



**Aeroflot – Russian Airlines, established in 1923, is Russia’s largest Russian airline. It was founded by the Russian Government, which owns 51%, while the remaining 49% is owned by the airline’s employees as well as various legal entities and individuals. The airline has 107 representative offices, of which 78 are located overseas. Aeroflot operates the youngest airliner fleet in Russia, with 90 aircraft and the largest flight control center in Eastern Europe. The center provides the highest security level – 99,96%. The airline employs nearly 15,000 people including 2,000 flight technical specialists.**

relatives and friends, discover new countries and cities, and – importantly – feel safe, secure and comfortable onboard.

Aeroflot’s goal is to become a truly world-class airline. This will require expanding the company’s fleet, commissioning a new terminal, improving operational efficiency and ensuring stable product quality at the level of the five top European airlines by 2010.

#### Innovations & Promotion

Within its product development strategy, Aeroflot continues to take measures to improve its passenger service competitiveness. Aeroflot has introduced a new range of premium class services for its passengers:

- ‘President’ – is a brand-new business class for passengers traveling to distant destinations (over six hours of flight) including transatlantic flights (US and Canada) and Asian flights (Tokyo, Bangkok, Shanghai and Hong Kong) using ‘Boeing 767’ airliners
- ‘Premier’ – is an advanced business class featured on ‘Airbus A319’, ‘A320’, and ‘A321’ for passengers traveling to priority European destinations.

In 2006, a new and improved economy class called ‘Kommersant’ was introduced for economy class passengers traveling to European destinations (Geneva, Nice, Helsinki). Kommersant passengers enjoy additional services including business class check-in registration, improved catering service with extended product offerings including alcoholic beverages, as well as additional comfort products, etc. Kommersant flights are offered on comfortable and advanced Airbus airliners.

The proven onboard entertainment program – Video on Request – for business class passengers has been enhanced with new features. The repertoire of DigEPlayers is constantly updated so passengers can enjoy the latest international and Russian premieres. Aeroflot has also resumed its entertainment program for flights over six hours long for economy class passengers.

In late 2006, Aeroflot ran an image-promoting campaign called ‘A Transparent World for All’. Its objective was to actively promote the airline’s image as that of a reliable, stable and continuously-upgrading airline. The ‘Globes’ concept illustrated that, thanks to Aeroflot, the world turned ‘Transparent’, the flights – visible

and clear, that we could be easily transported to virtually any point on the Earth. The main ‘hero’ of the commercials – the Globe – is a clear and comprehensible symbol of the world. Across the entire concept the key emphasis was on the passengers as the airline’s focus. This is a logical sequel to the airline’s previous image-promoting campaign as well as an opportunity to transfer emotional perception to the future company.

Also in late 2006, Aeroflot introduced its new Water-Land Emergency Training Complex at the Center for Aeronautical Personnel Training. Equipped with the latest equipment and software, this training complex enables training of cockpit and cabin crews in a simulated environment by modeling various emergencies. The complex is equipped for full-fledged training aimed at extinguishing ‘real fires’.

In June 2006, Aeroflot – Russian Airlines launched an online payment system at its corporate website (www.aeroflot.aero). Now passengers are able to both book and purchase their air tickets online using credit cards. This project provides for additional developments:

- Setting up dedicated websites for international markets in ten languages and prices quoted in major currencies
- Provision of customer access to related services (hotel reservations, car rental, etc.).

The use of ‘interline e-ticket’ with SkyTeam partner airlines was launched in March 2007. In June 2007, Aeroflot launched its e-ticket service in the territory of the Russian Federation. E-tickets offer additional convenience to passengers by allowing them to save valuable time when purchasing tickets. Internet ticket booking and Internet ticket sales are the fastest-growing segments on the international aviation market. Its implementation in Russia enables air carriers to engage in efficient international cooperation while creating additional preconditions for active participation in global aviation industry development initiatives.

In May–June 2007, Aeroflot launched an advertising campaign to promote the Visa-Aeroflot debit card issued by ‘Sberbank’ of Russia. The campaign was designed to attract new participants to the ‘Aeroflot Bonus’ program and stimulate their accumulation of miles under the ‘Aeroflot Bonus’ program. In February 2007 Aeroflot and ‘Alfa Bank’ launched a special campaign for participants

of ‘Aeroflot Bonus’ and ‘Alfa Bank’ customers in order to celebrate the anniversary of the launch of the Aeroflot-MasterCard-Alfa Bank card. A number of other advertising campaigns under the auspices of the ‘Aeroflot Bonus’ program were also undertaken in 2007. They strived to enhance Aeroflot’s image as an airline that offers quality products and services that meet the needs of ‘mobile’ people who frequently travel within Russia and overseas.

#### Economy & Finance

In 2006, there were 185 airlines on the market operating nearly 2,500 aircraft. Aeroflot’s share in the total volume of air transportation by Russian airlines was 24,2%. The airline transported 7,3 million passengers to 80 destinations in 56 countries including 28 Russian cities (on average, 302 flights per day). Aeroflot controls around 51% of the Russian market of international air traffic and nearly 12% of domestic air traffic.

In 2006, 145,5 tons of cargo and mail were transported by Aeroflot aircraft. The growth of actual air traffic as compared with the previous year was 2,1%. The share of domestic air transportation grew to 18,2% of the total cargo and mail-carrying traffic.

Based on the results of 2006, Aeroflot – Russian Airlines was named one of the best international airlines (by financial indicators) by ‘Airline Business’, an authoritative international magazine. According to ‘Airline Business’, Aeroflot ranked 10<sup>th</sup> in Europe and 39<sup>th</sup> worldwide by ‘income from operations.’

Aeroflot is the most recognizable airline on the Moscow passenger air transportation market: over 90% of passengers are familiar with Aeroflot. The share of passengers that used Aeroflot in 2006 (among those familiar with the airline) amounted to about 40%, which is the highest rating on this market.

Aeroflot also enjoys the leading position on the Moscow market by the most important indicator: passenger sentiment for the airline, specifically, their willingness to recommend it to their family and friends: 47% of passengers that flew Aeroflot in 2006 were willing to recommend the airline to their family and friends (Source: ScanMarket research company, 2007).

#### Achievements & Prospects

A number of international researches testify to Aeroflot’s success in improving its customer service and renovating its corporate identity and look. ‘SkyTrax Research’, a British agency, conducted a study of 95 airlines worldwide. Aeroflot was acknowledged to be the best airline that vigorously improved its customer onboard service. According to a research by ‘IATA Business Insight’, among the twelve major European airlines Aeroflot ranked 4<sup>th</sup> in business class and 5<sup>th</sup> in economy class.

Based on a monitoring study by SkyTeam alliance, Aeroflot also made significant progress in

terms of general customer satisfaction with onboard customer service during long distance flights. Among the 10 alliance members, Aeroflot ranked 3<sup>rd</sup> in business class customer service (up 5 places), and 4<sup>th</sup> in economy class on short distance flights (up 3 places).

Aeroflot maintains its leadership in the national rating *National Brand* and *Company of the Year* in the Best Airline category. Aeroflot also won a *Grand Prix* in the Change of Image category at the *Brand of the Year/EFFIE-2006* competition.

Based on the results of Freddie Awards, an international airline and hotel loyalty program poll, Aeroflot and ‘Aeroflot Bonus’ won: 1<sup>st</sup> prize in the ‘Best Web Site’ category, 2<sup>nd</sup> prize in the ‘Programme of the Year’ category, 2<sup>nd</sup> prize in the ‘Best Member Communications’ category, and 3<sup>rd</sup> prize in the ‘Best Customer Service’ category.

Increased flight safety requirements are defined by the strategy of Aeroflot. The airline was the first Russian company to pass the IATA Operational Safety Audit; the Airline was awarded the IOSA Certificate – the most advanced safety standard for the international aviation industry. Thus, Aeroflot is a benchmark of the international operational safety standard implementation in Russia. The airline reinforced confidence in the national aviation industry in terms of both Russian and foreign-made aircraft operation.

In April 2006 Aeroflot became the tenth member of SkyTeam, an international airline alliance. Aeroflot’s development within SkyTeam will enhance the Airline’s strategic positioning from the standpoint of shaping global transit traffic. The Alliance’s traffic network daily offers 15,000 flights to 728 destinations in 149 countries.

Aeroflot plans to add more flights in Eastern Russia and establish support posts for its flight network in Siberia and the Far East. This will help enhance Russia’s potential and reputation as a transit nation and will also enhance its standing as a transportation bridge between Europe, Asia and America. Aeroflot’s domestic flight potential is linked with the establishment of several regional hubs. Within its program of consolidating air traffic and forming a hub in the Far East, Aeroflot is preparing to set up its own base in Khabarovsk and consolidating the leading airlines in the Russian Far East.

By 2010 Aeroflot is planning to replace its ‘Tu-154’ aircraft with more advanced passenger jets. The new-generation ‘SSJ 100’ (Sukhoi Super Jet) short-haul aircraft will replace the ‘Tu-134’ and ‘Tu-154’. The first of these passenger jets is scheduled for delivery in late 2008.

Ten new ‘A330-200’ long-haul airliners are planned for delivery in 2008–2010. These aircraft feature a combination of exceptional passenger comfort and highly efficient operational performance. These passenger jets can be operated in the range of mid- to long-distance flights.

#### Things you didn’t know about Aeroflot

**The unmistakably recognizable** Aeroflot logo was conceived on February 25, 1932. This is when the airline’s abbreviation was officially approved and registered.

**Its logo**, which united the word and image, was accompanied in Soviet Russia by the purposeful slogan ‘Fly Aeroflot Aircraft!’

**The long evolution** of Russia’s civil aviation can be viewed and studied in the Aeroflot Museum, which is open to everyone.

**The Aeroflot brand** is close to the hearts and minds of many people born on Aeroflot airliners.

**Tokyo–Moscow–Tokyo Aeroflot flights** will feature a pleasant surprise to passengers: Japanese stewardesses will provide customer service in authentic Japanese style.



One of the key factors contributing to Aeroflot’s strengthening of its market standing is the construction of ‘Sheremetyevo-3’, a world class transportation and transit hub. This hub will ensure convenient flight connections and high quality of customer service. The terminal is estimated to be commissioned by November 2007. It will consolidate all the domestic flights and most of the international flights of Aeroflot, its subsidiaries and partner airlines.

**1923**  
The USSR Council for Labor and Defense approved the resolutions ‘On Establishment of the Civil Aviation Council’ and ‘On Assignment of Airline Technical Supervision to the Air Fleet Head Office’

**1932**  
The Head Office of Civil Air Fleet was established. Aeroflot became the official abbreviation for the USSR civil aviation

**1991**  
Production and Commercial Association Aeroflot – Russian Airlines was established and soon restructured as Aeroflot – Russian International Airlines

**2000**  
Pursuant to a shareholder decision, the Airline was renamed Aeroflot – Russian Airlines

**2006**  
Aeroflot officially became the tenth member – and the first Russian partner – of SkyTeam, a Global Airline Alliance