 2008, continued through the first half of 2009. However, regardless of pessimistic industry forecasts, the volume of cargo and mail carried by airlines was 712.1

million tons, a decrease of 8.6%. During the year, international air routes accounted for 487 million tons (-6.4%), while on domestic air routes 225 million tons (-13.1%) were carried. Cargo traffic decreased by 3.6% to achieve 3,557 billion FTK. This is the lowest performance indicator in the past five years. As regards international operations, seasonal dynamics played a positive role. Stabilization of the national economy and positive messages from the global market coincided with the traditional seasonal increase in Russian imports in the second half of the year. Further trends of the Russian air market growth will be determined by the general situation in the Russian and world economies in 2010. In the long-term perspective, a moderate demand for cargo transportation is expected. It is the globalization of the world economy that is the driving force behind this process.

Russian Air Carriers' Cargo Traffic Dynamics



Source: TCH



Cargo traffic carried in 2009 by the five biggest Russian air operators (AirBridgeCargo, Volga-Dnepr, Aeroflot Cargo, Aeroflot Russian Airlines and Transaero) increased by 6% to 2,841 million FTK compared with 2,680 million FTK in 2008. The volume of cargo and mail transported increased by nearly 2.6% to reach 432,000 tons compared to 421,000 tons in the previous year. For a second year, AirBridgeCargo Airlines was recognized as the leader of the Russian air cargo market. The company increased its cargo traffic by 19.6% to achieve 1,317 million FTK and at the same time saw its payload factor improve by 22.7% in comparison with 2008. Tonnage carried rose 22% to reach 159,000 FTK. In comparison with 2008, cargo and mail tonnage carried by Transaero Passenger Air Carrier increased by 21% to reach 29,000 FTK. The other airlines in the 'top five' Russian

carriers finished the year with negative operating performance indicators in comparison with the first year of the financial crisis. Volga-Dnepr Airlines reflected the downturn in cargo traffic and tonnage with reductions of 15% and -38.6% respectively. Aeroflot Russian Airlines saw cargo tonnage drop by 1.3%, while cargo traffic increased by 2.3%. One of the most significant events in the industry saw Aeroflot Cargo leave the market in late 2009. In accordance with the resolution by Aeroflot Russian Airlines' management team, the air cargo business of Aeroflot Cargo was transferred to the control of the Transport Operations Department of its mother company Aeroflot Russian Airlines.



DEVELOPMENT STRATEGY

MISSION:

We build reliable air bridges for our partners worldwide. We work to change the air logistics concept using our unique capabilities. We are confident that we will reach our goals by facilitating the success of each employee that will result in the overall success of the company.

GENERAL GOAL UNTIL 2030:

Volga-Dnepr Group is a 'perpetual' professional organization, one of the leaders in world air cargo operations.

In the face of the global financial crisis, Volga-Dnepr Group's business strategy was not only aimed at holding its lead positions gained during the stronger previous years but to establish grounds for further rapid development. In this context, one of the key areas of business during the reporting period was the creation of the Group's own Aircraft Maintenance capability. For this purpose, a third subgroup was created within the Group Management Structure, named Volga-Dnepr Technics. The General Goal of Volga-Dnepr Technics until 2020 is to generate competitive advantage for the company by ensuring the airworthy condition of the Volga-Dnepr Group aircraft fleet and to enter the 'top 10' of international aircraft maintenance and repair companies in terms of sales revenues.

The cornerstone of Volga-Dnepr Group's business strategy is its 'Cargo Supermarket' marketing concept. In 2009, the company started to implement its Regional Air Services project under this concept. This business area will expand the product range offered by the Group by providing customers with opportunities to deliver air shipments using smaller capacity aircraft with a payload of up to 20 tons.

At the end of 2009, the successful implementation of the 'Cargo Supermarket' concept had enabled Volga-Dnepr to enter the world's top 10 air cargo carriers in terms of revenues.

Charter Air Cargo Business — key goals & implementation results of 2009

Goals 2009

Results

**Gaining the targeted profit level.
Maintaining the current Group position in
the market**

Despite the general stagnation of the aviation industry in 2009, Volga-Dnepr Group managed to considerably exceed the planned performance indicators for air charter operations.

**Develop a long-term orders portfolio for
the total amount of \$400 million,
to include \$40 million of new contracts**

Long-term sales contracts in 2009 accounted for \$500 million and included \$39.4 million of new contracts.

**Reduce operating and purchasing costs
by at least \$11.47 million.**

In 2009, the costs of doing business in air charter operations reduced by \$41.3 million.

Scheduled Air Cargo Business — key goals & implementation results of 2009

Goals 2009

Results

**Achieve break-even performance
of Scheduled Air Cargo Business
(AirBridgeCargo Airlines)**

AirBridgeCargo Airlines finished the year 'in the black', a significant achievement in comparison with poor outcomes of previous periods and given the unprecedented economic environment.

**Introduce a product strategy with a
flexible line of products and focus on
the introduction of charter programs for
the scheduled air cargo business of the
Group. Implement new opportunities that
result from the departure of competitors
from the market.**

In 2009, proceeds from charter services using Boeing 747 accounted for \$22.2 million, 2% higher than initially planned. New routes contributed revenues of \$10.1 million. In December 2009, a fourth Boeing 747-400ERF was added to the fleet and started commercial operations. The aircraft is leased from Air France.

**Ensure transition to a hub-based business
model**

Additional revenue gained due to transition to the hub-based business model was \$5.89 million, in line with the reduction of rotations between Moscow (Russia) and destinations in Europe. Savings of \$0.6 million were achieved.

**Long-term partnerships with airlines,
aircraft suppliers and aviation service
providers**

Agreements with lessors aimed at reducing aircraft lease rates helped to reduce operating costs in 2009.

Key Goals for 2010

Scheduled Services

- Achieve target performance in terms of sales, to include using opportunities to enter new international markets and strengthen presence in the Russian market;
- Follow the aircraft fleet expansion policy within the SCO Business (purchasing three additional Boeing 747-400ERF aircraft at competitive prices);
- Ensure sustainable development of business in the more favorable market economic conditions and ensure business profitability;
- Ensure high quality of general cargo deliveries in accordance with international standards.

Charter Services

- Achieve target performance in terms of revenues;
- Strengthen and expand based on the Group's basic competitive advantages;
- Follow the aircraft fleet expansion policy to include purchasing new aircraft and modernization of existing fleet to meet current and perspective ICAO standards.

Volga-Dnepr Technics

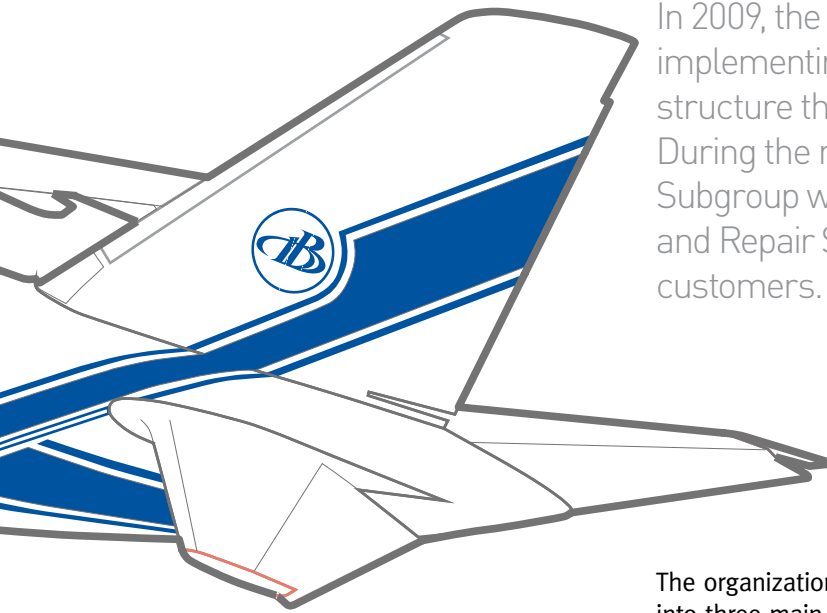
- Ensure the targeted level of airworthiness of the AirBridgeCargo fleet;
- Create a single aircraft Diagnostics Service;
- Ensure break-even performance by year-end.

Corporate Activities

- Restarting serial production of AN-124 RUSLAN aircraft;
- Implementation of advanced management technologies;
- Recruitment of best Human Resources and training our own personnel in line with the corporate HR improvement system;
- Commence operation of Project Office and creation of the Expertise Management Center.



VOLGA-DNEPR GROUP STRUCTURE



In 2009, the Management team of the Group started implementing amendments to the Volga-Dnepr Group structure that had been planned the year before. During the reporting period, the Volga-Dnepr Technics Subgroup was formed to deal with Aircraft Maintenance and Repair Services for the Group and external customers.

The organizational model of Volga-Dnepr Group sees the Group divided into three main areas: Charter Cargo Operations (CCO with Volga-Dnepr Airlines as the primary company), Scheduled Cargo Operations (SCO with AirBridgeCargo Airlines as the primary company), Aircraft Maintenance and Repair Operations (VDT with Volga-Dnepr Technics Moscow as the primary company) and supporting businesses. General management of the Group is split into Strategic Level (Volga-Dnepr Moscow Managing Company) and Operational Level via the respective primary companies of the different businesses.



Operational tools of Subgroups' management are:

- Operations planning and accounting system and performance control;
- Managerial resolutions, schedules, standards, manuals, rules and regulations (day-to-day management);
- Meetings (Daily Meetings, Operational Meetings, Committee Meetings etc.);
- Agreements with Service Providers (Legal aspects);
- Organizational models of processes and structures for operational management.

The organizational model of the Group processes consists of Main, Supporting and Management processes, which only exist as the total set of sub-processes: PURCHASING, OPERATIONS and SALES.

The split of Group companies into Subgroups based on their business specifics is intended to make corporate management more transparent and effective.

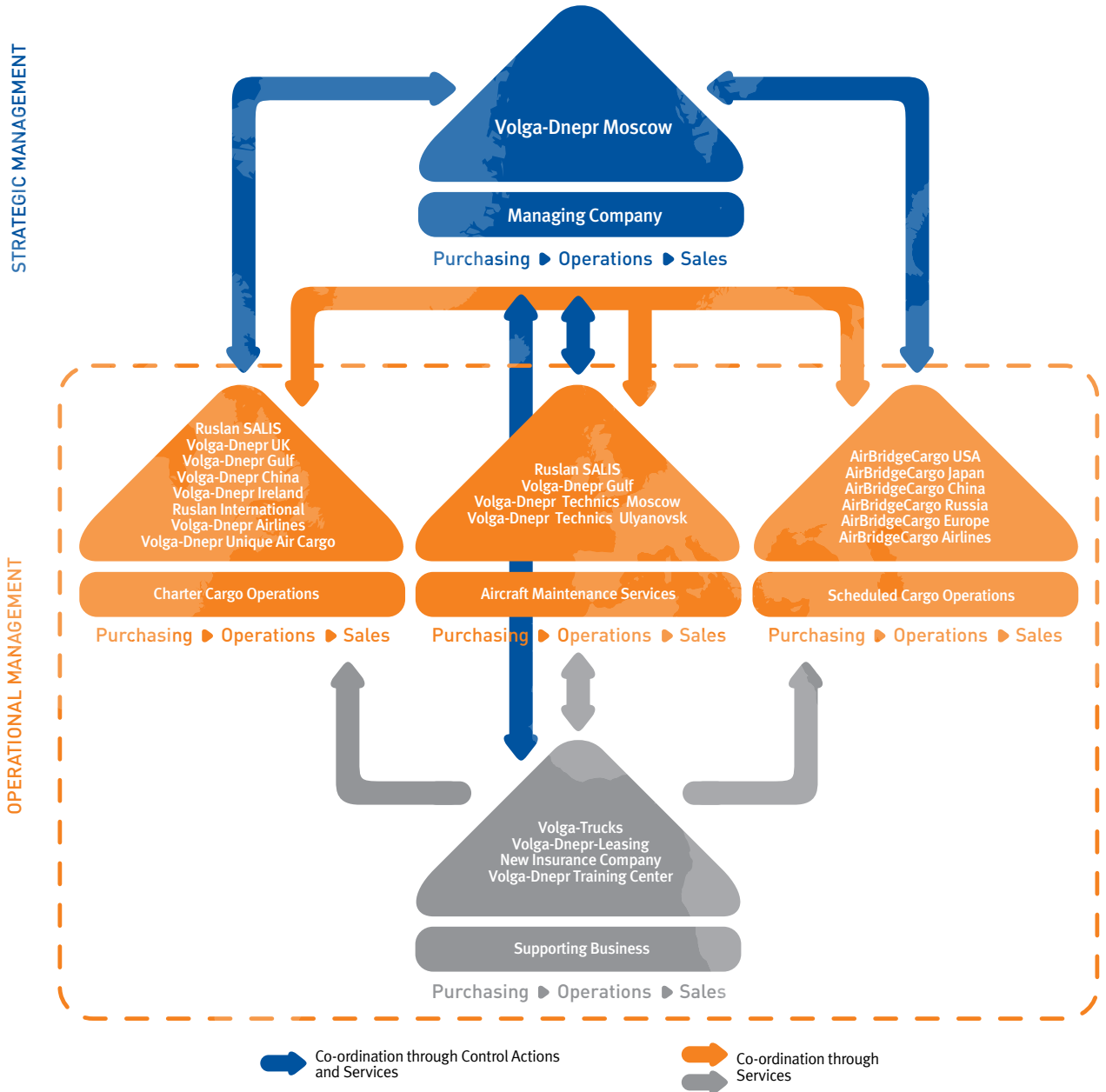
The Charter Business will be co-ordinated within the Volga-Dnepr Subgroup comprising Volga-Dnepr Airlines, Volga-Dnepr UK, Volga-Dnepr Gulf, Volga-Dnepr Unique Air Cargo, Ruslan International, Ruslan SALIS, and Volga-Dnepr Ireland

The Scheduled Business will be co-ordinated within the AirBridgeCargo Subgroup comprising AirBridgeCargo Airlines and its offices in Europe, the USA, Russia, China and Japan.

The operation of Volga-Dnepr Gulf, Volga-Dnepr Technics Ulyanovsk and Volga-Dnepr Technics Moscow specializing in aircraft maintenance services will be co-ordinated through the Volga-Dnepr Technics Subgroup.

The supporting businesses area consists of Volga-Dnepr Leasing, Volga-Dnepr International Training, NIC Insurance Company, Volga-Dnepr Airlines' branches: Volga Trucks, Volga-Dnepr Airlines' Moscow Office.

Organisational Chart





LINES OF BUSINESS

Charter Cargo Operations

In low air market conditions, the Charter Cargo Business of the Group has surrendered some of its position but secured its client base and maintained strong grounds to enable growth in line with the recovery of the world economy.

Volga-Dnepr sales in 2009 amounted to \$865 million, which is 14% less than the previous year (according to IATA, overall industry revenues dropped by 23%). The reduced AN-124-100 market can be explained by the planned completion of a number of long-term programs, lower availability of aircraft in the market in view of expected heavy maintenance activities and the drop in fuel prices, which represents a considerable share of operating cost. In the shortest possible time the company introduced a cost optimization system to ensure business effectiveness at the same marginal profit. Resulting from positive discussions with service providers, some operating expenses were moved forward to 2010.

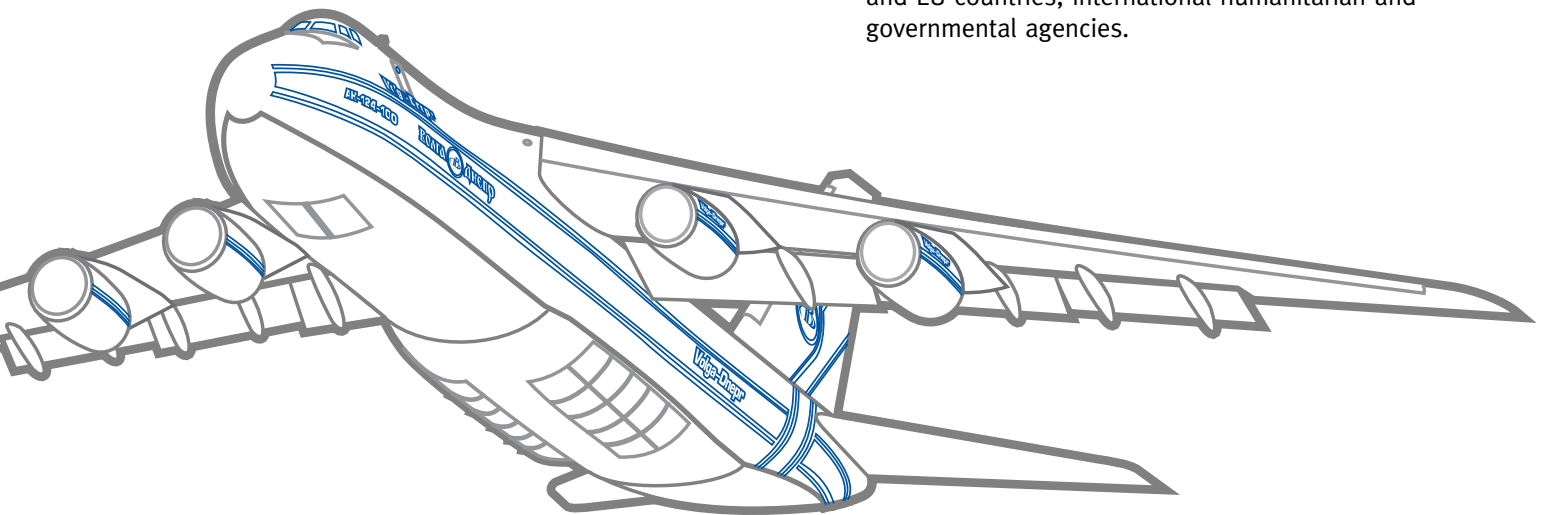
The company's freight traffic amounted to 526,108 FTK against 617,978 FTK the year before, a reduction of 15%. At the same time the total air cargo market declined by 10.9% (according to ICAO data).

In terms of tonnage of cargo transported in 2009, Volga-Dnepr Airlines' market share among Russian air carriers reduced by 1% to 18% of the total market. In terms of cargo traffic Volga-Dnepr Airlines was rated second after AirBridgeCargo Airlines — also part of Volga-Dnepr Group — with a 15% share against ABC's share of 37%.

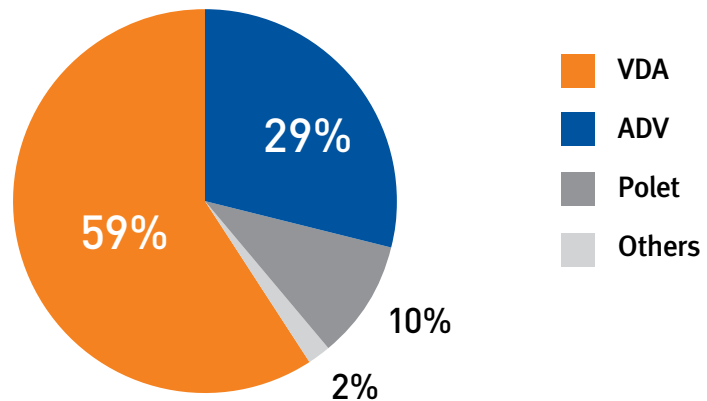
In the past year, Volga-Dnepr Airlines secured its lead position in the global niche market for the transportation of outsize and exceptional cargo on AN-124-100 RUSLAN freighter aircraft. The market share of the company in this segment was 58% compared to 56% a year before.

The first priority task of the Charter Cargo Business in 2009 was to ensure maximum flexibility in meeting continuously changing customer demands. In 2009, the go-ahead was given to the Group's Engineering & Logistics Center Project with its primary objective of providing customers with a complete door-to-door solution for outsize and heavy cargo transportation. As a result the company was not only able to extend its working relationship with existing clients but also attracted new ones.

In the Charter Cargo Market, Volga-Dnepr Airlines serves leading industrial, aerospace and oil and gas companies including Lockheed Martin/United Launch Alliance, Thales Alenia Space, Eurocopter, Space System Loral, Sikorsky Aircraft, FGUP RSK MIG, ROSOBORONEXPORT, General Electric, British Petroleum, Exxon, Siemens, Mitsubishi Heavy Industries, as well as governments of the USA and EU countries, international humanitarian and governmental agencies.



AN-124-100 Outsize and Heavy Air Cargo Market





As part of the partnership between Volga-Dnepr Group and Antonov Design Bureau, two international projects – Ruslan SALIS and Ruslan International - have successfully evolved.

By the end of 2009, 1,433 flights have been operated and 80,000 tons of cargo transported, which is 13% and 18% less respectively than in 2008. This downturn is primarily explained by reduced NATO activity in Chad and the removal of military forces from the region. In late 2007, the UN started to actively deploy the AU-UN Mission in Darfur (UNAMID). Ruslan SALIS became the first Russian aviation company to provide high tech services to European partners on such a large international scale.

To improve quality of service and provide customers with more efficient transportation solutions, Volga-Dnepr Airlines and Antonov Airlines joined forces again in May 2006 to establish Ruslan International Limited, a joint venture operating as a common marketing agent in the international market for AN-124-100 services. The joint utilization of the fleets of both cargo operators has allowed the companies to offer customers better service options due to greater availability of aircraft, more flexible flight scheduling and maintenance co-operation. By the end of 2009, 2,201 flights had been operated and more than 120,000 tons of cargo transported.

Customers can now enjoy an improved level of quality achieved through joint technical expertise in AN-124-100 operations, efficient fleet management, and shared use of loading equipment and maintenance facilities. At the same time, the two member companies have continued to perform flights as independent operators.



Together, the airlines now market a fleet of 17 Antonov freighters (Volga-Dnepr – 10 aircraft and Antonov Airlines – 7 aircraft).

Volga-Dnepr's own fleet includes 10 unique capability AN-124-100 RUSLAN aircraft and five IL-76TD freighters, two of which are modernized IL-76TD-90VD versions.

The AN-124-100 RUSLAN is an unrivaled Ramp Freighter. Its record-breaking 120-ton cargo lifting capacity provides the opportunity to resolve difficult air logistics tasks. As part of its AN-124-100 fleet optimization and modernization program, Volga-Dnepr Airlines has invested to extend the design service life of vendor components and this has ensured trouble-free operation of the entire fleet of such aircraft.

IL-76TD freighters are designed to carry substandard, heavy and general cargo of up to 50 tons by weight. Since 2002, the Group has been carrying out the IL-76TD Deep Modification Programme that includes, among other things, replacing the aircraft's engines with new Perm PS-90A-76 engines that meet current and prospective ICAO emissions and noise requirements. By the end of 2009, Volga-Dnepr had two modernized IL-76TD-90VD freighters in its fleet. Due to the high demand for such aircraft in the international market, in 2009 the Group made the decision to continue funding manufacture of a third aircraft of the type.



Scheduled Cargo Operations

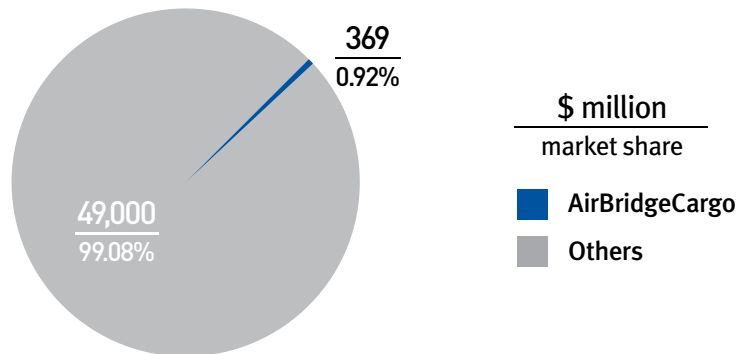
In spite of adverse economic market conditions, AirBridgeCargo Airlines was able to end 2009 not only having maintained its market position but also having considerably strengthened its client base, grown and modernized its aircraft fleet and extended its route network.

Company sales in 2009 were \$369.1 million. While average airline cargo industry revenues fell by 25% in 2009 versus 2008, AirBridgeCargo saw only an 18% reduction. Furthermore, AirBridgeCargo was one of the few airlines to finish the year in profit.

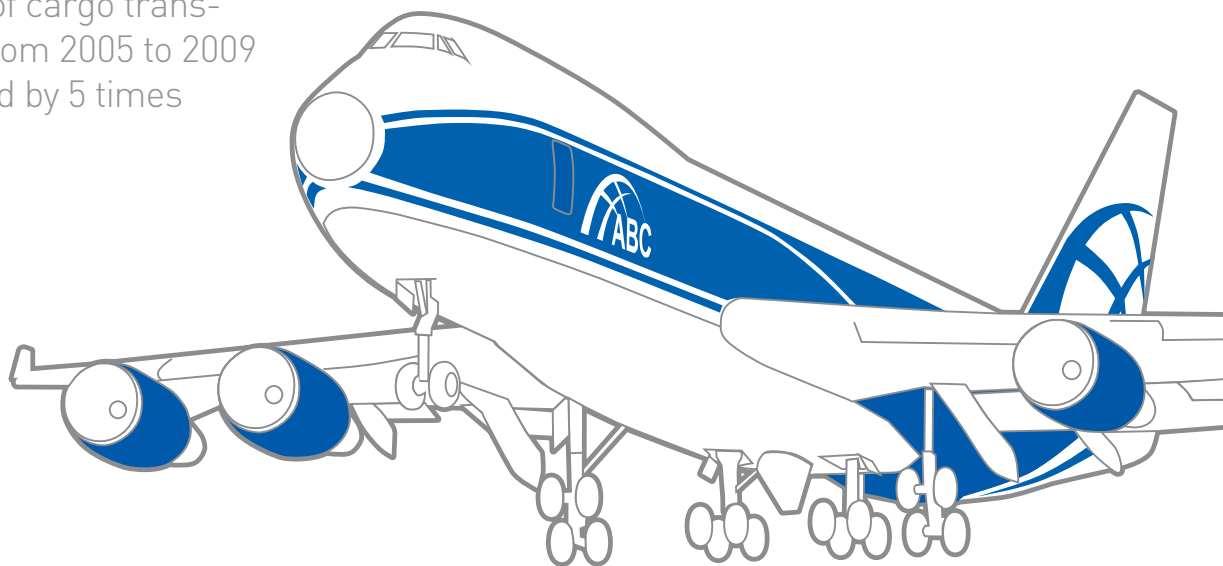
The company's management took swift decisions to reduce the impact of the market downturn. Aircraft fleet operating costs were reduced, aircraft maintenance and repair was brought in-house with Volga-Dnepr Technics, business processes were improved and supported by the introduction of advanced IT technologies. All of these factors contributed to the company finishing the year 'in the black'.

In 2009, the scheduled air operator of Volga-Dnepr Group increased cargo traffic by 19.6% to 1,317.7 million FTK and achieved a 22.7% improvement in payload. Tonnage carried increased by 22% to 159,000 tons. AirBridgeCargo was once again recognized as the leading Russian cargo airline in terms of quantity of cargo transported.

AirBridgeCargo share of the Russian Market



Volume of cargo transported from 2005 to 2009 increased by 5 times



According to an annual international survey by IATA, in the total rating list of the world air carriers, AirBridgeCargo was ranked in fourth place in the Netherlands and Hong Kong, and in 11th and 13th place respectively in China and Germany in terms of service quality.

Against the background of reduced global cargo traffic, down by an average of 10.1% during the year, AirBridgeCargo was able to increase international operations. Cargo tonnage delivered by the airline from China increased by 17.7% to 88,600 tons. The total cargo brought from the Asia Pacific region amounted to 90,600 tons, 11% more than in 2008. Traffic from Europe amounted to 54,300 tons, a rise of 51.1% over 2008. Cargo traffic from Russia, Japan and North America dropped by 28%, 81% and 51% respectively.

In 2009, AirBridgeCargo continued implementing its hub-based business model and the International Sheremetyevo Airport in Moscow became the airline's main hub. By the year end, one-third of the airline's cargo was handled at Sheremetyevo. To ensure its efficient operation in the second half of 2009, the company established an Operations Center working on a 24/7 basis.

In 2009, AirBridgeCargo continued to work with key customers and their contribution to the company's sales accounted for 70%. Among these key clients are large freight forwarders - Panalpina, DHL, DB Schenker, TNT, Dachser, Kuehne + Nagel, Kerry Logistics, UPS, Hellmann World Express, DSV, SDV etc.



After amending its management structure and sales systems in Germany, the Netherlands, Italy, Spain, France, UK, Scandinavia and other countries of the European Union, AirBridgeCargo Airlines was able to increase the number of its clients in Europe by 24%.

During the year, AirBridgeCargo entered new European markets by starting operations to Maastricht (Netherlands), Milan (Italy) and Zaragoza (Spain). At the year end, the airline started scheduled flights from Amsterdam (Netherlands) to Narita (Japan). During the reporting period, the company also expanded its route network by adding destinations in Middle Asia, notably Kabul (Afghanistan), Bishkek (Kyrgyzstan), Almaty and Atyrau (Kazakhstan).

As part of its fleet optimization plan, AirBridgeCargo took delivery of a further Boeing 747-400ERF freighter in 2009, the fourth aircraft of this version in its fleet. Modern aircraft and efficient flight dispatch helped the airline to maintain reliability and punctuality performance at high industry-standard levels. Operational regularity of AirBridgeCargo flights last year was 99.1%, while the punctuality index was 58.6%. In 2009, AirBridgeCargo confirmed its order for five new Boeing 747-8Fs.

The enhanced AirBridgeCargo fleet meets all international requirements for the handling and transportation of special cargo, including temperature-sensitive shipments such as perishables, live animals, pharmaceuticals and dangerous goods. The nose cargo door capability also enables loading of long and non-standard shipments. At the end of 2009, the share of special cargo actually remained at a corresponding level to 2008, i.e. 8% against 7% the year before. The share of general cargo within the total amount transported decreased by 1% to 92%.

The airline's strategic goal for 2009 was the strengthening and development of relationships with existing and potential customers. In addition, the new website of the company, the activities of local personnel and introduction of a new Customer Relationship Management (CRM) program helped to considerably improve the image of AirBridgeCargo.

Following the results of 2009, AirBridgeCargo was awarded with 'Best Cargo Airline of 2009' award in the nomination 'Cargo Traffic 2009', presented annually by Fraport Cargo Service (FCS) in Frankfurt, Germany. After the reporting period, AirBridgeCargo was awarded the 'Wings of Russia' national aviation award in the nomination 'Cargo Carrier of the Year on International and Domestic Airways'.



Aircraft Maintenance

One of trends in the aviation industry is for airlines to establish their own aircraft maintenance and repair center infrastructure. Airlines create their own MRO centers. Operating an international network of maintenance bases using modern equipment produces significant cost savings and enables cargo operators to keep their leading positions.

In 2008, Volga-Dnepr initiated a Volga-Dnepr Technics branded project for the creation of a widely-recognized MRO network. In accordance with the company MRO development strategy, the system will include four major centers for Russian and foreign-made aircraft maintenance and repair:

- Volga-Dnepr Technics Moscow in Sheremetyevo International Airport;
- Volga-Dnepr Technics Gulf in United Arab Emirates;
- Volga-Dnepr Technics Ulyanovsk in Ulyanovsk-Vostochny Airport;
- Volga-Dnepr Technics GmbH in Leipzig, Germany.

In May 2009, Volga-Dnepr Technics Moscow was registered with the purpose of providing Boeing 747 aircraft maintenance and repair services to AirBridgeCargo Airlines. Initially, the service mix will include Line Maintenance Checks in accordance with EASA Part 145 Certificate (granted in November 2009) and supporting services such as purchasing and supply of vendor items and engineering services. During the reporting period an agreement was made with Sabena Technics on the joint servicing of Avianova aircraft.



Volga-Dnepr Technics' development strategy stipulates that the MRO station in Sharjah (UAE) will perform line and scheduled maintenance checks for AN-124-100, IL-76TD-90VD, AN-12, AN-24/26/32, AN-74, IL-76TD and Boeing 747 family aircraft in the scope of up to C Check starting from the fourth quarter of 2010. This will allow Volga-Dnepr Group to optimize running costs. For this purpose, a special hangar will be constructed capable of accommodating two AN-124-100s or Boeing 747s, one IL-76 and three smaller aircraft. At the time this report is being compiled, construction of the hangar is in its final stage.

One of the most significant directions of Volga-Dnepr Technics business is the creation of a modern MRO infrastructure at Ulyanovsk-Vostochny International Airport. Volga-Dnepr Group was the first to announce its desire to become a resident of the Special Port Economic Zone (SEPZ) in Ulyanovsk. As a result, the company will gain a number of important competitive long-term advantages. Ulyanovsk-Vostochny has a well developed infrastructure. With an industrial zone area of 615 hectares, the SEPZ offers all necessary communications and utilities, such as gas and electricity. In addition, labor costs in the region are two

to two and-a-half times lower than in Europe and only slightly higher than in China. Such favorable conditions for Volga-Dnepr Technics' development will enable the Group to acquire a modern and sophisticated MRO complex in Russia in the near future.

Near-term plans of the Group include the construction of the Aircraft Maintenance and Repair Base and establishing a Logistics and Business Center in the SEPZ. By 2015, Volga-Dnepr Technics will be carrying out A,C and D Maintenance Checks and conversion of Boeing and Airbus aircraft, as well as repair and maintenance of Russian-made aircraft.

The inclusion of new aircraft types on its Maintenance and Repair Certificate, the offer of new services and addition of new customers are the main priorities of Volga-Dnepr Technics for 2010. One more significant goal of the next year will be expansion of its own MRO base in Leipzig, Germany.



Flight Safety

Flight safety is the top priority of Volga-Dnepr Group. The continuous introduction and development of new pro-active forms of accident prevention and safety management in accordance with global trends and advancements - and in line with ICAO ideology - are at the forefront of the Group's general safety philosophy.

Each airline within the Group has a dedicated flight safety inspectorate with methodical accident prevention guidance vested in the Accident Prevention Department of the Managing Company. The published implementation principles of the Group Accident Prevention and Flight Safety Policy constitute the code of conduct for all employees and form the basis for the Group's corporate safety culture.

The Group has successfully implemented and observed its in-house safety management system. The actual flight safety level in 2009 was 1.06 incidents per 1,000 flights in Volga-Dnepr Airlines (reference level of 1.46 and pre-set maximum allowed level of 1.88). In AirBridgeCargo, the safety level was 0.37 (reference level of 0.5 and pre-set maximum allowed level of 1.01).

Volga-Dnepr Airlines was the first Russian all-cargo carrier to successfully pass the IATA operational safety audit (IOSA) in 2007. The audit is a mandatory condition of renewing membership of this organization. For renewal of the IOSA registration scheduled for April 2009, a large amount of work



was carried out in the second half of 2008 to prepare for updated and more stringent audit requirements. As a result of this work, the re-validation audit confirmed that the company's operations were in line with internationally-recognized standards and the registration of Volga-Dnepr Airlines as an IOSA-compliant operator was extended to 2011.

This means that the following basic elements of the airline operational safety system were recognized as compliant with international standards:

- Organization and Management System (ORG);
- Flight Operations (FLT);
- Flight Dispatch and Control (DSP);
- Aircraft Maintenance (MNT);
- Cabin Operations (CAB);
- Aircraft Ground Handling (GRH);
- Cargo Operations (CGO);
- Aviation Security (SEC).

The Flight Safety Management and Accident Prevention System of Volga-Dnepr Group was once again demonstrated to a number of Underwriters. This is one of the key grounds for consistently reducing the gap existing between the insurance rates of Russian and foreign air carriers.

The effective Flight Data Analysis System continues to enjoy steady success for monitoring and control of operational quality and preventing air accidents. In 2009, the system was enhanced further with a new component – Flight Deck Simulator.

2009 saw the introduction of the AN-124-100 Flight Simulator into the Flight Crews Training System, which was designed and manufactured for the company. The training results undoubtedly demonstrate its key role in preventing air accidents. Higher utilization of the simulator is now planned.

Using a systems approach, Volga-Dnepr Group has consistently achieved a high level of aircraft airworthiness and reliability, and invested in staff training and facilities for safe operation and maintenance of its fleet of Russian and western-built aircraft to the highest international standards.



Quality Management

The recognized brand name of Volga-Dnepr Group in the global air cargo market has been supported by its reputation for high quality service. The Group's primary goal in the field of quality assurance has always been to meet and exceed requirements of customers and the mandatory conditions guiding air cargo carriers.

In 2002, Volga-Dnepr Airlines introduced an ISO 9001:2002-certified quality management system. In 2009, the company successfully passed the re-certification procedure for compliance with ISO 9001 standard version 2008.

In 2009, the company started the development and introduction of the single Subgroup Management System. This work will be continued in 2010. The designers of the system have been tasked with bringing the existing management system into compliance with ISO 9001:2008 and further develop in-house corporate operations standards.

Supporting Business

NIC Insurance Company

NIC Insurance Company was founded by Volga-Dnepr Group in 1995 to provide reliable insurance coverage for major aviation risks.



Today, it operates in the international insurance market and is a unique, experienced company in aviation insurance. NIC maintains partnership relationships with major western insurers, including AIG, GAUM, syndicates of Lloyd's, Munich Re, Aspen, Atrium, Partner Re, and Allianz.

Since the very beginning, NIC Insurance Company has always been involved in procedures for optimizing Volga-Dnepr Group's costs in connection with aircraft insurance. During the period from 2004 to 2008, the relative index of the Group under Hull Risk plus Aviation Liability decreased by 62% while the market index changed less than 40%. Such a positive change of insurance rates resulted in additional savings for the Group in excess of \$6.5 million.

By the end of 2009, NIC's share of the aviation insurance market was 8%. At the year-end insurance benefits across all company products amounted to 68.134 million Rubles.

In pursuing the General Goal i.e. to satisfy the full needs and requirements of the Group and its personnel in reliable social protection, the company provides social packages to employees of all Business Units of the Group: voluntary health insurance, personal accident insurance, loss of license insurance. In line with Corporate Programs, NIC provides financial insurance protection to personal motor vehicles and property as well as liability insurance.

In 2009, the NIC-Life sister company offered personal insurance services, namely life insurance and pensions for Volga-Dnepr personnel. NIC-Life provides additional pension benefits to more than 70 retired employees of Volga-Dnepr. The amount of insurance pay-outs made by NIC by the year-end was 9,410 Rubles.



Volga-Trucks

Volga-Trucks is a subsidiary of Volga-Dnepr Airlines and was founded in 1994 to specialize in road transportation of cargo. Volga-Trucks is a member of the International Automobile Transportation Association and has a bonded carrier license enabling it to benefit from the domestic transit customs regime. Volga-Trucks' fleet consists of imported vehicles manufactured by Mercedes-Benz, Scania and MAN that are used to transport general, bonded and fluid cargo.

In 2009, the company operated more than 4,580 trips. Its revenues generated from sales of trucking services totaled 100.9 million Rubles, which was 17% below the level achieved in 2008.

Throughout the last year, Volga-Trucks has continued to provide bonded cargo ground logistics services under contracts with AirBridgeCargo Airlines. Consignments were transported from Moscow-Sheremetyevo Airport to locations in the European part of Russia, the Urals and North-Western Regions. In 2009, the total volume of cargo delivered under such conditions exceeded 100 tons.

A new service for the transportation of fluid cargo showed high growth rates in 2009. Volga-Trucks performed deliveries of milk, vegetable oil, syrups and other fluid products to processing factories in the Volga region. Overall, 15,000 tonnes of fluid products was transported.



Corporate University

Volga-Dnepr Corporate University is a corporate system of personnel development and training.

The Corporate University operates as a stand-alone business unit within the Group and was registered as a non-governmental educational establishment under the brand name “Volga-Dnepr International Training” to incorporate the Group’s Aviation Training Center, Management School, School of Leadership, Expertise Center and Foreign Languages School.

The Corporate University’s task is to promote realization of the Group Strategic Goals and ensure the individual success of every employee. 70% of all Strategic Goals of the Group are being implemented by those who have received training in the Corporate University.

The primary objective of the Corporate University is to satisfy the Group’s requirements for qualified management, operations and supporting personnel. It wants to promote continuity and dissemination of

the best, unique experience via the Expertise Center and contribute to establishing leadership aspirations among the company personnel necessary for fulfilling the Strategic Goals of the Group.

Training and development of management personnel is being carried out under the Top Management HR Reserve and Team Building programs. Special attention is being attached to Project Management. Executive staff that are being trained in special schools: Sales School, Personal Assistant School etc.

Flight and Maintenance personnel receive initial and recurrent training in the Aviation Training Center. In 2009, more than 2,700 company personnel were trained. The list of training programs is being regularly updated and added to. In 2009, 16 training programs for Flight and Maintenance personnel were certified to include the following:

- B-747-200/300/400 Flight Crews Recurrent Training (Distant Training Courses);
- B-747-200/300/400 (F, SF) Loading and Unloading;



- B-747-200/300/400 (F, SF) Ramp and Cargo Terminal Handling;
- B-747-200/300/400 (F, SF) Weight and Balance;
- B-747-200/300/400 (F, SF) Load Masters Training Courses;
- Initial Ground Handling Course for Personnel, Operators and Agents for Accepting Dangerous Goods within training discipline: Transportation of Dangerous Goods by Air (ICAO Classes 1-12).

Employees of the Group receive English language training in the Foreign Languages School, which has existed for over 15 years in the educational services market. The School is a member of the international association of teachers of English as a Foreign Language and it is a regular participant at annual methodological conferences and other forums in different countries. More than 2,000 people successfully receive linguistic training in Volga-Dnepr schools each year.

Training provided by all Schools and Centers of the Volga-Dnepr Corporate University satisfies

international standards. The training process uses advanced training technologies. On a regular basis, the Corporate University operations are being checked and audited by certification authorities of the Ministry of Transport of the Russian Federation, Ministry of Education and Science, licensing authorities of the Ulyanovsk Administration as well as the founders represented by Volga-Dnepr Moscow Managing Company.

Sales of Educational Services by Volga-Dnepr International Training increased in comparison with 2008 by 11%, despite the economic downturn.



DEVELOPMENT PROJECTS

During 2009, Volga-Dnepr Group continued implementing a number of its strategic projects despite the global recession.

In the charter services business, the primary goal is to ensure production of AN-124 and IL-76 ramp freighters. Volga-Dnepr has launched and spearheaded projects to resume series production of AN-124 family airplanes as well as the construction of deeply modified IL-76 airplanes. This will allow further expansion of the fleet using a new generation of these unique Russian ramp freighters and maintain the specific market that has been created and dominated by these aircraft, which were originally designed as military transport aircraft during the Soviet era.

The fast-growing air cargo hub project at Sheremetyevo Airport in Moscow has taken a no less important place in AirBridgeCargo's strategy as a Scheduled Cargo Operator of the Group. It helped to improve the company's performance in 2009 and established grounds for further market expansion.



AN-124 Resumed Series Production Project

During its 18 years in the commercial market, the AN-124 freighter has become an irreplaceable tool for integrated air logistics involving the movement by air of outsize and heavy cargo. No other present day cargo airplane can offer such complex and unique operating capabilities.

In line with its fleet renewal plans, in 2008 Volga-Dnepr Group placed an order with Russia's United Aircraft Corporation (UAC) committing to 40 new AN-124 aircraft in the AN-124-100M-150VD modification by 2027. It is assumed that 20 AN-124-100M-150VD aircraft will be delivered during 2011-2020 and 20 aircraft between 2021 and 2027.

In 2009, the AN-124 Resumed Production Project made great progress in several decisive directions. During the International Air Space Show MAKS-2009 in Moscow in August 2009, the United Aircraft Corporation (UAC), Volga-Dnepr Airlines and Antonov Design Bureau signed the Technical Specifications for the design of a modernized version of the AN-124-300 RUSLAN ramp freighter.

In November, during the State Council session dedicated to innovative development of transport, President of Russian Federation, Dmitry Medvedev, supported the AN-124 Resumed Production Project. At the year-end in compliance with the Presidential Resolution, the AN-124 RUSLAN was included into the National Armament Program 2020, which specified purchasing 20 new large military transport aircraft.



IL-76TD Deep Modification Program

Volga-Dnepr Airlines has guided implementation of the IL-76 deep modification program since 2002. The fundamental part of this initiative is the re-engining of Ilyushin aircraft with PS-90A-76 engines that are compliant with current and prospective ICAO emission and noise requirements. In 2004, Volga-Dnepr Leasing was established as the managing company to support construction of the modernized IL-76 and the business plan for the production of 15 new IL-76TD-90VDs by 2020.

Introduction of the new IL-76TD-90VD aircraft into its fleet has enabled Volga-Dnepr Airlines to recommence cargo services with the aircraft to the prime markets of North America, Western Europe, Japan and Australia – all regions that remain closed to older IL-76 modifications. In the reporting period, Volga-Dnepr Airlines operated two new 'quiet' Ilyushin aircraft that accounted for \$42.7 million of revenues. Tonnage transported and cargo traffic on IL-76TD-90VDs increased by 12% and 20% respectively in comparison with the previous year. Total sales from IL-76 transportation services performed by Volga-Dnepr Airlines were \$114 million.

Last year, Volga-Dnepr confirmed its intention to continue with its IL-76 fleet renewal. In spite of the difficult economic environment, Volga-Dnepr Leasing and the United Aircraft Corporation continued financing construction of the third IL-76TD-90VD. As before, the aircraft is being built at the Tashkent Aircraft Factory. The third new version IL-76TD-90VD joined Volga-Dnepr's fleet and was put into operation in the second quarter of 2010. The company expects delivery of its fourth and fifth IL-76TD-90VD freighters in 2011-2012.



Russian Hubs Development Project

An important place in the Scheduled Cargo Business strategy of Volga-Dnepr Group is taken by its Air Transport Hubs in Russia project. In 2009, supported by the Ministry of Transport of Russia, Volga-Dnepr Group and International Airport Sheremetyevo in Moscow took the decision to create a cargo hub at the airport. By the end of 2009, as a result of the implementation of the hub project, AirBridgeCargo had been able to optimize its route network, with additional revenues from hub operations at the Russian capital airport of \$5 million. AirBridgeCargo Airlines is the principal air carrier using the cargo terminal at Sheremetyevo Airport.

Notwithstanding the economic downturn in 2009, AirBridgeCargo Airlines was able to successfully make the transition to a hub-based operational model at Sheremetyevo Airport. By the end of 2009, one-third of cargo transported by the company was handled at this hub. To ensure proper support and control of cargo handling operations at the airport, AirBridgeCargo created an Operations Center with the purpose of coordinating all activities on a 24/7 basis.

This hub-based project also favorably affected the operations indices of International Sheremetyevo Airport. Unlike many of the world's other biggest

airports where cargo operations decreased by an average of 15-20%, during the reporting period the amount of cargo handled at Sheremetyevo increased by 25-30%.

AirBridgeCargo's future plans include further development of the cargo terminal at Sheremetyevo to increase the amount of cargo handled by the terminal and expansion of its route network from the Moscow airport. The airline intends to use the experience of its development at Sheremetyevo to further develop its hub and spoke business model. It anticipates the creation of 4-5 new hubs in the Russia territory.



SOCIAL RESPONSIBILITY

Volga-Dnepr Group is a significant partner in international transportation supply chains. The scope of the company's operations also combines its dependence on economic, social and ecological conditions in Russia and worldwide. This is why over the past 20 years, Volga-Dnepr Group has made a strong commitment to being a socially responsible business complying with stringent rules and standards applicable to companies in different countries of the world.

Involvement in Socially Important Projects

Volga-Dnepr Group demonstrates its social responsibility through active involvement in the most significant national aviation and transport industry projects. Among these are restarted production of the AN-124 RUSLAN, funding the construction of quiet and ecologically-friendly IL-76TD-90VD freighters, the development of ground transportation infrastructure (Cargo Hubs) and a cargo network delivery system. Implementation of these initiatives is a major step in boosting the national economy outside of its strong energy resources exports. The projects also have an outstanding social function. They provide thousands

of jobs and create conditions for many individuals to maintain and improve their qualifications. This, in turn, supports the continued recovery of the National Aviation Industry. Creating a modern transport infrastructure is a long-term investment that will help Russia to take a strong and reputable place in the international logistics system.

In the unsteady economic environment during the reporting period, Volga-Dnepr Group continued to realize industry basic projects and made considerable progress with each.



Employees of the Group

The HR policy of Volga-Dnepr Group is aimed at maintaining its leading position in Russia and the international air markets. In pursuance of this goal, the company has to do the following:

- Provide employees with attractive work and professional development conditions;
- Employ best qualified staff with career improvement potential;
- Carry out social-oriented policy and protection of personnel, to include beneficial pension schemes after retirement;
- Improve individual performance to European level due to utilization of advanced motivation systems.

Since its very beginning, Volga-Dnepr Group has devoted considerable time and investment to training programs to enhance its employees' qualifications and skills. During the reporting period, training was provided to Air Crews and Maintenance Personnel, and Ground Handling Personnel in four basic categories: professional training of flight crews and maintenance personnel, training in aviation English language and radio communication phraseology, rescue training and general training in English, French and German languages. In 2009, more than 5,000 people completed training in the Center and the number of training hours increased by 21% in comparison with 2008. At the same time, during the reporting period 16 training programs were certified for Flight and Maintenance Personnel. The Management Staff of the Group are also being trained under the Management Reserve training programs.

As in previous years, in 2009 Volga-Dnepr attached great significance to the prevention and avoidance of accidents. The Group created a safe working conditions system and employees are now being regularly trained on the basics of a safe work environment. In-house regulations and standards are being developed and performance controlled.

At the same time, Volga-Dnepr is an active participant in aviation industry educational programs suffering from the shortage of trained personnel. Several years ago, Volga-Dnepr entered into Strategic Partnership Contracts with educational establishments in the Ulyanovsk Region: the Ulyanovsk Civil Aviation School (UVAUGA), the Ulyanovsk State University (UIGU) and the Ulyanovsk State Technical University (UGTU), as well as the Samara Air Space University, where aircraft maintenance engineers receive their initial professional training. In 2009, 98 students received on-the-job training in different Volga-Dnepr Group companies of the Group and 15 of these were subsequently employed by Volga-Dnepr.

Volga-Dnepr values its personnel and cares for their confidence in the future. Employees of the Group enjoy social benefits and guarantees on a continuing basis. The primary goal of such social programs is to attract and retain high quality personnel whose efforts contribute to the company's business success and the achievement of its Strategic Goals.

Ecology

Major social programs:

- Sanatorium and spa treatment of employees and their family members: 67 employees and 23 children received such treatment in various health care centers.
- Discounted insurance: NIC Insurance Company, being a part of Volga-Dnepr Group, provides beneficial conditions of voluntary health insurance and accident insurance to Group's employees, as well as loss of license insurance for flight crew members. During the reporting period, employees of the Group received 2,495,271.51 Rubles in compensation. NIC also provides insurance for the personal motor vehicles and property of Volga-Dnepr personnel.
- Moving to new office building: during the reporting period a decision was taken to move Volga-Dnepr Moscow Managing Company and AirBridgeCargo Airlines to a 'Class A' office building. As the result, personnel will benefit from improved working conditions and shorter journey times to and from the workplace.
- Fitness clubs and swimming pools compensation.
- Special private pension schemes for Flight and maintenance personnel.
- Material assistance on such occasions as weddings, child birth, illness etc.

Protecting the environment is at the heart of Volga-Dnepr Group's Ecological Policy. In 2009, the Group continued work to improve its energy-saving and ecological efficiency, reducing emissions and environmental pollution. During the reporting period, Volga-Dnepr continued implementing fuel saving programs, supported by its transition to a modern fuel-efficient aircraft fleet. The Group provides funding for the IL-76TD modernization program that involves re-engining the aircraft with new and more efficient PS-90A-76 engines. The new, greener power plant meets both the current and perspective ICAO emissions and noise standards. Upon completion of the reporting period in the second quarter of 2010, the third modernized Ilyushin was put into commercial operation. The company expects deliveries of the fourth and fifth IL-76TD-90VDs in 2011-2012.

As part of its fleet optimization in 2009, AirBridgeCargo Airlines took delivery of a further Boeing 747-400ERF freighter. Its fleet now comprises four modern and efficient Boeing 747-400ERFs, enabling the Group to further reduce its effect on the natural environment. During the reporting period, AirBridgeCargo confirmed its order for five new Boeing 747-8Fs, which meet all perspective ICAO emission and noise standards.

Charity and Social Activity

Through sponsorship and charity programs, Volga-Dnepr is helping to improve both the social and business environment by establishing constructive dialogue between business and society, and with the development of communication and relationships between different regions of the country. With direct involvement of the company, a secondary school ISTOCHNIK provides advanced technologies to develop the skills and education of children.

Support of the Socially Disadvantaged

During 2009, Volga-Dnepr continued its social mission to support and protect disadvantaged social groups of young children and old-aged pensioners.

Special attention was paid to children, who through unfavorable family conditions or poor health status, found themselves in a difficult situation. Volga-Dnepr was also an active supporter of the 'Back to School' charity campaign.

One more social area to benefit from Volga-Dnepr's support was caring for World War II veterans. On a regular basis, Volga-Dnepr not only provides individual support to veterans of the Group but also to the Ulyanovsk Regional Hospital of War Veterans, the Local Invalids Organization, the Regional Gerontological Center and other social establishments of the Ulyanovsk Region.



Supporting Culture and Sports

For many years, Volga-Dnepr Group has been an active supporter of Russia's cultural and sporting life.

In 2009, the Group provided support to a number of cultural establishments in the Ulyanovsk Region, including the Regional Philharmonic Society, the Plastov Museum of Fine Arts, Folk Arts and Leisure Club. Volga-Dnepr also continued its long partnership with the Ulyanovsk Drama Theater.

During the year, Volga-Dnepr was also a designated carrier of vehicles for the Silk Way Rally 2009.



COMPANY HISTORY MAJOR MILESTONES

The history of Volga-Dnepr Group is the history of air cargo business in Russia and the world. During nearly 20 years in business, Volga-Dnepr has carried out hundreds of unique operations, implemented dozens of projects and actively developed new market segments. The Group's main objective is to achieve leadership in the global airfreight market.

1990



17 August. The constituent conference of the Volga-Dnepr Company took place. Alexey Isaikin was elected Chairman of the Board of the newly-established airline. The main shareholders of the company were Aviastar Aircraft Factory, Progress Engine Design Bureau, Antonov Design Bureau, and Aviant Factory. Volga-Dnepr became the first joint stock company registered in Ulyanovsk, Russia.

1992



Volga-Dnepr started international operations under its own call sign. The first international flight was operated from its base airport of Ulyanovsk-Vostochny to Sofia.

1993



Volga-Dnepr obtained over 70 licenses for charter flights worldwide. The Russian Government appointed Volga-Dnepr as a designated air carrier between the USA and Russia, and China and Russia. Under the permission of the US Aviation Authorities, Volga-Dnepr Airlines commenced transportation of unique and oversize cargo within the US territory.

1994



Volga-Dnepr Airlines became an official supplier to the UN.

1995



The Volga-Dnepr maintenance base was certified by the Department of Air Transport to perform the entire range of maintenance services for AN-124-100, IL-76, AN-12, and AN-32 aircraft. Volga-Dnepr received a Bonded Carrier Certificate (on Russian Territory), thus becoming the first Russian airline to achieve such status.

NIC insurance company was established to provide reliable insurance coverage for the airline. Volga-Dnepr is the major stakeholder (99% of the nominal capital).

1996



The first foreign line maintenance station was set up at Sharjah Airport, UAE. Volga-Dnepr was certified to perform maintenance services for AN-124-100 and IL-76 cargo aircraft.

Volga-Dnepr started scheduled passenger services from Ulyanovsk to Moscow (Vnukovo Airport) using YAK-40 aircraft.

1997



The Association of Cargo Airlines (AGAK) was established under a Volga-Dnepr initiative.

1998



Volga-Dnepr Airlines wins the national 'Wings of Russia' aviation prize for 1997 in the category 'Domestic and International Cargo Carrier'. Volga-Dnepr Airlines and Antonov Design Bureau developed and started to implement the AN-124 modernization program.

1999



Volga-Dnepr Airlines wins the national 'Wings of Russia' prize for 1998 in the category 'Domestic and International Cargo Carrier' for the second time.

The company sets a new flight hours record. For the first time in its 9-year history, the monthly flight time on AN-124-100 aircraft exceeded 1,200 hours.

2000



Volga-Dnepr Airlines wins the national 'Wings of Russia' prize for 1999 in the category 'Domestic and International Cargo Carrier' – the third time the airline had been honored.

To support the creation of its own global sales network, Volga-Dnepr Airlines establishes offices on both sides of the Atlantic Ocean: Volga-Dnepr Unique Air Cargo, Inc. in Houston (USA) and Volga-Dnepr UK Ltd in Stansted (UK).

2001



Volga-Dnepr is awarded a prize by the leading American magazine, Air Transport World, in the category 'Air Cargo Service Development'. This was the first time a Russian airline had received this prestigious award.

2002



The company's aircraft perform an aid and relief program in Afghanistan to deliver humanitarian goods, equipment and peacekeeping units. Volga-Dnepr was the first civil airline to commence operations in Afghanistan.

2003



Volga-Dnepr Airlines received the 'Aerospace Laurels — 2002' prize awarded by the prestigious American magazine, Aviation Week & Space Technology, in the category 'Commercial Air Transport'.

2004



The Ulyanovsk-based Aviastar-SP aircraft manufacturing plant completes construction of a new super-heavy AN-124-100 Ruslan aircraft for the Volga-Dnepr Group of Companies.

Volga-Dnepr Leasing was established to facilitate the national IL-76 modernization program.

2005



Volga-Dnepr Airlines wins the national 'Wings of Russia' prize for 2004 in the category 'Domestic and International Cargo Carrier' for the fourth time in its history.

Volga-Dnepr is awarded with its ISO 9000:2001 quality compliance certificate by IQNet – International Certification Network.

2006



Volga-Dnepr Airlines took delivery of its first IL-76TD-90VD freighter. The new IL-76TD-90VD aircraft received a noise and emissions certificate confirming that the aircraft design complies with the strict requirements of ICAO Chapter 4, Appendix 16.

AirBridgeCargo obtained its Air Operator Certificate (AOC) allowing the company to conduct its own Scheduled Air Cargo business.

Commencement of operations by the Ruslan SALIS and Ruslan International companies established jointly by Volga-Dnepr Group and Antonov Design Bureau for AN-124-100 cargo services.

In Leipzig (Germany), within the Ruslan SALIS project, Volga-Dnepr Group launched a maintenance base for Russian-built aircraft.

2007



Volga-Dnepr Airlines wins the 'Wings of Russia' national aviation prize in the category 'Domestic and International Cargo Carrier'.

Volga-Dnepr Group and Ilyushin Corporation signed an agreement to build three more IL-76TD-90VD aircraft at the Tashkent Aviation Factory. The aircraft are scheduled for delivery in 2009-2010.

Volga-Dnepr took delivery of its second IL-76TD-90VD freighter.

AirBridgeCargo's fleet was enlarged with the arrival of a Boeing 747. Volga-Dnepr Group signed a series of agreements with The Boeing Company for aircraft fleet expansion and cooperation.

2008



Volga-Dnepr Airlines and KrasAir established a new cargo terminal at Krasnoyarsk Emelyanovo Airport. It is planned for a new cargo terminal to become the first international hub in Russia. AirBridgeCargo is a major operator in the new terminal.

AirBridgeCargo took delivery of its second and third new Boeing 747-400ERF from GE Commercial Aviation Services. These new aircraft will operate on existing routes in the AirBridgeCargo network.

Volga-Dnepr Airlines was awarded the 'Wings of Russia' aviation prize for the sixth time.

According to the annual 'Expert' magazine rating, Volga-Dnepr Group entered the Top Three of the largest Russian aviation enterprises in sales volume, and the Top Two in terms of growth rates.

'The Fifth Ocean', a corporate publication of Volga-Dnepr Group, was named among the best corporate publications by 'The Best Corporate Publications of Russia 2007-2008' digest.

2009



The company continued to finance the building of its third new IL-76TD-90VD freighter, due for delivery in spring 2010.

Changes were introduced to AirBridgeCargo Airlines' business model to reflect the new emphasis on the development of hub-based operations at Moscow-Sheremetyevo Airport (Russia).

AirBridgeCargo became the leading airline at Frankfurt Airport in terms of freight turnover.

A brand new B747-400ERF was put into service to become the fourth such version of the freighter modification in AirBridgeCargo's overall fleet of seven Boeing 747 aircraft.

Volga-Dnepr Airlines was voted 'Best Cargo Charter Airline' by the Baltic Air Charter Association (BACA).

AirBridgeCargo Airlines wins the national 'Wings of Russia' prize for 2008 in the category 'Domestic and International Cargo Carrier'.

At the Moscow Aerospace Show (MAKS-2009), Volga-Dnepr Group, Antonov Design Bureau and Russia's United Aircraft Corporation (OAK) signed a requirements specification document for the new AN-124-300, a further development of the heavy transport aircraft.

Russia's President, Dmitry Medvedev, ordered the country's government to provide for procurement of 20 new AN-124 Ruslan military transport aircraft in the State Arms Program 2020.

The Engineering & Logistics Center project was launched to provide customers with a full range of 'door-to-door' logistics services for the worldwide delivery of heavy and outsize cargo.

The maintenance organization Volga-Dnepr Technics obtained its EASA Part 145 certification for B747 line maintenance services.



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