



# Annual Report 2011

 **TRANSAERO**  
AIRLINES





Key Performance Indicators

	Unit	2007	2008	2009	2010	2011
Passengers carried	persons	3,243,804	4,852,887	5,025,965	6,646,538	8,453,371
Cargo and mail carried	tonnes	17,941	24,259	29,355	40,139	51,349
Passenger-kilometres flown	’000	11,762,012	17,548,908	18,732,965	26,294,003	33,179,927
Seat load factor	%	79.52	82.60	81.50	83.70	82.90
Tonne-kilometres flown	’000	1,151,630	1,709,433	1,856,770	2,600,881	3,280,060
Revenue load factor	%	64.56	66.30	68.10	67.80	63.33
Staff on the payroll	persons	2,822	4,822	4,918	7,050	8,980
Operating revenue	RUB’000	20,506,963	37,404,745	38,653,796	60,865,495	86,494,353
Sales profit	RUB’000	319,847	1,830,649	3,532,957	2,653,372	2,418,558
Net profit	RUB’000	102,189	109,409	393,128	580,768	1,831,925
Balance sheet total	RUB’000	11,257,529	21,774,976	26,451,158	43,287,662	57,816,832
Net asset value	RUB’000	2,398,172	4,910,494	6,013,795	11,121,101	12,243,574

Ranking of Airlines by Passenger Traffic (billion pkm)

	Total passenger traffic		International traffic		Domestic traffic	
	2010	2011	2010	2011	2010	2011
Aeroflot Russian Airlines	34.8	42.0	23.6	28.6	11.1	13.4
TRANSAERO	26.3	33.2	20.4	25.9	5.9	7.3
Siberia+Globus	13.0	14.0	3.6	4.1	9.3	9.9
UTair	8.0	11.1	1.4	3.9	6.5	7.2
Rossiya	6.2	7.2	4.0	4.7	2.2	2.5
Total on 5 leaders	88.3	107.5	53.1	67.2	35.2	40.2
Others	58.8	59.3	34.4	33.2	24.4	26.1
All companies	147.1	166.8	87.5	100.4	59.6	66.4

Source: Transport Clearing House (TCH)

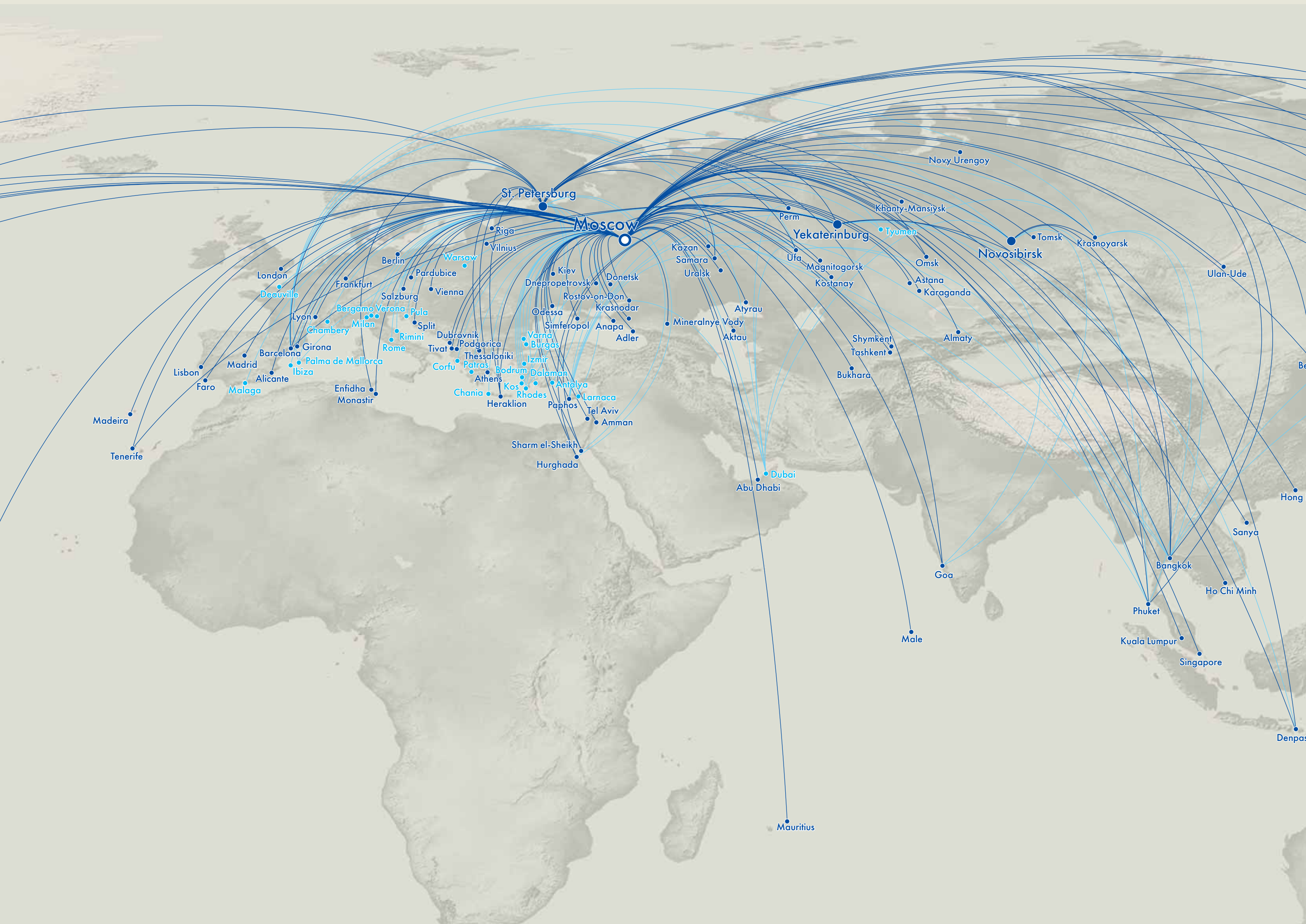




## Contents

Message from Chairman of the Board of Directors	8
Key Events 2011	10
Report of the Board of Directors on the Results of the Company's Development in Business Priority Areas	13
Mission And Development Plans	15
Competitive Advantages	15
Risks and Other Factors Affecting the Airline's Core Business	16
Airline Industry Overview	18
Russian Air Transport Market	19
2011 Performance Results	22
1. Operating Results	22
1.1. Traffic Volume and Structure	22
1.2. Flight Safety	28
1.3. Flight Punctuality	29
1.4. Aircraft Fleet	30
1.5. Passenger Service	32
2. Financial Results	36
2.1. Revenues	36
2.2. Expenses	38
3. Personnel	40
4. Social Responsibility	43
5. Financial Statements	46
Balance Sheet	46
Profit And Loss Statement	48
Auditor's Report on Financial Statements for 2011	50
Information For Shareholders And Investors	54
Corporate Governance	54
Information Concerning The Declared (accrued) And Paid Dividends On The Issuer's Shares And The Yield On The Issuer's Bonds	57
Information on Major Transactions Made by the Issuer	58
Information Policy and Information Disclosure	59
Contact Information	59
Representative Offices of OJSC «TRANSAERO Airlines»	60







## Message from Chairman of the Board of Directors



### Dear Shareholders,

In 2011, our Company celebrated its twentieth anniversary. Thanks to the efforts of the entire team, the General Director, the Board of Directors, and the Management Board of the Company, we achieved the highest results in our history, which clearly demonstrated the correctness of our strategy of accelerated growth with continuous improvements in all components of our business.

We have not had a single accident or injury over the twenty years of flying. TRANSAERO is the only airline among the country's largest air carriers that has been operating accident free since inception. The result achieved in the World Airline Safety Ranking compiled annually by the German agency JACDEC, in which our airline holds the 5th position in Europe and the 15th position in the world, is a well-deserved public recognition of this fact.

Over 45 million passengers have been serviced on 186 routes launched over the past twenty years. TRANSAERO became a pioneer in our country through many of its achievements, namely operating the largest modern aircraft and developing its product and technologies.

In 2011, TRANSAERO passenger traffic totalled 33.2 billion passenger kilometres, which is 26% more than in 2010. The

number of passengers carried exceeded 8.4 million people, which is 27% higher than in 2010. The airline transported 51 thousand tonnes of cargo (28% growth). At the same time, the growth of air transportation in our country reached 13% in terms of passenger traffic and the number of passengers carried and 6% in terms of cargo carried.

Company revenues from all lines of business totalled RUB 86.5 billion, up 42% from 2010. During the period under review, Company assets grew by 34% to reach RUB 57.8 billion. Although several expense items increased significantly, mainly due to higher fuel prices and salaries paid to highly qualified personnel, net profit reached a record figure of RUB 1.8 billion, which is 3.2 times higher than in 2010.

TRANSAERO added 16 aircraft to its fleet, including twelve new-generation wide-body, long-haul Boeing 777s and Boeing 747-400s.

The Company's most important strategic actions attesting to its unwavering pursuit of progress and innovation included the acceptance of commercial offers and closing of deals for the latest Airbus A380 (the largest aircraft in the world), Boeing 747-8 Intercontinental, Boeing 787-8 Dreamliner, and Airbus A320 NEO aircraft to be delivered

between 2014 and 2018. In a few years time, TRANSAERO passengers will be carried by the world's latest aircraft on both international and domestic routes.

The airline continued developing in Russian regions. The number of flights from our regions to Thailand increased; flights from several regions to the Phuket Island were launched for the first time; a new regional program was launched for flights to the UAE, Spain, and Cyprus. The number of serviced regions reached ten and continues to grow.

Major progress was made in the initial phase of the program designed to provide Internet connectivity on board TRANSAERO aircraft. Equipment suppliers and service partners were selected and the preparation of engineering documentation was started. It is expected that our passengers will be able to benefit from this service on the first Boeing 747-400 and Boeing 777-300 aircraft by June 2012.

In 2011, the airline created almost two thousand new highly qualified jobs. The charity and volunteering programs were continued.

TRANSAERO was rewarded with prestigious awards: in 2011, the Company received a note of gratitude from the President of the Russian Federation; His Holiness Patriarch

Kirill awarded TRANSAERO with the Order of Holy Prince Daniel of Moscow I Degree for the Company's work for the benefit of Orthodoxy and in connection with the 20th anniversary of the airline's debut flight; TRANSAERO won the Company of the Year award in the Transport category and received such honourable titles as «HR Brand of the Year» and «Best Employer».

International reputation of the Company was also considerably enhanced as a result of the expansion of its operations and contracts for the latest aircraft. It is evident that the third decade of our operations will be marked by the slogan «From a national brand to a global airline!»

Chairman of the Board of Directors  
Alexander Pleshakov

## Key Events 2011

### 01 January

TRANSAERO transported all of its passengers from Tunis in an organised manner and in coordination with Rosturism (Federal Agency for Tourism) after civil unrest started in that country.



### 02 February

TRANSAERO launched a new mobile check-in system.

TRANSAERO received the prestigious HR Brand of the Year award.

TRANSAERO became the first domestic airline to publish a full-scale corporate monthly magazine for its staff.

### 03 March

TRANSAERO launched new websites, transaero.us and transaero.de, registered in the national domain zone and presented in English and German for the convenience of passengers from the USA and Germany.

TRANSAERO's General Director Olga Pleshakova received the CIS Business Leader award.

TRANSAERO passed an IOSA audit without a single non-conformance. The international IOSA certificate was extended until February 2013.

TRANSAERO shares were listed on the MICEX Stock Exchange for the first time.

Based on the last year's results, TRANSAERO was given the Best Employer 2010 award.

### 04 April

TRANSAERO launched its official communities in social networks: Facebook, Twitter, and VKontakte.

TRANSAERO was the first in Russia to launch a new online site address in the .mobi domain accessed from mobile devices, and a special application for Android enabling customers to use the airline's electronic services.

TRANSAERO's Senior Managers, A.P. Pleshakov and O.A. Pleshakova, were honoured with awards by the Russian Orthodox Church.



TRANSAERO held an official presentation of new uniforms for the airline's staff.



### 05 May

TRANSAERO started operating scheduled flights from Saint Petersburg to Beijing.

TRANSAERO held a charity event and organised a trip to Moscow for Saint Petersburg children undergoing post-cancer rehabilitation and for orphans from children's homes.

### 06 June

The airline and Gazpromneft-Aero signed a two-year contract for formula-based fuel pricing within the framework of a strategic partnership agreement.

TRANSAERO and the TNK-BP Oil Company signed a long-term agreement for aviation fuel supply. The delivery price under the agreement is determined by a formula based on quotations published by Platts.

TRANSAERO's General Director Olga Pleshakova was granted an award by the Imperial Orthodox Palestine Society.



TRANSAERO and Northern Capital Air Gate signed a strategic partnership memorandum at the Saint Petersburg International Economic Forum.

TRANSAERO Airlines operated the first scheduled flight on the Moscow — Lisbon — Moscow route.

### 07 July

TRANSAERO Airlines and Singapore Airlines signed a code sharing agreement to operate joint flights, which expanded the geography of both carriers.



TRANSAERO Airlines successfully passed an audit by Skytrax, a reputable British agency specialising in research on the quality of air transport services around the world.

TRANSAERO Airlines launched a new version of online check-in for flights via its own website.

TRANSAERO Airlines carried over one million passengers within one month for the first time in its history. The record month was July 2011.

### 08 August

TRANSAERO Airlines was the first company to acquire the Airbus A320NEO in Russia, the CIS countries, and Eastern Europe.

TRANSAERO's fleet was supplemented with a new Boeing 737-800 NG, which the Company received directly from the factory.



TRANSAERO Airlines held the first corporate conference dedicated to innovations.

### 09 September

TRANSAERO's new sales office was inaugurated in Limassol, Cyprus.

TRANSAERO Airlines, the Russian Association of the Disabled, Moscow Domodedovo Airport, and the Association of Passenger Transport Service Providers developed a corporate standard of air transport services for disabled passengers.

TRANSAERO Airlines started operating scheduled flights between Moscow and Madrid.

### 10 October

TRANSAERO Airlines was the first purchaser of the largest passenger aircraft, the Airbus A380, in Russia, the CIS countries, and Eastern Europe.



His Holiness Patriarch Kirill awarded TRANSAERO with the Order of Holy Prince Daniel of Moscow I Degree for the Company's work for the benefit of Orthodoxy and in connection with the 20th anniversary of the airline's debut flight.



### 11 November

TRANSAERO Airlines received a note of gratitude from the President of the Russian Federation on the occasion of the 20th anniversary of the airline's first flight.



Eight employees were given high-profile government awards on the occasion of the 20th anniversary of TRANSAERO's first flight. Over 150 Company employees were honoured with high-ranking institutional awards.

A large solemn event was held in Moscow to celebrate the 20th anniversary of TRANSAERO's first flight.

TRANSAERO became the first operator of Boeing 777-300 aircraft in Russia, the CIS countries, and Eastern Europe.

TRANSAERO and Boeing signed a purchase agreement for four passenger Boeing 747-8 Intercontinentals. TRANSAERO was the first company to acquire such aircraft in Russia, the CIS countries, and Eastern Europe.

TRANSAERO Airlines won the Company of the Year award in the Transport category.

### 12 December

TRANSAERO Airlines became the largest participant in the governmental program of subsidized air travel to the Far East. Over the 2009 to 2011 period, it carried over 230 thousand Far East residents eligible for benefits under this program.

TRANSAERO Airlines and Boeing signed a purchase agreement for four Boeing 787-8 Dreamliners.







# Report of the Board of Directors on the Results of the Company's Development in Business Priority Areas

In 2011, the Board of Directors and its committees carried out their activities in accordance with the Company Charter and applicable regulations. The annual meeting elected a new Board of Directors consisting of six persons. Tatyana Grigorievna Anodina, Gennady Nikolaevich Zaitsev, Alexander Petrovich Pleshakov, Olga Alexandrovna Pleshakova, Lev Aronovich Khasis, and Boris Vasilievich Shubnikov were re-elected as Board members for a new term.

The Board of Directors held eight meetings in 2011. The HR and Remuneration Committee and the Audit Committee of the Board of Directors held four and three meetings, respectively. The Board of Directors prepared and organised two general meetings of the shareholders.

**The priority areas of Company business operations in 2011 were identified as follows:**

- 1. Innovation activities.
  - 1.1. Initiating a program providing passengers with broadband Internet access on board TRANSAERO aircraft.
  - 1.2. Completing the implementation of new Lufthansa Systems software.
  - 1.3. Starting the Company's IT infrastructure virtualisation project.
- 2. Flight safety and punctuality improvement.
  - 2.1. Finalising and implementing an integrated program to prevent incidents and deviations from normal flight conditions caused by human factors.
  - 2.2. Improving flight punctuality by at least 3% (month on the same month a year ago), first of all, for wide-body aircraft.
- 3. Improving cost efficiency and financial performance results.
  - 3.1. Developing and implementing an integrated program to reduce Company expenditures.
  - 3.2. Increasing flight hours per available aircraft by at least 5% (month on the same month a year ago).
- 4. Aircraft fleet development.
  - 4.1. Completing the program for previously contracted Boeing 747-400s.
  - 4.2. Starting operation of Boeing 777-300 aircraft and receiving four aircraft of this model.
  - 4.3. Modifying and renovating the interior of Boeing 767 aircraft.
  - 4.4. Converting two Boeing 737-300s into cargo planes.
- 5. Ground infrastructure development.

- 5.1. Beginning the construction of a hangar for Boeing 747 and Boeing 777 aircraft at Domodedovo Airport.
- 5.2. Organising the Company's new headquarters in Moscow.
- 5.3. Improving ground handling services for passengers, flights, and aircraft at Domodedovo airport.

**Results of attaining the key objectives set for 2011:**

The Company fully completed its innovation programs. A new software suit from Lufthansa Systems considerably improved the Company's operational performance. Suppliers were selected and state-of-the-art Internet equipment was installed on the first Boeing 747-400 and Boeing 777-300. TRANSAERO will become the first company in the world to install such equipment on Boeing 747s and the second one to install it on Boeing 777s.

Certain progress was achieved in flight safety and punctuality. Flight hours per incident improved by 2.5%, and reached almost 6,000 flight hours. At the same time, the number of incidents caused by human factors rose, which was primarily due to transferring flight personnel and training them to operate a large number of newly delivered aircraft. Punctuality improved by 0.4 p.p., which is somewhat lower than planned. This can be explained by the expansion of flight programs from various regional airports and increased congestion at Moscow's air hubs, in particular, at Domodedovo Airport, during peak hours and periods. Flight safety issues were discussed at the Board of Directors meetings on several occasions in the context of both the Management Board's quarterly reports and its members' dedicated reports. A member of the Board of Directors, G.N. Zaitsev, participated regularly in the work of the Company's Flight Safety Council and in all important personnel-related activities in this area.

The Company developed and implemented an integrated cost reduction program, which was mainly focused on reducing expenditures for the key item, aviation fuel, taking into account the continuing and considerable rise in fuel prices (28% year-on-year). In 2011, fuel consumption per seat kilometre went down by 4%. The airline managed to reduce expenses for airport services by obtaining discounts from several airports; in addition, the average interest rate on borrowings was notably reduced (by more than 1% per annum). The trend towards further increase in salaries paid to highly qualified personnel, particularly, flying personnel, continued in the industry. Flight hours per aircraft dropped by 6% year-on-year, due to the arrival of a large number of aircraft in the second half of the year.



As regards aircraft fleet development, 2011 marked a record year when the Company received 20 additional aircraft, namely: nine Boeing 747s, three Boeing 777s, one Boeing 767, and seven Boeing 737s. The Boeing 747 delivery program, taking into account modifications, will be completed by the end of 2012. Flying personnel were introduced to and mastered a new type of aircraft, the Boeing 777-300; a unique interior was designed and the aircraft was equipped with an entertainment system; the Company received two aircraft of this type. Interior modifications and renovations were prepared and contracted for eight Boeing 767-300s.

The construction of a hangar at Domodedovo Airport, capable of accommodating large aircraft, was not started in order to economize and due to uncertain land tenure relations. For these reasons, it was decided to use the two hangars at Vnukovo. Interior finishing works were started in the Company's new office in Moscow. The airline's managers and specialists worked continuously to improve services at Domodedovo Airport, which yielded

good results both in terms of flight punctuality and certain improvements in passenger service quality. At the same time, insufficient space in the passenger terminal of Domodedovo Airport and several other aspects have created preconditions for the further diversification of traffic in the Moscow airline hub.

The assessment of TRANSAERO's financial investment programs and deals was accorded close consideration by the Board of Directors. Six issues related to this topic were discussed in 2011.

All relevant information concerning the work of the Board of Directors was regularly communicated to the stakeholders.



## Mission and Development Plans

**TRANSAERO's mission** is to be the leader in an ever-changing world.

**Our strategic priorities** are to improve product quality and the efficiency of Company operations while maintaining business growth.

### Key Development Areas for 2012:

- Achieve growth in passenger traffic and financial performance indicators by at least 15%;
- Start to lower leverage, mainly by reducing financial leasing liabilities;
- Increase traffic from Saint Petersburg and other regional centres of Russia;
- Expand the European route network and increase traffic on the European airline market;
- Provide Internet services on board wide-body aircraft.
- Introduce a five-class product.
- Complete the formation of a wide-body fleet. Receive, modify, and put into service subsequent Boeing 747-400s (five aircraft), Boeing 777-300s (two aircraft), and Boeing 767-300s (two aircraft).

### Competitive Advantages

- Balanced market strategy

TRANSAERO's strategy is aimed at ensuring that its business grows at a pace surpassing market growth in all the segments: international traffic, domestic traffic, freight traffic, tourist traffic, and business traffic.

Unique flight safety indicators in the region. 5th position in Europe and 15th position in the world according to these indicators. The only accident-free airline among the five largest air carriers in the country.

- Focus on wide-body aircraft

TRANSAERO operates 3 types of wide-body aircraft (Boeing 747, Boeing 777, Boeing 767) with a seating capacity ranging from 522 to 216 seats. Over 70% of TRANSAERO passengers fly on wide-body aircraft. This advantage is especially crucial for expensive long-haul destinations, such as the Far East, Southeast Asia, and America. TRANSAERO has the largest fleet in terms of the number of long-haul, wide-body aircraft in Eastern and Central Europe.

- Continuous improvement of the product and services

TRANSAERO is continuously improving its product. The four-class product, which is unique in the country, is being replaced with a more spacious, five-class product offering passengers a better price-quality choice. Online booking, ticketing and check-in services are being actively developed. The airline is at the point of introducing a large-scale program for fitting its aircraft with high quality Internet equipment. Boeing 777-300s with a state-of-the-art interior and entertainment system have been put into service.

- Expanding operations in Russian regions and flights from all three Moscow airports

TRANSAERO is continuously expanding its presence in Saint Petersburg and Russia's largest regions (Yekaterinburg, Novosibirsk, Samara, Ufa, Kazan, Rostov-on-Don, Krasnoyarsk, Khabarovsk, Vladivostok, Perm, and Tyumen). In April, 2012, flights will be launched from Vnukovo Airport; thus, TRANSAERO will be flying from all three Moscow airports, constantly enhancing its market position and diversifying the risks related to ground infrastructure.

- Strategic partnership with Russia's leading banks and leasing companies

TRANSAERO has a long-standing partnership with Russia's leading banks (Gazprombank, Promsvyazbank, TransCreditBank, Sberbank of Russia, and VTB) and the three largest Russian leasing companies (VTB Leasing, VEB-Leasing, Sberbank Leasing), which has become strategic for the Company.



# Risks and Other Factors Affecting the Airline’s Core Business

TRANSAERO takes into account both internal and external factors related to the economic and political environment, the situation in the capital and labour markets, and other risks that are beyond the Company’s direct control in terms of nature and level.

Risks associated with the air transportation industry are characteristic of all air carriers operating in all markets, whether domestic or international. TRANSAERO strives to minimise any potential negative impacts of factors which are beyond the Company’s control.

Factors that can, to varying degrees, have a considerable impact on TRANSAERO operations may be broadly

- classified into several groups, e.g.:
- Industry-specific risks, such as the seasonal nature of demand for air transportation, a risk that demand will decline due to domestic and foreign political unrest or unpredictable global climatic factors;
  - Country and regional risks associated with the selection of base airports and domestic route networks. A key factor of TRANSAERO’s stability is due to the high-level diversification of its markets;

## Key Operational Risks of TRANSAERO and Risk Minimisation Tools

Risks and factors	Control mechanisms
1. Economic deterioration	Economic deterioration represents a risk which is beyond TRANSAERO’s control. However, the airline has gained good experience in overcoming crises (1998, 2008), has been striving to reduce crisis implications, and has even taken advantage of the crisis to develop new product niches.
2. Governmental regulation of the industry	The sector is strictly regulated by national laws and international treaties, as well as by decisions made by aviation authorities. Procedures, documentation, and other standards of TRANSAERO’s operations meet the strictest requirements of regulators and often surpass them.
3. Fuel price rise	Regular fluctuations of prices for fuel and lubricants are included in the ticket price in the form of fuel surcharge, while the risk associated with important changes in fuel prices is controlled by concluding long-term contracts with major suppliers and by using price hedging instruments.
4. Skilled personnel deficit risk	TRANSAERO remains one of the most attractive airlines for personnel in Eastern Europe and the CIS. The airline’s HR strategies have often been highly rated and rewarded with specialised awards.
5. Technological risks	TRANSAERO performs regular aircraft maintenance and scheduled repairs at leading international centres. TRANSAERO’s high level of flight safety has been ratified by the IOSA (International Operational Safety Audit) and ISO 9001:2000 certificates.
6. Currency and interest rate risks	The airline takes the following measures to minimise currency risks: continuous monitoring and control of the absolute values of currency risks; use of debt instruments denominated in different currencies and of different types; analysis and modelling of probable changes in exchange rates. To mitigate the risk of a negative impact due to changes in interest rates, the airline diversifies its credit portfolio by maturity and interest rates, obtains credit denominated in different currencies, expands cooperation with Russian banks, and widely uses other methods of raising funds, including public borrowing.
7. The seasonal nature of demand for air services	This factor equally affects all world airlines, including TRANSAERO. The airline mitigates this factor by adjusting its route structure and tariff policy in response to seasonal fluctuations in the market. In addition, this factor may be reduced by using a flexible fleet of aircraft with difference capacities and uses.

- Financial risks associated primarily with TRANSAERO’s growth strategy, which is funded from borrowings. The Company actively uses bank credit instruments and, accordingly, is exposed to the interest rate risk. Another important factor, which affects the financial aspect of TRANSAERO’s operations, is that it operates in different parts of the world using various currencies;
- Legal risks arising from the strict regulation of the aviation industry both in the Russian Federation and in foreign countries and by international aviation authorities;
- Risks related to changes in customs control and duties, which consist in using different types of products/ services of foreign origin (including foreign aircraft and equipment).





# Airline Industry Overview

## Situation within the Industry

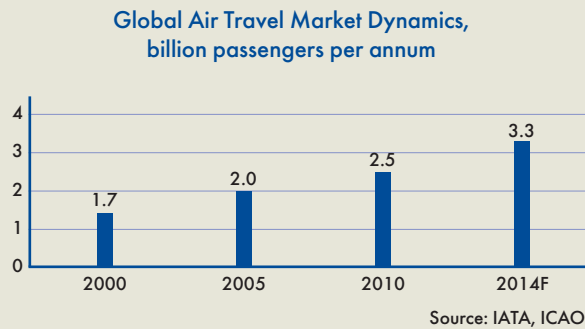
The development of the international airline market is closely related to the general economic situation. Global GDP growth, improvement in consumer buying power, increase in commodity turnover, and other related factors drive up the demand for air passenger and cargo transport services.

The International Air Transport Association (IATA) projects that the number of annual airline passengers will grow by approximately 800 million between 2010 and 2014 (to reach 3.3 billion).

In its forecast, IATA emphasises growing passenger traffic in developing countries located in the Asia-Pacific Region. IATA expects passenger traffic on East-Asian routes to grow by 360 million people, mainly due to an increase in the number of passengers from China. There is a strong possibility that China will account for about 27% of the increase in passengers by 2014, i.e. up to 214 million out of

800 million new passengers globally.

The growth of passenger traffic, along with rising fuel prices (which are transferred to consumers), ensures the steady growth of airline revenues.



## Financial Highlights of Global Civil Aviation

	2003	2004	2005	2006	2007	2008	2009	2010	2011E
Total revenue, \$ billion	322	379	413	465	510	570	476	547	598
Passenger numbers, million	1,691	1,888	2,022	2,129	2,284	2,293	2,277	2,439	2,570
World economic growth, %	2.8	4.2	3.4	4	3.8	1.7	-2.3	3.9	2.5
Passenger yield growth, %	2.4	2.6	2.7	7.8	2.7	9.5	-14.0	6.1	4.0
Total expenses, \$ billion	323	376	409	450	490	571	474	525	582
Aviation fuel and lubricants, \$ billion	44	65	91	117	135	189	125	139	177
% of expenses	14	17	22	26	28	33	26	26	30
Crude oil price, Brent \$/b	28.8	38.3	54.5	65.1	73.0	99.0	62.0	79.4	111.2
Non-fuel costs, \$ billion	279	311	318	333	355	382	349	386	405
cents per '000 km (non-fuel unit cost)	38.9	39.5	38.6	38.9	39.3	41.8	39.6	41.6	41.3
% change	0.3	1.4	-2.1	0.8	0.8	6.4	-5.2	5.1	-0.7
Break-even weight load factor, %	61.1	61.9	62.0	61.2	60.9	63.2	62.3	63.1	62.9
Weight load factor achieved, %	60.8	62.5	62.6	63.3	63.4	63.1	62.6	65.7	64.7
Operating profit, \$ billion	-1.4	3.3	4.4	15.0	19.9	-1.1	-1.9	21.7	16.2
margin, %	-0.4	0.9	1.1	3.2	3.9	-0.2	0.4	4.0	2.7
Net profit, \$ billion	-7.5	-5.6	-4.1	5.0	14.7	-26.1	-4.6	15.8	7.9
margin, %	-2.3	-1.5	-1.0	1.1	2.9	-4.6	-1.0	2.9	1.3

Source: ICAO, IATA

## Russian Air Transport Market

According to the Federal Air Transport Agency, in 2011, over 112 million Russian and foreign citizens used services offered in the domestic air transport sector. Russian airlines alone carried more than 64 million passengers. As compared to 2010, traffic volume grew by 12.6% and surpassed 1992 indicators. Passenger traffic reached 166.7 billion passenger kilometres and exceeded the level achieved in the USSR in 1990.

Air cargo and mail traffic continued to grow as well. According to 2011 results, almost 981 thousand tonnes of cargo and mail (+5.9%) were carried; cargo traffic exceeded 4.9 billion tonne-kilometres (+5.0%).

The number of dishonest airlines continued to decline. Their number has shrunk from 296 to 126 since 2000. Thirty-seven certificates were cancelled last year. No new commercial airlines were set up in 2011.

As part of global strategies, radio air traffic control systems were modernised and twenty airports were equipped with GLONASS functional supplements (GBAS), enabling aircraft to land by using signals from satellite navigation systems.

In 2011, the Federal Air Transport Agency implemented measures within the governmental air transport support program worth RUB 7.3 billion. The most demanded

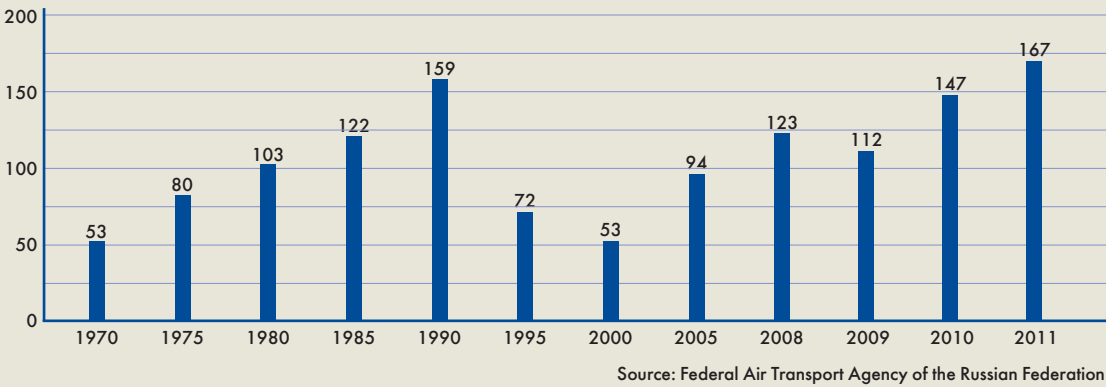
measures among them, which also had a considerable system-wide effect on the development of the air transport industry, were subsidies designed to ensure the affordability of services between the Far East and the European part of the country. TRANSAERO has been actively participating in this program for several years.

Source: Federal Air Transport Agency

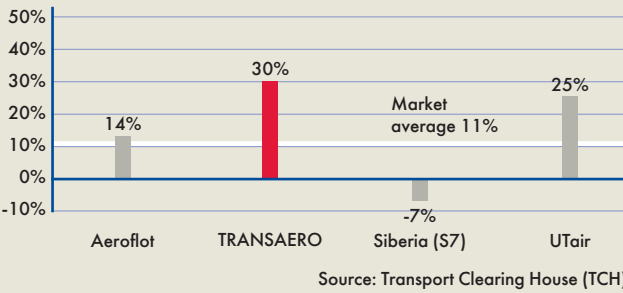
The Russian air transport market is characterised by high concentration. The five largest companies control 64% of the passenger air service market. TRANSAERO ranks second only to Aeroflot in terms of traffic volume. In 2011, TRANSAERO's share of the industry's total passenger traffic expanded to 20% against 18% in 2010.

Since 2003, TRANSAERO, the second largest airline in the Russian Federation, has demonstrated stable passenger traffic growth dynamics, outperforming the market by two to three times, and has made a major contribution to increasing and maintaining overall growth rates of Russian airlines. Notwithstanding the effects of the global crisis, which caused a decline in the industry and the bankruptcy of a number of air carriers, TRANSAERO has managed to retain its position as the second largest airline and continues to expand its operations.

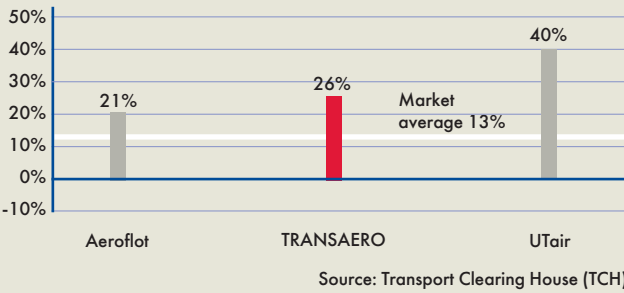
## Passenger Traffic Dynamics in the Russian Federation (billion pkm)



## Average Annual Passenger Turnover Growth Rates in 2007-2011, %



## Passenger Turnover Growth Rates in 2011, %



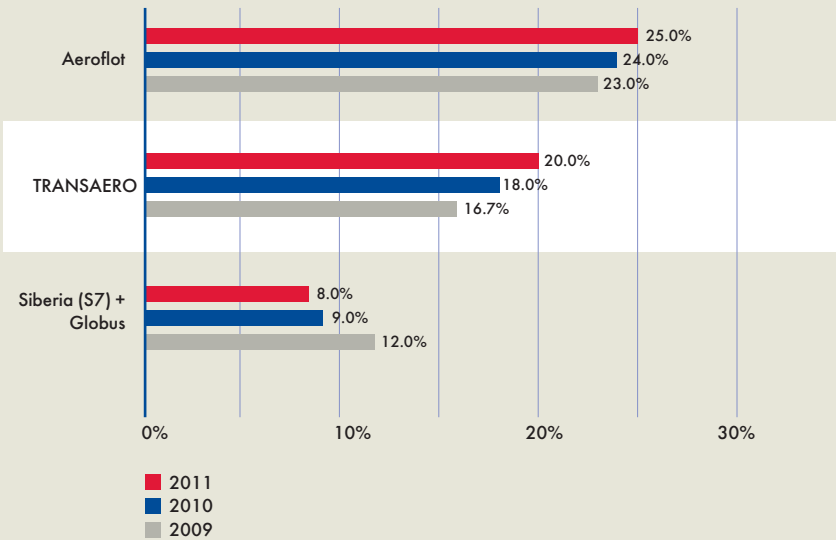


Ranking of Airlines by Passenger Traffic (billion pkm)

	Total passenger traffic		International air traffic		Domestic air traffic	
	2010	2011	2010	2011	2010	2011
Aeroflot Russian Airlines	34.8	42.0	23.6	28.6	11.1	13.4
TRANSAERO	26.3	33.2	20.4	25.9	5.9	7.3
Siberia (S7) + Globus	13.0	14.0	3.6	4.1	9.3	9.9
UTair	8.0	11.1	1.4	3.9	6.5	7.2
Rossiya	6.2	7.2	4.0	4.7	2.2	2.5
Total on 5 leaders	88.3	107.5	53.1	67.2	35.2	40.2
Others	58.8	59.3	34.4	33.2	24.4	26.1
All companies	147.1	166.8	87.5	100.4	59.6	66.4

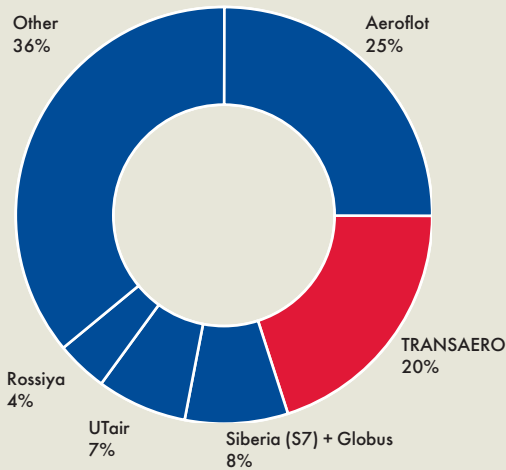
Source: Transport Clearing House (TCH)

Market Share Dynamics of Top Three Russian Air Carriers by Total Passenger Turnover, %



Source: Transport Clearing House (TCH)

Structure of the Russian Aviation Market by Total Passenger Turnover in 2011, %



Source: Transport Clearing House (TCH)





# 2011 Performance Results

## 1. Operating Results

### 1.1. Traffic Volume and Structure

#### Traffic Volume

In 2011, TRANSAERO strengthened its position as the second-largest carrier in the Russian Federation and, by consistently pursuing its development strategy, once again achieved record results in its history. This became possible due to several key factors:

- The Company's route system combines elements of a network and tourist carrier, allowing it to diversify risks associated with demand fluctuations and to focus on the most profitable destinations.
- Its aircraft fleet offers unique possibilities to vary capacities on medium-range and long-range routes.
- The loyalty of passengers choosing TRANSAERO for its high quality service and safety.

The airline's most profitable premium classes continued

to grow in popularity. The number of passengers in TRANSAERO's unique Imperial First Class increased by 93% and the number of passengers in the Company's Business Class rose by 40%.

In 2011:

- The Company's passenger traffic totalled 33.2 billion passenger kilometres, which is 26.2% higher than in 2010.
- The number of passengers carried totalled 8.5 million, representing a 27.2% growth against 2010.
- The number of flights performed amounted to 47,806, which is 25.4% higher than in 2010.

For the first time in its history, TRANSAERO carried over one million people within one month - July 2011.

The Company managed to achieve good results by quickly adapting its strategy to changing market conditions and by leveraging existing competitive advantages to the

fullest extent. The considerable rise in fuel prices in Q4 2011 required urgent measures to be taken to control operating costs in order to maintain attractive ticket prices and passenger traffic. The position as leading carrier in the tourist segment and the popularity of the Company's product convinced the largest tour operators

in the country to reconsider their terms of cooperation, taking into account increased costs of air services. Besides, the Company's reliance on expanding the offer in the premium segment, which is less sensitive to fare hikes, proved to be justified.

#### Key Operating Indicators

Indicators	Unit	2007	2008	2009	2010	2011	Change from 2010
Aircraft departures	number	21,979	27,689	31,263	38,117	47,806	25.42%
Passengers carried	persons	3,243,804	4,852,887	5,025,862	6,646,538	8,453,371	27.18%
Seat load factor	%	79.52	82.60	81.50	83.67	82.9	-0.8 p.p.
Aircraft kilometres flown	'000	66,274	87,963	99,245	127,206	154,983	21.84%
Aircraft hours flown	hours	86,385	113,251	125,081	162,519	196,108	20.67%
Cargo and mail carried	tonnes	17,941	24,259	29,355	40,139	51,349	27.93%
Passenger-kilometres flown	'000	11,762,012	17,548,908	18,732,965	26,294,003	33,179,927	26.19%
Available passenger kilometres	'000	14,791,281	21,256,332	22,978,856	31,426,776	40,024,037	27.36%
Tonne-kilometres performed	'000	1,151,630	1,709,433	1,856,770	2,600,881	3,280,060	26.11%
Available tonne-kilometres	'000	1,783,834	2,578,208	2,726,604	3,836,473	5,178,934	34.99%
Revenue load factor	%	64.56	66.30	68.10	67.79	63.33	-4.46 p.p.

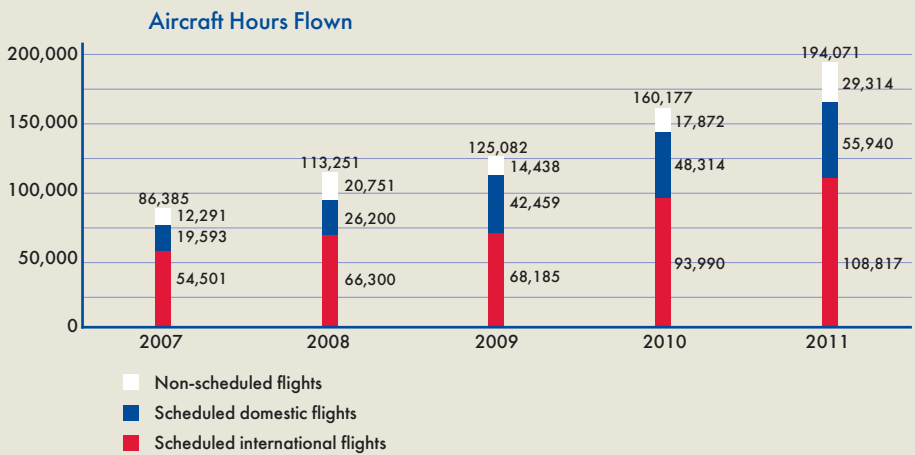
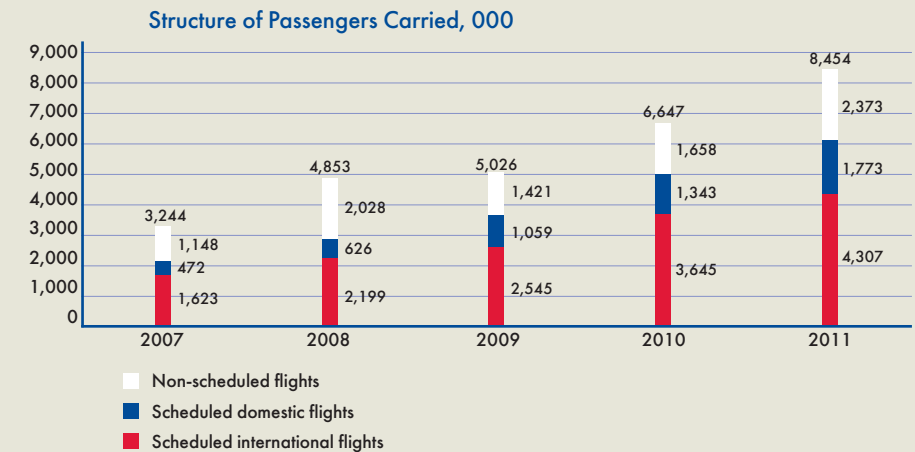
#### Traffic Structure

TRANSAERO Airlines consistently continues to develop its operations with an emphasis on long-haul and international scheduled flights. In 2011, the airline opened a number of new domestic and international routes. Scheduled flights were launched from Moscow to European destinations, such as Madrid and Lisbon; new long-haul flights were launched to Malaysia, Mauritius, and Brazil (Rio de Janeiro). The Company expanded its flight program from Russia's central regions, Siberia, and

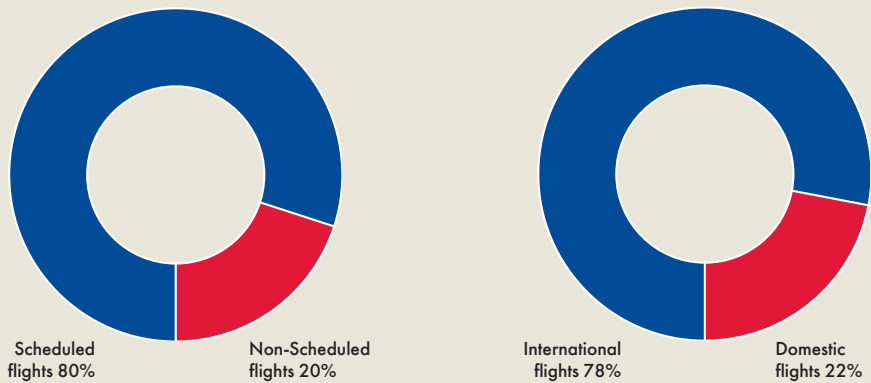
the Far East to popular leisure destinations: Greece, Spain, Cyprus, UAE, and South-East Asia.

TRANSAERO maintains its position as the largest air carrier to the Russian Far East, and is the most active participant in the government program of subsidised flights designed for residents of this region. In 2011, it carried over 90,000 subsidised passengers from the Far East, which is 5% more than last year.

In 2011, the airline started to operate from its new base airports in Perm and Rostov-on-Don.

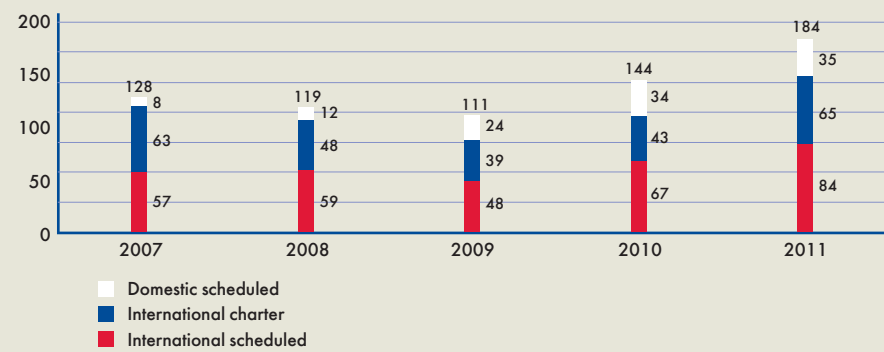


Structure of Flights by Passenger Kilometres Performed in 2011 (Total), %

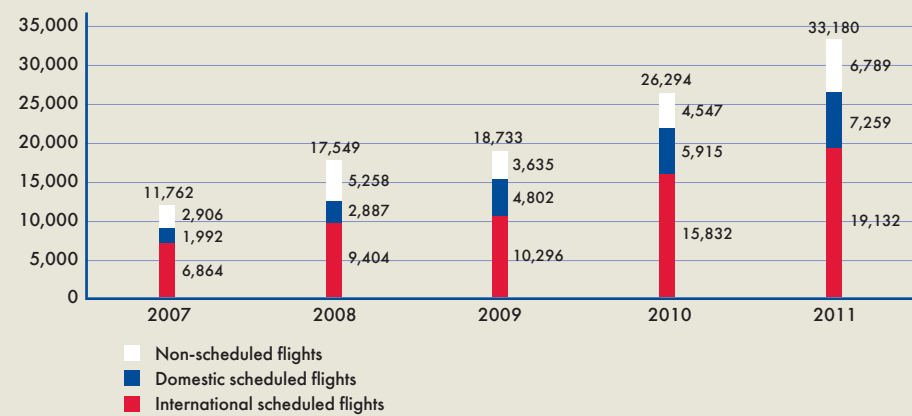




Development of Route Network and Route Number Dynamics (Total)



Structure of Passenger Kilometres Performed, million pkm



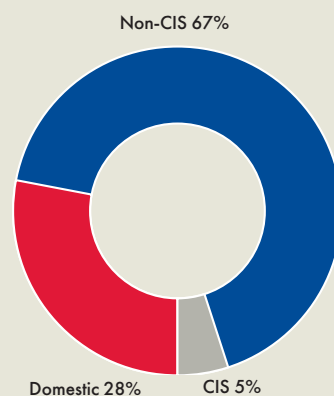
### Scheduled Services

The development of route networks and better flight schedules permitted TRANSAERO to increase the number of passengers carried on scheduled flights by 22%.

The key success factors were:

- More flights for popular and rapidly growing routes from Moscow to Krasnodar, Tomsk, Magadan, Petropavlovsk-Kamchatsky, Kyiv, Odessa, Paphos, Barcelona, Pardubice, Lyon, Beijing, and New York;
- Further expansion of scheduled route networks. In 2011, the Company opened 17 new destinations: 3 on domestic routes and 14 on international routes;
- Flight schedule optimisation.

Structure of Scheduled Flights by Region, %



In 2011, the airline operated scheduled flights to 119 destinations:

- A total of 35 domestic destinations:

- From Moscow (27):

Adler (Sochi), Anadyr, Anapa, Blagoveshchensk, Vladivostok, Yekaterinburg, Kazan, Krasnodar, Krasnoyarsk, Magadan, Magnitogorsk, Mineralnye Vody, Novosibirsk, Novy Urengoy, Omsk, Perm, Petropavlovsk-Kamchatsky, Rostov-on-Don, Samara, Saint Petersburg, Tomsk, Ulan-Ude, Ufa, Khabarovsk, Khanty-Mansiysk, Yuzhno-Sakhalinsk, and Yakutsk;

- From Saint Petersburg (8):

Vladivostok, Yekaterinburg, Omsk, Petropavlovsk-Kamchatsky, Samara, Ufa, Khabarovsk, and Yuzhno-Sakhalinsk;

84 international destinations:

- From Moscow (64):

Abu Dhabi, Aktau, Alicante, Alma Ata, Amman, Astana, Atyrau, Bangkok, Barcelona, Berlin, Bukhara, Varadero, Vienna, Vilnius, Gerona, Goa, Hong Kong, Denpasar, Dnepropetrovsk, Donetsk, Dubrovnik, Salzburg, Heraklion,

Cancun, Karaganda, Kyiv, Qostanay, Lyon, Lisbon, London, Mauritius, Madeira, Madrid, Miami, Male, Monastir, New York, Odessa, Pardubice, Paphos, Beijing, Podgorica, Punta Cana, Phuket, Riga, Rio de Janeiro, Sanya, Simferopol, Singapore, Split, Tashkent, Tel-Aviv, Tenerife, Tivat, Toronto, Uralsk, Faro, Frankfurt, Ho Chi Minh, Hurghada, Chimkent, Sharm El Sheikh, and Enfidha;

- From Saint Petersburg (11):

Athens, Bangkok, Barcelona, Varadero, Goa, Heraklion, Beijing, Punta Cana, Phuket, Thessaloniki, and Enfidha.

- From Yekaterinburg (7):

Bangkok, Barcelona, Heraklion, Phuket, Tenerife, Hurghada, and Sharm El Sheikh.

- From Novosibirsk (2):

Bangkok and Denpasar.

The average distance per passenger carried on scheduled flights - 4,355 km - did not change significantly compared to the previous year, which is explained by the fact that the Company continued to place emphasis on long-haul international destinations in its route network in 2011.

### Key Operating Performance Indicators for Scheduled Services

Indicators	Unit	2007	2008	2009	2010	2011	Change from 2010
Aircraft kilometres flown	'000	56,972	72,792	87,843	112,966	131,559	16.46%
Aircraft departures	number	18,415	22,083	26,938	33,155	39,976	20.57%
Aircraft hours flown	hours	74,094	92,500	110,644	142,304	164,756	15.78%
Passengers carried	persons	2,095,340	2,824,855	3,604,381	4,988,517	6,080,093	21.88%
Cargo and mail carried	tonnes	16,924	21,670	28,723	39,541	50,576	27.91%
Passenger-kilometres flown	'000	8,855,728	12,291,068	15,097,502	21,747,096	26,391,071	21.35%
Available passenger kilometres	'000	11,884,997	15,998,492	19,343,393	26,879,869	33,230,791	23.63%
Seat load factor	%	74.51	76.80	78.05	80.90	79.42	-1.48 p.p.
Tonne-kilometres flown, including	'000	887,264	1,231,170	1,527,241	2,189,498	2,665,844	21.76%
a) passengers	'000 tkm	797,017	1,106,196	1,358,775	1,957,239	2,375,196	21.35%
b) cargo and mail	'000 tkm	90,247	124,974	168,466	220,799	290,647	31.63%
Available tonne-kilometres	'000	1,409,363	1,932,126	2,295,773	3,282,636	4,323,732	31.72%
Revenue load factor	%	62.96	64	66.52	66.70	61.66	-5.04 p.p.





Non-scheduled services

In 2011, the share of non-scheduled flights in Transaero’s total traffic volume increased by 3% compared to 2010, and amounted to 20%. This is associated with the successful implementation of the summer program. The tourist travel segment is an important target area for the Company, which maintains cooperation with major Russian tour operators such as TEZ Tour, Natalie Tours, TRANSAERO Tours Centre, Biblio Travel, and Coral Travel.

The Company’s strategy is to operate non-scheduled flights only on routes where it cannot operate as a scheduled carrier due to existing intergovernmental air services agreements, to tourist destinations with a strong seasonal component, and from airports that are not base airports for the Company, but have the potential to become as such in the future.

During the period under review, the airline operated non-scheduled flights from 13 cities of Russia: Moscow, Saint Petersburg, Krasnoyarsk, Kazan, Novosibirsk, Yekaterinburg, Ufa, Samara, Khabarovsk, Vladivostok, Perm, Rostov-on-Don, and Tyumen.

- From Moscow, flights were operated on the following routes:  
Antalya, Bodrum, Bergamo, Burgas, Corfu, Chania, Chambery, Dubai, Madeira, Malaga, Patras, Ibiza,



- Izmir, Kos, Larnaca, Milan, Malta, Palma de Mallorca, Rhodes, Rimini, Rome, Varna, Verona, and Warsaw;
- From Saint Petersburg:  
Antalya, Dubai, Hurghada, Kos, Larnaca, Palma de Mallorca, Rhodes, and Sharm El Sheikh;
- From Krasnoyarsk, Kazan and Ufa:  
Barcelona, Bangkok, Dubai, Phuket, and Pathos;
- From Novosibirsk:  
Barcelona, Dubai, Goa, Phuket, and Pathos;
- From Yekaterinburg:  
Phuket, Pathos, Palma de Mallorca, Rhodes;
- From Khabarovsk and Vladivostok:  
Bangkok;
- From Samara:  
Barcelona, Bangkok, and Pathos;
- From Perm and Rostov-on-Don:  
Dubai;
- From Tyumen:  
Barcelona.

In 2011, TRANSAERO operated 7,830 flights on non-scheduled routes, which is 58% above the 2010 level. The number of passengers carried on non-scheduled flights totalled 2,373,278 people, which is 43 % more than a year ago.

Key Operating Performance Indicators for Non-Scheduled Services

Indicators	Unit	2007	2008	2009	2010	2011	Change from 2010
Aircraft kilometres flown	’000	9,302	15,171	11,402	14,239	23,424	64.51%
Aircraft departures	number	3,564	5,606	4,325	4,962	7,830	57.80%
Aircraft hours flown	hours	12,291	20,751	14,438	17,872	31,351	75.42%
Passengers carried	persons	1,148,464	2,028,032	1,421,481	1,658,021	2,373,278	43.14%
Passenger-kilometres flown	’000	2,906,284	5,257,840	3,635,463	4,546,908	6,788,856	49.31%
Available passenger kilometres	’000	2,906,284	5,257,840	3,635,463	4,546,908	6,788,856	49.31%
Tonne-kilometres performed	’000	264,366	478,263	329,529	411,383	614,216	49.31%
Available tonne-kilometres	’000	374,472	646,082	430,832	553,838	855,201	54.41%
Revenue load factor	%	70.60	74	76.45	74.28	71.82	-2.46 p.p.

Cargo Services

In 2011, as in 2010, TRANSAERO Airlines demonstrated growth in its cargo operations. During the year under review, TRANSAERO transported 51,349 tonnes of cargo, up 28% from 2010. The Far East, Southeast Asia, and China remained the primary destinations for cargo transportation during the past year.

Plans for Route Network Development

TRANSAERO’s strategy assumes continuous growth of air traffic volumes primarily thanks to increases in available capacity on the routes and the expansion of the network component. The key destinations for international tourist traffic are located in the Mediterranean and in Southeast

Asia. Since 2003, TRANSAERO Airlines has been consistently increasing its air traffic volume, focusing on the most profitable long-haul and international scheduled flights.

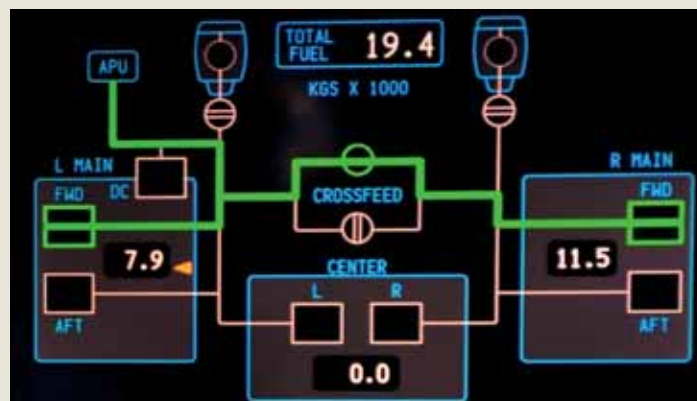
During the next few years, the airline will develop flight programs from the three main Moscow airports, Domodedovo, Sheremetyevo and Vnukovo, by increasing the frequency of flights on existing routes and taking advantage of market liberalisation on certain European routes. Regional expansion to international leisure locations, served from the largest airports of the European part of Russia, Siberia, and the Far East, will continue. The airline also plans to create a base in the Far East and operate scheduled flights on mid-range aircraft in this region.

Operating Performance Indicators (Cargo Services, Total)

Indicators	Unit	2007	2008	2009	2010	2011	Change from 2010
Scheduled international services	tonnes	5,728	6,570	4,813	8,548	12,946	51%
Scheduled domestic services	tonnes	11,194	15,100	23,910	30,993	37,630	21%
Non-scheduled services	tonnes	1,017	1,429	631	598	773	29%
Total	tonnes	17,940	23,099	29,355	40,139	51,349	28%







## 1.2. Flight Safety

In 2011, just as throughout the entire period of its operations, flight safety remained TRANSAERO's top priority. TRANSAERO has not had a single flight accident since it started operating. This fact is confirmed by the fifteenth position awarded to TRANSAERO in the ranking of the sixty safest air carriers, published by the German aviation accident investigation agency JACDEC since 1973. As a result, the airline was ranked among the top five safest European airlines.

This became possible due to the combination of such

factors as a reliable aircraft fleet, quality aircraft maintenance, and highly professional personnel.

Flight safety work was organised and carried out pursuant to the requirements of effective regulatory documents of the FATA of the Ministry of Transport of Russia, the airline's regulatory documents, and work plans of the Flight Safety Inspectorate.

In 2011, 33 aviation events classified as incidents were registered. Flight hours per incident increased by 2.6% compared to 2010, from 5,793 hours in 2010 to 5,943 hours in 2011.

### Flight Safety

	2007	2008	2009	2010	2011
Flight hours per incident	4,859	3,735	3,948	5,793	5,943
Number of incidents	18	30	32	28	33

## 1.3. Flight Punctuality

Last year, TRANSAERO added sixteen aircraft to its fleet, which improved the availability of standby aircraft.

In 2011, the punctuality of TRANSAERO's departing flights was 87.08%<sup>1</sup> (the typical industry range is, on average, 73% to 85%), whereas the number of flights operated in 2011 increased by 25% against 2010.

In the event of flight delays, it is the airline's practice to satisfy all Russian and international requirements in relation to passengers on delayed flights, including the provision of hot meals, hotel accommodations, alternative arrangements for missed transfers, and the payment of required compensation.



<sup>1</sup> As measured by departures of scheduled and non-scheduled flights from base airports, excluding weather delays.



1.4. Aircraft Fleet

Last year, the airline intensively continued to develop its aircraft fleet, which had a considerable impact on the growth of passenger traffic.

In 2011, the Company concluded contracts for 29 aircraft, which is an indicator of stable future development. Out of the contracted aircraft, two Boeing 737-300s, six Boeing 737-800s, seven Boeing 747-400s, two Boeing 767-300s, and four Boeing 777-300s will be delivered by the end of 2012.

A total of 20 aircraft were put into service in 2011, including two Boeing 737-300s, two Boeing 737-500s, three Boeing 737-800s, nine Boeing 747-400s, one Boeing 767-300, two Boeing 777-300s, and one Boeing 777-200; furthermore, aircraft that no longer satisfied the Company's cost-effectiveness requirements were taken out of service under the aircraft fleet modernisation and optimisation program. Thus, four Boeing 747-200s will no longer fly under the TRANSAERO flag.

The airline's fleet includes aircraft with seating capacities ranging from 101 to 522 seats. This allows the Company to respond promptly to market changes and make replacements with larger or smaller capacity aircraft in accordance with demand fluctuations to increase aircraft loads and maximise cost savings.

Transaero owns the largest aircraft fleet with higher fuel efficiency compared to the majority of Russian air carriers. This is possible due to the high share of aircraft having a low fuel burning rate per seat kilometre; such aircraft

TRANSAERO Airlines Total Annual Fleet Flight Hours

Aircraft type	2007	2008	2009	2010	2011	Change from 2010
Boeing 747	15,092	25,894	23,116	33,318	42,071	26%
Boeing 767	29,061	37,437	37,604	40,176	38,888	-3%
Boeing 737	42,202	46,464	53,099	64,328	76,560	19%
Boeing 777	-	2,131	7,407	19,345	34,304	77%
Tu-214	1 218	1,355	5,221	5,032	4,249	-16%
Total	87,573	113,282	126,446	162,199	196,073	21%

include the new, maximum-speed Boeing 777 and Boeing 747-400 (cruising at Mach 0.95).

The total number of hours flown by the TRANSAERO Airlines fleet increased in 2011 compared to the previous year as a result of a 27% increase in the number of operated aircraft.

2011 was marked by acquisitions of the latest and

**TRANSAERO's Aircraft Fleet as of December 31, 2011**

Aircraft type	Quantity	Change from 2010
Boeing 737	29	+7
Boeing 747	19	+5
Boeing 767	13	+1
Boeing 777	11	+3
Tu-214	3	-
Total	75	+16

most efficient aircraft offered by the global aviation manufacturing industry. TRANSAERO signed delivery agreements for four large Airbus A380s, four Boeing 747-8 Intercontinentals, four Boeing 787-8 Dreamliners, and eight Airbus A320NEOs. TRANSAERO was the first and only company to acquire Airbus A380, Boeing 747-8 Intercontinental, and Airbus A320NEO aircraft in Russia and Eastern Europe.



Boeing 747

**Company's Plans for Aircraft Fleet Expansion for 2012**

The airline plans to maintain its fleet development and expansion pace in 2012. Thus, another 21 aircraft are planned to be put into service. They will include: one Boeing 737-500, five Boeing 737-700s, six Boeing 737-800s, five Boeing 747-400s, two Boeing 767-300s, and two Boeing 777-300s.



Boeing 777



Boeing 767



Boeing 737



Tu-214





### 1.5. Passenger Service

Continuous improvement in passenger services, expansion of services suited to customer needs, and improvements in service technologies remained priority service objectives in 2011, TRANSAERO's anniversary year.

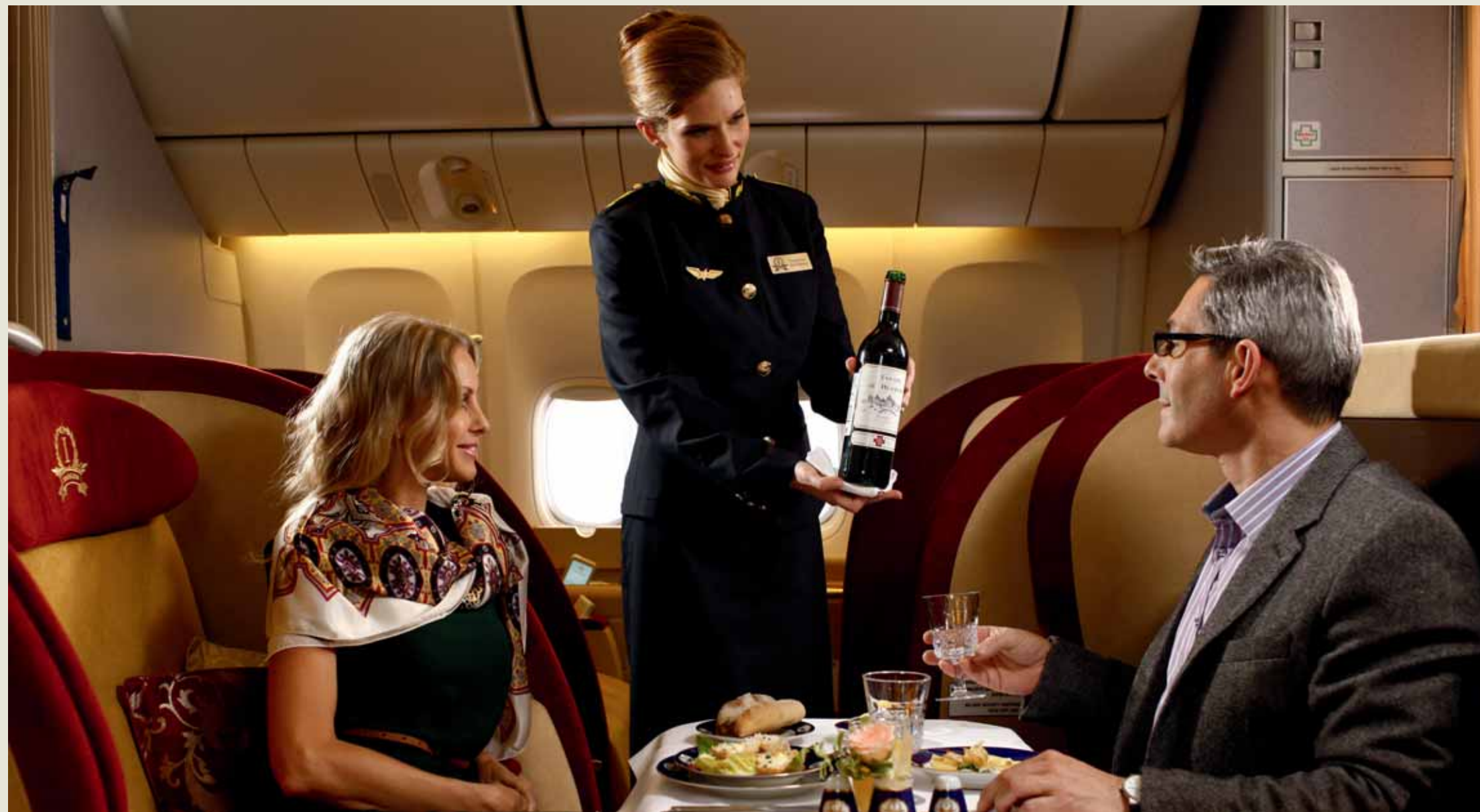
During the year, TRANSAERO continued to introduce modern technologies enabling passengers to receive access to various services and products offered by the airline. Thus, since March, passengers were able to benefit from a new service: a special short number — 0808 — directed to the airline's Call Centre from a mobile phone in order to obtain any type of information.

In 2011, the Company introduced new uniforms for the flying and ground personnel. Made in TRANSAERO's traditional red, white and blue colours, the new uniform combines elegance and style, and accentuates details. The introduction of new corporate uniforms was just one of a series of innovations introduced during TRANSAERO's twentieth anniversary year. Furthermore, service technologies were developed and implemented

for Business Class passengers, featuring new porcelain dishware and an individual approach to passengers, bringing them closer to passenger service standards in the Imperial Class. All this enables TRANSAERO to maintain its position as a service leader and lawmaker in aviation business.

Improvements in the quality of in-flight meals, catered by Cafe Pushkin, COSTADIVA, and TURANDOT, which are ranked among the world's top ten restaurants, were another result of TRANSAERO's work in the passenger service field.

«By introducing new technologies, TRANSAERO continued to improve the quality of its product,» noted Edward Plaisted, CEO of the British SKYTRAX agency, whose experts conducted a quality audit of the product and services delivered by TRANSAERO in 2011. According to the audit results, the airline's staff performance and the level of comfort provided in the unique Imperial First Class received high ratings. This proved once again that TRANSAERO is one of the leaders in civil aviation. The Business Class product was rated close to 4-star status. The



quality of TRANSAERO's Economy Class product on short-haul flights received a 4-star rating, which is the highest rating for this product among all Russian airlines.

In order to improve the quality of provided services and create an accessible environment for the disabled, a corporate standard of services for disabled passengers using air transport was successfully introduced; apart from TRANSAERO, the participants in developing this standard included the Russian Association of the Disabled, Moscow Domodedovo Airport, and the Association of Passenger Service Providers.

### Marketing

The Airline has been persistently realising its strategies related to its product offers and passenger service standards. TRANSAERO's strategy, which takes into account the specificities of the Russian market and trends in the global aviation industry, is based on passenger flow segmentation and a continuous improvement in the quality of its base products. The airline seeks to offer

passengers in each class a product with an optimum price/quality ratio. This explains the division of the airline's deluxe product into first and business classes (Imperial and Business), and of the base product into the Premium Economy and widely available Tourist Economy classes.

TRANSAERO's pricing and fare policies are directed towards ensuring high economic performance of its air routes. When structuring its prices, TRANSAERO takes into account its own operating costs and conditions prevailing in a specific air service market.

Its multi-channel distribution network helps the Company to anticipate the demand and maintain a high load factor. Its leadership position in wide-body aircraft operations allows the Company to achieve advantageous terms and conditions in cooperation with its partners, and create high entrance barriers for potential competitors.

### Sales Organisation

TRANSAERO passenger sales are conducted through its own website, a network of partner tour operators,



independent agents (offices selling air tickets and tour packages), Transport Clearing House and BSP agents, as well as its own offices.

Substantial sales volumes through the network of partner tour operators constitute a competitive advantage of TRANSAERO's business model. The share of sales through tour operators has increased annually at a rate exceeding the growth rate of sales via other channels. Large, packaged sales of air services to partner tour operators under preliminary agreements allow TRANSAERO to ensure high load factors and flight regularity. In addition, the sale of package tours with other travel services helps reduce the sensitivity of demand to ticket prices.

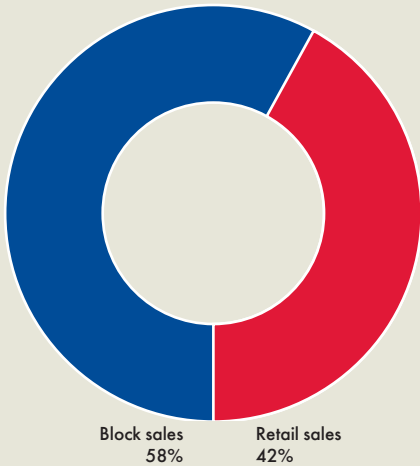
Sales through TRANSAERO's own offices are carried out in Moscow, Saint Petersburg, Birobidzhan, Vladivostok, Yekaterinburg, Krasnodar, Krasnoyarsk, Mineralnye Vody, Novosibirsk, Petropavlovsk-Kamchatsky, Rostov-on-Don, Sochi, Tomsk, Ussuriysk, Ufa, Khabarovsk, and Yuzhno-Sakhalinsk. Sales through its own offices allow the Company to receive information concerning requirements expressed by passengers when making air ticket purchases and to use this information to make attractive offers on traditional and new routes.

The airline's own sales offices issue air tickets both for individual clients and under various agreements and contracts (budget, corporate, service, group, and others). In addition, TRANSAERO's own sales offices are intended to serve as examples of quality customer services in the sale of Company products.

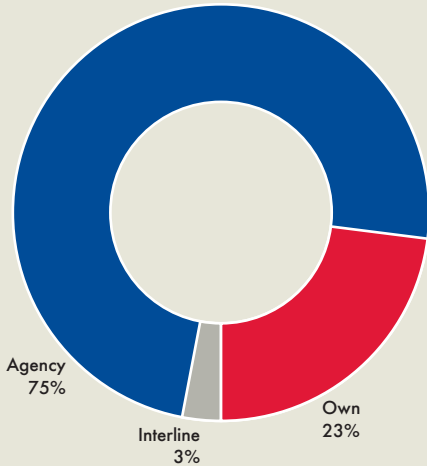
**Frequent Flyer Programs**

In 1996, TRANSAERO was the first Russian airline to introduce a frequent flyer program called Privilege. The program's participants receive points for each flight. After a participant accumulates a certain number of points, he/she can choose either a free ticket or a class upgrade. The TRANSAERO Corporate Club program for corporate employees, who frequently fly with TRANSAERO, has been operating since 1997. Program participants enjoy the privilege of an accelerated check-in at the business class counter, and receive special attention, the best available seats in the cabin, and an extra luggage allowance. TRANSAERO is the only carrier accepting all major credit cards. Together with VTB 24 (Visa), Gazprombank (Visa, Mastercard), Rosbank (Mastercard), Russian Standard Bank (Amex), Promsvyazbank (Visa), Rosgosstrakh Bank (Mastercard), SMP Bank (Mastercard), Moscow Industrial Bank (Visa), Otkrytie (Visa), the Company offers co-branded cards combining the advantages of a bonus program and a credit card. Points are awarded not only for flights, but also for purchases made with the card. All of these programs operate successfully, and the airline plans to develop them further.

Structure of Ticket Sales by Distribution Channel, %



Structure of Retail Sales, %





# 2011 Performance Results

## 2. Financial Results

TRANSAERO experienced high growth rates during the past year. In 2011, Company revenues grew by 42.1% as a result of a 26.2% increase in passenger traffic, which was facilitated by the enlargement of its aircraft fleet.

Pre-tax profit for 2011 totalled RUB 2,014.6 million, which is 140% above the 2010 level. The Company's net operating profit for 2011 amounted to RUB 1 831.9 million, which is 215.4% more than in 2010. These strong financial results were achieved by TRANSAERO through

the implementation of measures designed to optimise its operating expenses and route networks.

Total borrowings in 2011 increased in proportion to revenues by 31% (RUB 24.6 billion at the end of 2011 against RUB 18.8 billion at the end of 2010). The debt-to-revenue ratio dropped from 30.8% to 28.4%. The Company has a credit portfolio balanced between currencies (RUB/USD).

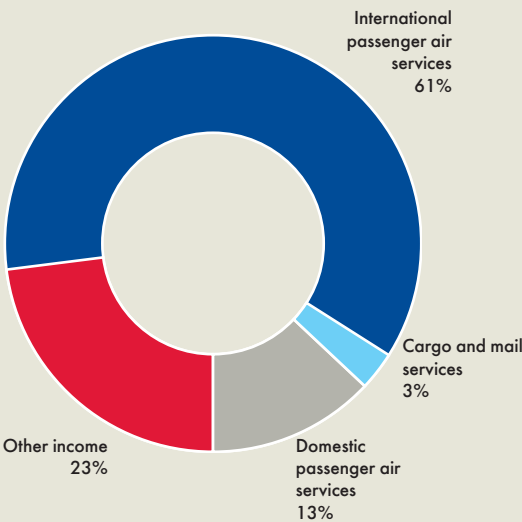
### 2.1. Revenues

According to the results of the year under review, revenue from the sales of work and services by TRANSAERO Airlines totalled RUB 86,494.4 million, a 42.1% increase from the 2010 level.

The Airline's revenues were generated from the following lines of business:

- International passenger air services - 61%
- Domestic passenger air services - 13%
- Cargo and mail services - 3%
- Other income - 23%

Airline's Revenue Structure in 2011, %

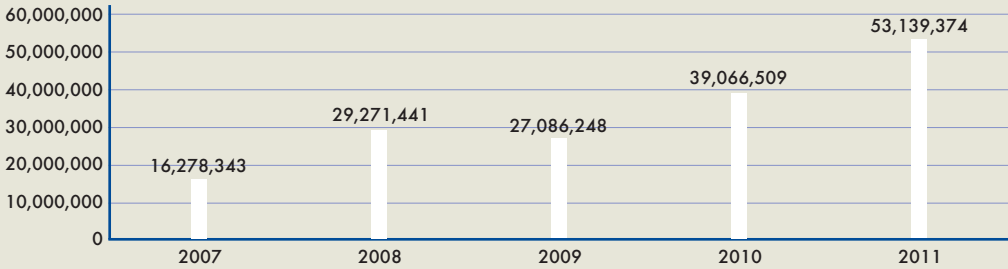


Airline's Operating Revenue in 2007-2011, RUB'000

Item	2007	2008	2009	2010	2011	Change from 2010
	RUB	RUB	RUB	RUB	RUB	%
Revenue from international passenger services	16,278,343	29,271,441	27,086,248	39,066,509	53,139,374	36
Revenue from domestic passenger services	3,539,207	5,399,950	7,218,602	9,312,859	11,584,048	24
Revenue from cargo and mail services	526,621	854,729	1,180,879	1,657,953	2,218,619	34
Other income	162,793	1,878,625	3,168,068	10,828,174	19,552,312	81
Total revenue from sale of work and services	20,506,963	37,404,745	38,653,796	60,865,495	86,494,353	42

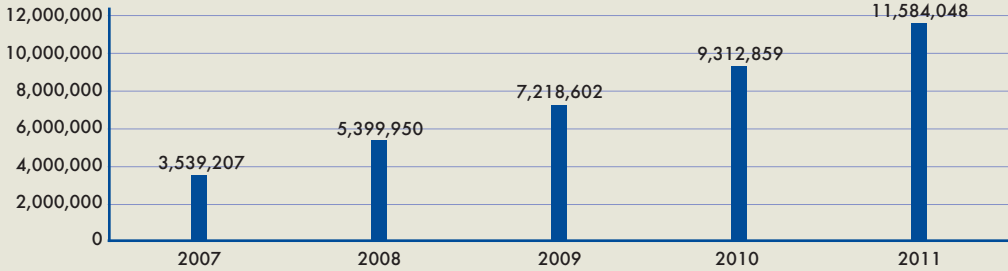
Revenue from international services reached RUB 53,139.4 million, up 36% from 2010. The primary driver of this revenue growth was the expansion of the route network.

Revenue from International Passenger Services, RUB'000



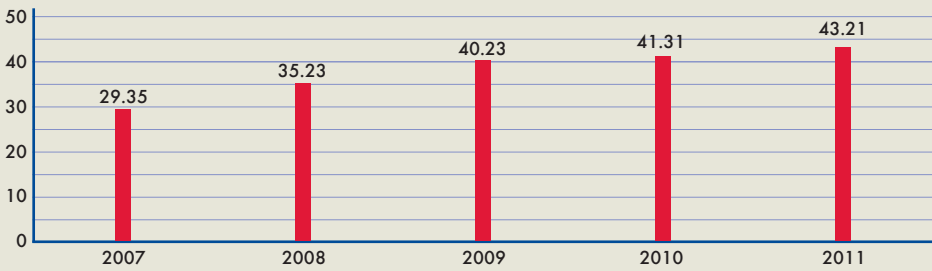
Revenue from domestic air services in 2011 totalled RUB 11,584.0 million, representing a 24% growth over 2010, which was mainly attributable to the active expansion of the domestic route network.

Revenue from Domestic Passenger Services, RUB'000



In 2011, cargo and mail revenue increased by 34% to RUB 2,218.6 million. This increase was achieved through expansion of transportation volumes and an increase in the weighted average freight rate.

Revenue per Tonne of Cargo Carried, RUB'000



Other income (from sale of aircraft, sale of tickets for flights on other air carriers, consulting services, etc.) totalled RUB 19,552.3 million, which is 1.8 times more than in 2010. Over 98% of this amount is represented by income from sale of assets (a sale-leaseback transaction).



## 2.2. Expenses

In 2011, operating costs totalled RUB 78,414 million, up 45% from 2010.

The addition of new aircraft to the airline's fleet, the expansion of route networks and flight geography, and a general increase in traffic volume — all these factors contributed to an increase in TRANSAERO's operating costs.

Thus, expenses for fuel and lubricants grew by 55%; airport service costs rose by 42%; air navigation costs went up by

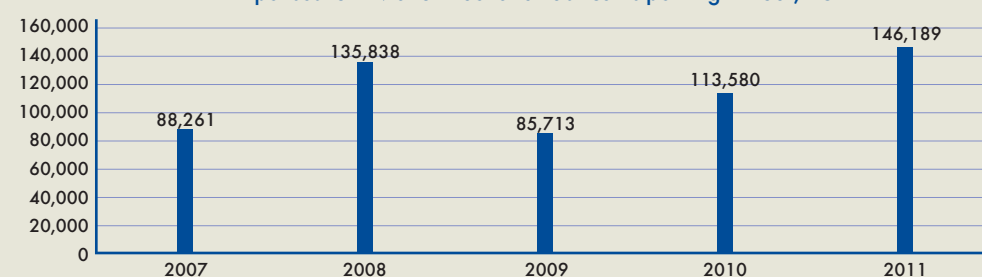
35%. Due to a considerable growth in passenger traffic, catering costs increased to RUB 3.4 billion (representing a 59% growth against 2010), which reflects both the quantitative and qualitative changes in the services provided.

At the same time, the relatively low 16% increase in maintenance costs against 2010 (as compared to the total growth of operating costs by 45%) is attributable to the introduction of newer, modern aircraft, which have substantially lower maintenance costs than their older counterparts.

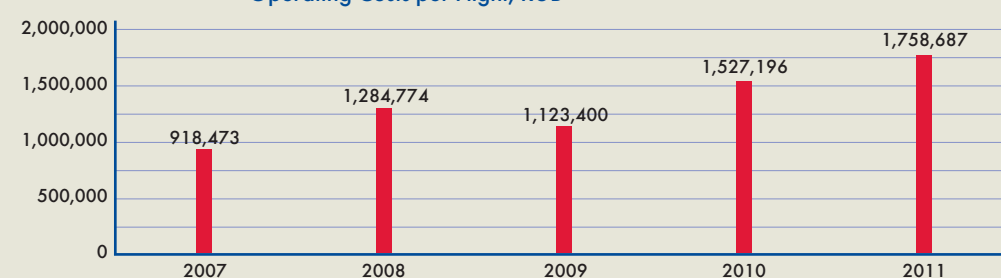
### Structure of Operating Costs in 2010 and 2011

	2010	2011
Aviation fuel and lubricants	31.8%	34.1%
Aircraft fleet costs	16.3%	13.6%
Airport services	10.8%	10.6%
Flight and maintenance staff costs	9.0%	9.1%
Selling costs for aircraft, engines, inventories and fixed assets	17.1%	17.6%
Air navigation services	4.2%	3.9%
Administrative staff costs	3.0%	3.1%
In-flight catering	3.6%	4.0%
Other administrative costs	1.6%	1.8%
Agency commissions	2.0%	1.6%
Other expenses	1.0%	0.6%

### Expenses for Aviation Fuel and Lubricants per Flight Hour, RUB



### Operating Costs per Flight, RUB



### Operating Expenditures in 2011, RUB

Item	2007	2008	2009	2010	2011	Change from 2010
	RUB	RUB	RUB	RUB	RUB	%
Total cost of operations	18,399,435,681	32,745,140,197	31,972,124,363	54,159,240,095	78,414,062,416	44.78
including						
Aviation fuel and lubricants	7,624,419,050	15,155,243,180	10,721,159,212	18,502,744,234	28,668,910,241	54.94
Aircraft leasing and insurance	2,395,787,878	3,723,141,737	4,153,309,079	4,763,361,401	6,386,446,602	34.07
Aircraft maintenance	1,572,569,018	1,587,195,685	2,442,380,547	3,577,001,354	4,158,679,576	16.26
Airport charges	2,625,904,433	4,038,938,224	4,016,384,951	6,291,520,323	8,949,871,193	42.25
Air navigation services	1,004,193,225	1,444,663,866	1,527,282,310	2,424,039,927	3,277,370,948	35.20
Passenger catering	796,653,559	1,172,839,594	1,243,682,641	2,107,874,725	3,358,010,744	59.31





# 2011 Performance Results

## 3. Personnel

### General Information

Team value management constitutes one of the world's latest HR technologies. This practice has been widely used not only in foreign countries, but also at leading Russian companies.

As an aviation industry leader, TRANSAERO has been applying a value-based approach to management since its foundation, proving that business success is inseparably linked with a responsible attitude towards people. Thanks to this approach, the Company is one of the most attractive employers in the Russian labour market and contributes to the State policy of facilitating employment in Russia.

Employees play a decisive role in achieving strategic goals in any company. A strong team of like-minded people is a considerable competitive advantage in a situation when there is a lack of qualified specialists on the labour market.

By understanding the value of human resources, TRANSAERO Airlines is able to create and retain a unique team sharing the Company's corporate values and helping achieve its goals and mission.

The Company's common values are laid down in the TRANSAERO Code of Corporate Values and serve as basic guidelines in its communications and business processes:

1. Safety
2. Customer focus
3. Team spirit
4. Responsibility
5. Innovation
6. Professionalism
7. Culture of labour and relations

Thus, by applying a value-based approach to personnel management and adopting a special approach to its employees, over the twenty years of its existence the Company has managed to build a unique team currently consisting of approximately 900 people, who ensure flight safety and create comfortable conditions for passengers on a daily basis. Each employee's dedicated work is the keystone to success and reliability of TRANSAERO Airlines.

The airline's management makes sure that each employee considers TRANSAERO the best place to work and realise his or her professional aspirations.

The efficiency of the personnel policy pursued by the Company is illustrated by the following statistics:

1. The adaptation rate among newly hired employees at the end of 2011 was as high as 96%.
2. The personnel turnover rate fell by 0.5 % from 2010 to 6.5 %.
3. The total payroll in 2011 on average rose by 44% as compared to 2010.

While maintaining the highest requirements for its personnel, the airline helps realise the individual potential of each member of the Company team. This approach requires long-term investments in personnel on the one hand, and an ongoing, systemic support on the other hand. For this purpose, the following regulatory documents were developed and put into effect in 2011:

1. TRANSAERO Airlines Human Resources Policy;
2. Organisational Design Standard;
3. Organisational Design Business Process;
4. Implementation program for TRANSAERO Airlines Human Resources Policy for the 2011 to 2013 period;
5. Personnel Certification Regulations;
6. Requirements for the structure and contents of job descriptions;
7. Operating instructions «Personnel Recruitment for Management Positions»;
8. Charter of the TRANSAERO Management Academy.
9. The airline offers its personnel unique opportunities for professional and career growth, which is facilitated by an efficient training system.

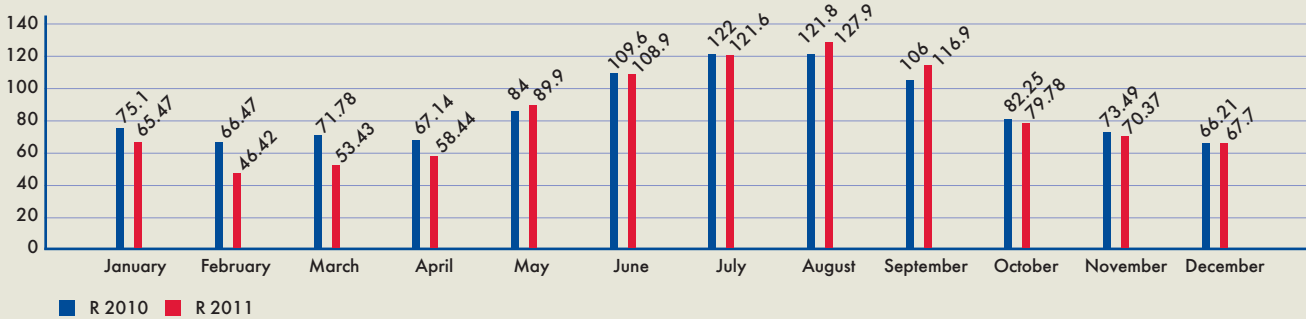
Airline employees receive initial and recurrent training at TRANSAERO's own Aviation Training Centre, founded in 1994.

The TRANSAERO ATC not only works to improve its own training base, but also strives to expand the network of international relations in order to achieve high operational effectiveness of training programs offered by the Centre:

1. 26,097 people completed training courses at the Aviation Training Centre in 2011.
2. Training courses for instructors and teaching staff were organised at airlines that offer First Class and have a high service level:
  - 40 people completed training courses at the Malaysia Academy in February 2011;
  - 14 people completed training courses at Asian Airlines in September 2011.
3. The airline's aviation personnel was trained to deal with failure and emergency situations with the participation of instructors from the EMERCOM and the Israeli Security Academy: 33 persons;
4. During the year, ATC instructors conducted qualification testing of flying personnel to determine the ICAO English language proficiency level. A total of 553 flying crew members completed such testing;
5. During 2011, the ATC carried out work to extend the types of training courses from 105 to 111;
6. A distance learning system at the Aviation Training Centre was launched in 2011.

TRANSAERO is distinguished by a combination of best

Efficiency Indicator (Ratio of Number of Passengers Carried to Number of Employees)  
Dynamics in 2011 against 2010



practices and innovations in specialised development programs for its staff. Thus, in 2011:

1. 18 cycles of training courses on managerial skills and development for 194 line managers were conducted at 5 departments of the Management Academy. Year one: 5 cycles, year two: 13 cycles;
2. A concept of an additional department at the TRANSAERO Management Academy – an elite club, “Green Hat”, managed by TRANSAERO's General Director - was developed and prepared for implementation;
3. Training courses were conducted for senior agents from representative offices in Russia and the CIS countries.

The Company pays close attention to the occupational safety and health of its personnel:

1. More than 1,500 workplaces were certified in the Company in 2011.
2. 898 pilots were insured against loss of licence under an insurance program for flying personnel;
3. 5,350 persons were insured against accidents while on duty under an insurance program for crew members;
4. 309 people were given the opportunity to be treated at health resorts;
5. A CRM room for psychological relaxation was designed and equipped with required technical facilities.

TRANSAERO Airlines seeks to ensure that its team is stable and that its employees develop and grow with the Company; therefore, special attention is traditionally paid to developing a corporate culture, creating a comfortable

environment for realising the creative and professional potential of each employee, and maintaining an innovative environment in combination with continuing traditions and a mentorship culture.

A system of measures, including the following activities, was prepared and implemented in 2011 in order to form a highly professional and loyal team unanimously sharing Company values:

1. Celebration of the airline's 20th anniversary;
2. Meetings between the airline's General Director and the best employees;
3. Charitable actions;
4. Donation actions;
5. Volunteer events;
6. Sky Team music band and Air Theatre activities;
7. Promotion of the corporate website, corporate social blogs, and volunteer pages;
8. Publication of the monthly corporate magazine «Transaero Time»;
9. Corporate conferences dedicated to innovations;
10. Fashion show of new TRANSAERO Airlines uniforms;
11. Contests for employees (Best Professional, Best Employee, Driving Force Award);
12. Contests and events for employees' children (First-Grader Day, New Year's Party, children's creativity contests);
13. Tours around Domodedovo International Airport for employees' children;





Personnel Efficiency

	2007	2008	2009	2010	2011
Revenue (RUB'000)	20,506,963	37,404,745	38,653,796	60,865,495	86,494,353
Passenger kilometres performed ('000)	11,762,012	17,548,908	18,732,965	26,294,003	33,179,927
Passengers flown	3,243,804	4,852,887	5,025,862	6,646,538	8,453,371
Average headcount	2,822	4,822	4,918	7,050	8,980
Revenue per employee (RUB'000)	7,267	7,757	7,860	8,633	9,632
Passenger-kilometres per employee ('000)	4,168	3,639	3,809	3,730	3,695
Passengers per employee	1,149	1,006	1,022	943	941

14. Sports (football and volleyball) competitions.

The employee incentives are not limited to a competitive pay rate. As an additional incentive, the employees get an attractive motivational package, the continuous development and augmentation of which represent one of the important components of the TRANSAERO Airlines HR Policy.

The motivational package includes traditional incentives and corporate benefits, the provision of service tickets to employees, and the nomination of outstanding employees for awards, including State awards.

In 2011, TRANSAERO's employees received the following awards:

- 1. State awards: 8 persons;
- 2. Ministry of Transport awards: 48 persons;
- 3. Certificates of honour and acknowledgements from the Federal Agency of Air Transport: 77 persons;
- 4. Regional awards: 24 persons;
- 5. Accident-Free Flying Experience, II and III degree: 49 persons;

- 6. The title «Honorary Airline Employee» was awarded to 16 persons;
- 7. Acknowledgements from the General Director were received by 1,727 persons.

In 2011, TRANSAERO Airlines received the following awards in the HR area:

- 1. Second position in the HR Brand 2010 category;
- 2. Best Corporate Employer according to a survey conducted by the publication Elite Personnel;
- 3. Best Employer according to a survey conducted by Superjob portal;
- 4. Best Employers for Young Specialists – TOP 50: 14th position according to a survey conducted by Action, a publication for young specialists.

Progressive personnel management methods, application of the world's latest HR practices and technologies, a systemic approach to implementing the airline's HR Policy, which meets the expectations of contemporary Russian society, permit TRANSAERO to achieve its main mission: remain the leader in an ever-changing world!



2011 Performance Results  
4. Social Responsibility

Corporate Social Responsibility

TRANSAERO Airlines has pursued a coherent policy of corporate social responsibility towards customers, partners, personnel, and society throughout its entire 20-year long history.

The high professionalism of TRANSAERO personnel constitutes the recipe for the Company's success. The Company develops important values for its employees, which are laid down in the Code of Corporate Values and serve as guidelines in communications and business processes.

As a socially responsible employer, TRANSAERO provides wide career and professional opportunities for its personnel. It takes care to ensure team stability by offering fair pay and a comprehensive social package to employees.

Innovative by nature, the Company does its best to ensure the active involvement of its employees in creating innovations. In 2011, the Company held the first corporate conference dedicated to innovations, which was attended by over 200 employees.

During the period under review, TRANSAERO's social policy received recognition at the international level. TRANSAERO was the only Russian company that participated in the world's largest forum on responsible economy in Lille. Company practices, presented by TRANSAERO's General Director, Olga Pleshakova, were recognised as one of the best examples of socially responsible business practice in Russia.

In 2011, the Company strengthened its leading position in services for disabled passengers. TRANSAERO Airlines, the Russian Association of the Disabled, Moscow Domodedovo Airport, and the Association of Passenger Transport Service Providers developed a corporate standard of services for disabled passengers. In collaboration with its partners, the airline conducted training courses for its personnel in serving disabled people. TRANSAERO is the only transport company in Russia that is a member of the Business Council for Disability. As part of its support of

sports events for the disabled, TRANSAERO acted as the official carrier for the Astana Special Olympic Games in 2011. The Company also supported the Life in Motion project dedicated to integrating people with special needs into the community through cultural events.

TRANSAERO pursues a responsible environmental policy. In 2011, the airline launched "Green Office", an environmental program aimed at the rational use of natural resources in the airline's office activities.

In 2011, TRANSAERO and the Fly Without Fear Centre participated in implementing an assistance program for passengers suffering from aerophobia.

The airline carries out its social activities in the following areas:

Back to the Future – an assistance program for seriously ill children

In 2011, the airline, in partnership with major charity foundations, such as Nastenka, Happy World, and AdVita, carried more than 526 children suffering from cancer from Russian regions and the CIS countries to leading clinics in Moscow and Saint Petersburg, as well as to institutions in Israel and Germany.





The Back to the Future rehabilitation program has been operating since 2006 and is carried out with methodological support from the Federal Clinical Research Centre of Child Haematology, Oncology and Immunology of the Federal Agency for Healthcare and Social Development. Over this period of time, more than 1,000 children have completed rehabilitation under the Back to the Future partner program.

In 2011, TRANSAERO, in cooperation with partner non-profit organisations, continued to implement a program for raising private donations from Company employees and customers. Special donation boxes were installed in TRANSAERO offices, ticket sales points, and business lounges. The purpose of this program is to raise additional funds for providing treatment to ill children.

In 2011, TRANSAERO Airlines held the following events in collaboration with partner charity foundations: a charitable auction in April, a campaign for raising donations from employees titled “This is No Trifle!”, “Heart Envelope” - a charity action aboard the anniversary flight. The Company participated in municipal charity actions such as the Heart and Soul BAZAR, Flights in Dreams and Reality, etc. A charitable exhibition titled “Life is Everywhere!” was organised, and “A Brief History of Aviation” - the world’s first animated series created by children - was produced. Over RUB 5 million were raised for providing treatment to seriously ill children.

#### Corporate Volunteer Program

The Company is dedicated to involving its employees in charity through a corporate volunteer program.

Since 2008, the Company has successfully implemented “Travelling to the Transaero Country” - a corporate volunteer program, which brings together over 500 employees from various regions of the country (Moscow, Saint Petersburg, Novosibirsk, Krasnoyarsk, Vladivostok, Omsk, and Tomsk).

The “Travelling to the Transaero Country” program includes charity actions organised to support the rehabilitation of disabled children, social adaptation of orphan children, and awareness campaigns to promote charitable ideas among employees and educational projects for TRANSAERO corporate volunteers.

As part of the corporate volunteer program, Company employees held more than fifteen charitable events in 2011, including regular Transaero Days in a rehabilitation centre for disabled children, creative master classes, cultural and educational events for orphan children, etc.

The Company has set up the TRANSAERO Volunteer Club with a mission to encourage charitable actions and volunteering among employees.

Corporate donation events are particularly popular with the TRANSAERO team. In 2011, over 200 employees of the airline became donors and 105 litres of blood were donated to save seriously ill children.

#### Social Air Transportation Services

Social air transportation services are a traditional area of TRANSAERO’s charitable activities.

Every month, under an agreement for social air transportation services with the Administration of Saint Petersburg, TRANSAERO provides free tickets to veterans, citizens of besieged Leningrad, Heroes of Russia and the Soviet Union, holders of the three orders of Glory and Labour Glory, and their companions. Furthermore, every year, on the eve of the Victory Day, TRANSAERO provides social transportation services to war and labour veterans, citizens of besieged Leningrad and prisoners of fascist concentration camps on its domestic and international routes.

Since 2004, over sixteen thousand people have received discounted tickets under the program of social air transportation services.





## 2011 Performance Results

### 5. Financial Statements

#### Balance Sheet

OJSC «TRANSAERO Airlines» Balance Sheet (RAS), RUB'000

ASSETS	Code	31.12.2011	31.12.2010	31.12.2009
I. NON-CURRENT ASSETS				
Intangible assets	1110	2,259,909	2,301,560	48,308
Research and development results	1120	-	-	-
Fixed assets	1130	7,902,592	5,545,102	4,201,225
Income yielding investments into tangible assets	1140	-	-	-
Financial investments	1150	1,141,572	133,302	43,921
Deferred tax assets	1160	63,591	73,098	38,210
Other non-current assets	1170	12,302,263	4,281,584	19,227
TOTAL for Section I	1100	23,669,927	12,334,647	4,350,891
II. CURRENT ASSETS				
Inventories	1210	1,177,044	4,517,872	3,712,535
Input value added tax	1220	330,475	113,582	54,465
Accounts receivable	1230	28,266,940	22,815,142	17,140,626
Financial investments (other than cash equivalents)	1240	3,863,745	2,472,421	923,936
Cash and cash equivalents	1250	486,092	1,025,172	206,974
Other current assets	1260	22,608	8,826	61,732
TOTAL for Section II	1200	34,146,905	30,953,016	22,100,267
BALANCE (assets)	1600	57,816,832	43,287,662	26,451,158

**1. Intangible assets** represent the net book value of the owner's exclusive rights to the trademark and service marks.

**2. Fixed assets** represent the historical cost of fixed assets less accrued depreciation and construction in progress (fixed assets and tangible assets that were not put into operation).

**3. Accounts receivable:** RUB 28,266.9 million

**4. Long-term liabilities:** RUB 7,583.9 million

**5. Short-term liabilities:** RUB 49,204.9 million, including:

- **borrowings:** RUB 17,230.6 million increased by 51% compared to the end of 2010;

- **accounts payable:** RUB 20,758.8 million grew by 55.6% compared to the end of 2010

- **deferred income:** RUB 11,215.5 million consists of the liabilities of the Company's counterparties under tourist travel programs.

#### Principal Suppliers

Organisation	Share in total supplies, %
CJSC «Gazpromneft-AERO»: aviation fuel and lubricants	19.7
Japan Airlines International Co	5.1
CJSC «DOMODEDOVO AIRPORT COMMERCIAL AGENCY»	4.7

#### Principal Buyers

Organisation	Share in total purchases, %
LLC «NATALIE Tours»	9.7
Tez Tour Ltd (London, UK)	8.8
LLC «Biblio Travel»	7.9
BSP RU	7.4
LLC «CoraTravel»	7.3

LIABILITIES	Code	31.12.2011	31.12.2010	31.12.2009
III. CAPITAL AND RESERVES				
Authorised capital stock (share capital, authorised fund, contributions of partners)	1310	1,538	1,538	1,538
Treasury shares	1320	-	-813,287	-
Re-evaluation of non-current assets	1340	3,794,559	3,794,559	62,549
Additional capital (without revaluation)	1350	-	-	-
Reserve capital	1360	231	231	231
Retained profit (uncovered loss)	1370	-2,768,255	-1,562,253	-399,762
TOTAL for Section III	1300	1,028,074	1,420,788	-335,444
IV. LONG-TERM LIABILITIES				
Borrowings	1410	7,345,349	7,363,121	5,688,295
Deferred tax liabilities	1420	238,520	79,799	68,245
Provisions	1430	-	-	-
Other liabilities	1450	-	-	-
TOTAL for Section IV	1400	7,583,869	7,442,920	5,756,540
V. SHORT-TERM LIABILITIES				
Borrowings	1510	17,230,568	11,401,089	6,571,101
Accounts payable	1520	20,758,821	13,322,553	8,109,722
Deferred income	1530	11,215,501	9,700,312	6,349,239
Provisions	1540	-	-	-
Other liabilities	1550	-	-	-
TOTAL for Section V	1500	49,204,889	34,423,954	21,030,062
BALANCE (liability)	1700	57,816,832	43,287,662	26,451,158





Profit and Loss Statement

OJSC «TRANSAERO Airlines» Profit and Loss Statement (RAS), RUB'000.

Item	Code	For 12 months of 2011	For 12 months of 2010
Revenue	2110	86,494,353	60,865,495
Cost of sales	2120	-78,414,062	-54,159,240
Gross profit (loss)	2100	8,080,291	6,706,255
Business expenses	2210	-2,040,595	-1,381,003
Administrative expenses	2220	-3,621,138	-2,671,879
Profit (loss) from sales	2200	2,418,558	2,653,372
Income from participation in other entities	2310	14,290	14,046
Interest receivable	2320	156,257	83,468
Interest payable	2330	-2,310,189	-1,766,548
Other income	2340	5,358,292	2,389,283
Other expenses	2350	-3,622,565	-2,534,149
Before-tax profit (loss)	2300	2,014,643	839,473
Current profit tax	2410	0	-182,606
including permanent tax liabilities (assets)	2421	235,115	11,670
Change in deferred tax liabilities	2430	-158,294	-8,507
Change in deferred tax assets	2450	-9,518	34,888
Other	2460	-14,905	-102,480
Net profit (loss)	2400	1,831,925	580,768
FOR REFERENCE:			
Result of revaluation of non-current assets not included in net profit (loss) for the period	2510	-	-
Result of other transactions not included in net profit (loss) for the period	2520	-	-
Total financial result for the period	2500	1,831,925	580,768
Basic earnings (loss) per share	2900	0	0
Diluted earnings (loss) per share	2910	0	0



Estimate of OJSC «TRANSAERO Airlines» Net Asset Value for 2011

Nº	Item	Code	As of the beginning of the reporting year, RUB' 000	As of the end of the reporting period, RUB' 000
I.	Assets			
1	Intangible assets	110	2,301,560	2,259,909
2	Fixed assets	120	3,934,308	7,591,001
3	Construction in progress	130	1,610,794	311,590
4	Income yielding investments into tangible assets	135	-	-
5	Long-term and short-term financial investments <sup>1</sup>	140, 250	2,605,724	5,005,317
6	Other non-current assets <sup>2</sup>	145, 150	73,098	63,591
7	Inventories	210	4,517,872	6,125,550
8	Input value added tax	220	113,582	330,475
9	Accounts receivable <sup>3</sup>	230, 240	27,096,727	35,620,697
10	Cash	260	1,025,172	486,092
11	Other current assets	270	8,826	22,608
12	Total assets included in the calculation (sum of items 1 - 11)		43,287,662	57,816,832
II.	Liabilities			
13	Long-term liabilities under loans and credits	510	7,363,121	7,345,349
14	Other long-term liabilities <sup>4, 5</sup>	515, 520	79,799	238,520
15	Short-term liabilities under loans and credits	610	11,401,089	17,230,568
16	Accounts payable	620	13,310,813	20,747,127
17	Income payable to members (founders)	630	11,740	11,695
18	Reserves for future expenses	650	-	-
19	Other short-term liabilities <sup>5</sup>	660	-	-
20	Total liabilities included in the calculation (sum of items 13 - 19)		32,166,562	45,573,258
21	Value of net assets of the joint-stock company (total assets included in the calculation (page 12) less total liabilities included in the calculation (page 20))		11,121,101	12,243,574

<sup>1</sup> Excluding actual costs of repurchasing treasury shares.

<sup>2</sup> Including deferred tax assets.

<sup>3</sup> Excluding outstanding contributions to the authorized capital from members (founders).

<sup>4</sup> Including deferred tax liabilities.

<sup>5</sup> Other long-term and short-term liabilities include the provisions made for contingent liabilities and discontinued operations in accordance with the established procedure.

The net asset value of OJSC «TRANSAERO Airlines» increased compared to the beginning of the year by RUB 1,122,473 thousand, or by 10%. The net asset value was estimated in accordance with Order of the RF Ministry of Finance No. 10n dated January 29, 2003 and Order of the

Federal Commission for the Securities Market No. 03-6/pz dated January 29, 2003 «On Approval of the Procedure for Estimating the Net Asset Value of Joint-Stock Companies».



## Auditor's Report on Financial Statements for 2011

**RSM Top-Audit**

12.05.2012 v.1/121-820

**Auditor's Report  
on Financial Statements  
for 2011**

**To the Shareholders of OJSC «TRANSAERO Airlines»**

**Audited Entity:**  
**Open Joint-Stock Company «TRANSAERO Airlines» (abbreviated name: OJSC «TRANSAERO Airlines»)**  
Registered address: 48A, Liteiny Prospekt, Saint Petersburg 191104, Russia (postal address: 47 B. Polyanka Street, bldg. 1, Moscow 119180);  
Principle State Registration Number: 1025700775870

**Auditor:**  
**Limited Liability Company «RSM Top-Audit»**  
Registered address: 4 Pudovkin Str., Moscow 119258  
Phone: (495) 363-28-48; fax: (495) 981-41-21  
Principle State Registration Number: 1027700257540  
Limited Liability Company «RSM Top-Audit» is a member of the Self-Regulatory Organisation (SRO) of Auditors, Non-Profit Partnership «Russian Board of Auditors» (membership certificate No. 984-u, ORNZ 10305006873), address: 2/6 Kolokolnikov Per., Moscow, 107045.

We have audited the attached financial statements of OJSC «TRANSAERO Airlines» consisting of the balance sheet as of December 31, 2011, the profit and loss statement, the statement of changes in equity and the statement of cash flows for 2011, other appendices to the balance sheet and the profit and loss statement, and related notes.

Responsibility of the audited entity's management for the financial statements

The management of OJSC «TRANSAERO Airlines» is responsible for the preparation and accuracy of the aforesaid financial statements pursuant to the rules governing the preparation of financial statements, and for the internal control system necessary to prepare financial statements that do not contain material misstatements due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion, based on our audit, as to whether these financial statements are reliable.

RSM Top-Audit  
4 Pudovkin Str. Moscow 119258, Russia  
Tel: 7 (495) 363-28-48, fax: 7 (495) 981-41-21  
E-mail: mail@top-audit.ru  
www.top-audit.ru

We performed our audit in accordance with federal auditing standards. These standards require that we adhere to the applicable standards of ethics, and plan and perform our audit so as to obtain reasonable assurance that the financial statements do not contain any material misstatements.

Our audit involved performing audit procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The choice of audit procedures is a matter of our judgement, which is based upon an assessment of the risk of material misstatements, whether due to fraud or error. In assessing this risk, we examined the internal control system relating to the preparation and fair presentation of the financial statements, in order to choose the appropriate audit procedures, but not for the purposes of expressing an opinion as to the efficiency of the internal control system.

The audit also involved evaluating the appropriateness of the accounting principles used and the reasonableness of the estimates made by the management of the audited entity, as well as the presentation of the financial statements taken as a whole.

We believe that the evidence obtained during our audit provides an adequate basis for rendering a qualified opinion regarding the reliability of the financial statements.

### Reasons for issuing a qualified opinion

1. As of December 31, 2011, the balance sheet item «Intangible assets» contains intellectual property (exclusive rights to the results of intellectual activity) for an amount of RUB 2,301,560 thousand, which includes a revaluation surplus of RUB 1,649,952 thousand arising from the market value appraisal of trademarks as of January 01, 2011. The revaluation surplus is reported in the balance sheet as of December 31, 2011 in the line item «Additional capital».

As of January 01, 2010, the balance sheet item «Intangible assets» contains intellectual property (exclusive rights to the results of intellectual activity) for an amount of RUB 650,969 thousand, which includes a revaluation surplus of RUB 602,661 thousand arising from the market value appraisal of trademarks as of January 01, 2010.

We did not obtain sufficient audit evidence that the aforesaid amount was determined at the current market value exclusively derived from data on the active market for the said intangible assets, as required by paragraph 17 of PBU 14/2007 «Accounting for Intangible Assets» approved by Order of the RF Ministry of Finance No. 153n dated December 27, 2007.

2. In the Statement of Changes in Equity, the item «Equity reduction for expenses charged directly to equity» shows an amount of RUB 3,037,927 thousand. From this amount, RUB 3,004,348 thousand represent expenses and income relating to past accounting periods of 2010, 2009, and earlier periods. According to PBU 22/2010 «Correction of errors in accounting and reporting», material errors of past accounting years must be corrected through retrospective restatement. Therefore, losses relating to 2010 should be included in the Profit and Loss Statement for 2011 within comparative indicators for 2010. The loss for 2010 and earlier periods should be reported in the Balance Sheet as of 31.12.2011 as comparative information as of the relevant dates (31.12.2010 and 31.12.2009) in the line «Retained profit (uncovered loss)».

3. Notwithstanding the requirements of PBU 3/2006 «Accounting for assets and liabilities denominated in foreign currency», the accounts receivable, accounts payable and borrowings were valued in foreign currency by using the CBRF exchange rate as of the transaction date and not the exchange rate established by the CBRF on December 31, 2011.



Due to specific features of the accounting system, we did not obtain sufficient audit evidence to estimate the amount, by which the following key items in the financial statements, including transactions denominated in foreign currency, were overstated/understated:

- long-term borrowings totalling RUB 7,345,349 thousand;
- short-term borrowings totalling RUB 17,230,568 thousand;
- items «Other income» and «Other expenses» in the Profit and Loss Statement with respect to the positive and negative exchange differences of RUB 1,267,910 thousand and RUB 1,478,609 thousand;
- accounts receivable and accounts payable totalling RUB 28,266,940 thousand and RUB 20,758,821 thousand, respectively.

4. The item «Deferred income» in the Balance Sheet as of December 31, 2011 contains an amount of RUB 11,215,501 thousand, representing income receivable under future air transportation programs. This amount is concurrently shown in the item «Accounts receivable». According to amendments to the «Regulation on Accounting and Reporting in the Russian Federation» approved on July 29, 1998 No. 34n, recognition of deferred income has been discontinued. Therefore, in our opinion, the said amounts should be reported as part of accounts receivable and should be supported by inventory taking data as of 31.12.2011. Comparative data as of 31.12.2010 and 31.12.2009 should be also adjusted in connection with statutory changes.

As the Chart of Accounts provides for the accounting of deferred income, management of OJSC «TRANSAERO Airlines» decided to keep the procedure of accounting for the said transactions used before 2011.

#### Qualified opinion

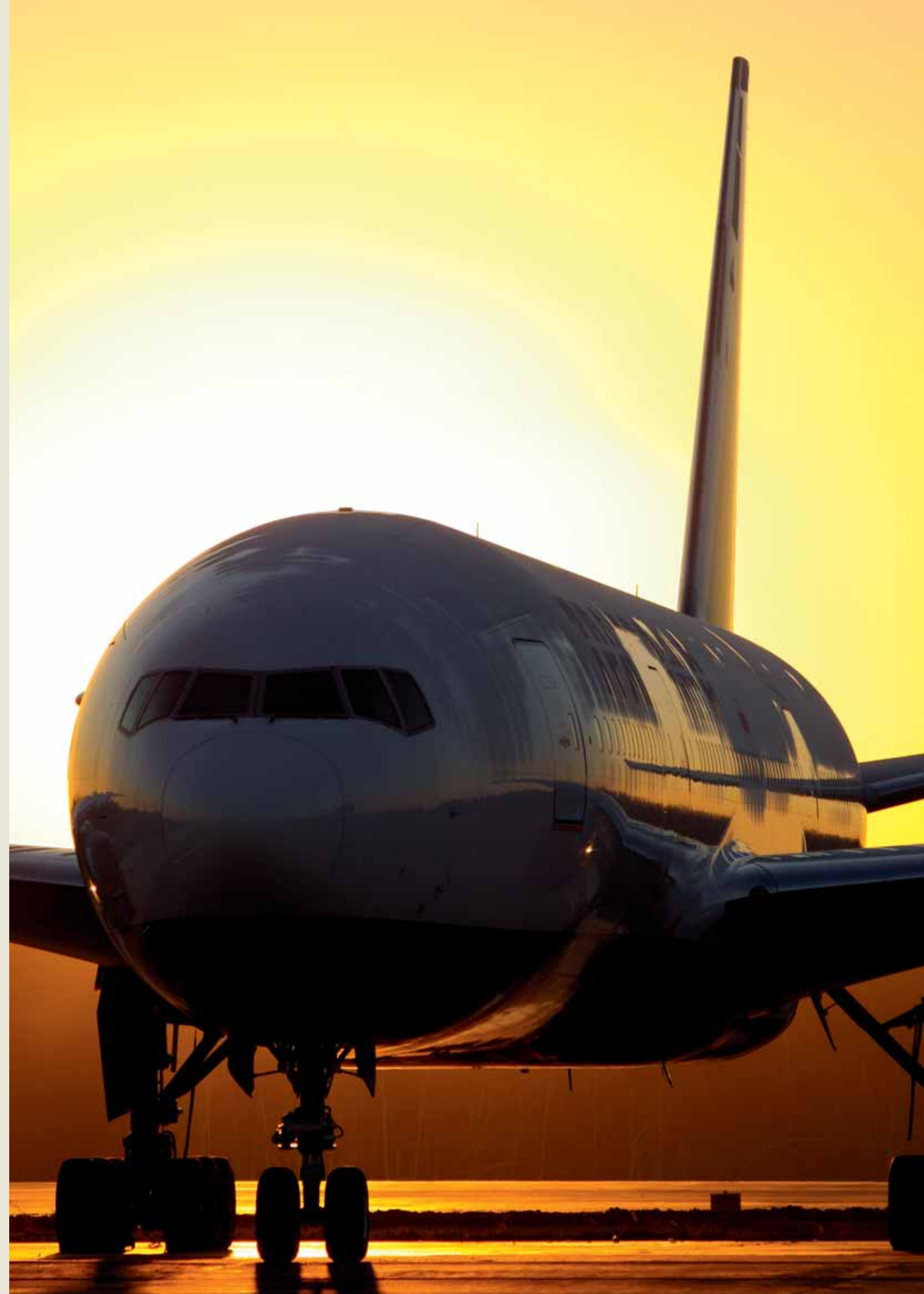
In our opinion, except for the potential effect on the financial statements of the circumstances specified in the section containing the reasons for issuing a qualified opinion, the financial statements present fairly, in all material respects, the financial position of OJSC «TRANSAERO Airlines» as of December 31, 2011, the results of its financial and business operations and the cash flow for 2011 in accordance with the established rules for preparing financial statements.

#### Director of Auditing, Work Standardisation and Methodology

Auditor Qualification Certificate No 05-000028  
issued pursuant to decision of the Self-Regulatory  
Organization of Auditors, Non-Profit Partnership  
«Russian Board of Auditors» No. 25 dated November 30, 2011 for an  
unlimited period  
Principal Record Registration Number  
(ORNZ) in the Register of Auditors and Audit  
Firms: 29505011916



Ye.Z. Shokhor





# 2011 Performance Results

## 6. Information for Shareholders and Investors

### Corporate Governance

The governing bodies of the Open Joint-Stock Company «TRANSAERO Airlines» consist of the General Meeting of Shareholders, the Board of Directors, the Collegial Executive Body (the Management Board), and the Sole Executive Body (the General Director).

Commissions and committees have been set up and operate on a permanent basis as part of the structure of the airline's management.

### General Meeting of Shareholders of OJSC «TRANSAERO Airlines»

The General Meeting of Shareholders carries out its activities in accordance with the Regulation on the General Meeting of Shareholders (GMS), the Articles of Association, and federal legislation. Matters placed within the competence of the GMS include: election of the Company's Board of Directors and the Company's Audit Commission, approval of the Auditor, and financial year end profit and dividend distribution. At the General Meeting of Shareholders, the shareholders evaluate the Auditor's report, review the annual report and the financial statements, including the profit and loss statements, and may decide on other matters placed within the competence of the General Meeting by local normative acts and federal legislation.

Matters placed within the competence of the General Meeting of Shareholders may not be transferred to the Company's executive bodies for consideration. Matters placed within the competence of the General Meeting of Shareholders may not be transferred to the Board of Directors for consideration, except matters provided for by federal laws.

The General Meeting of Shareholders may not decide on matters outside its competence.

### Board of Directors

The Board of Directors (BoD) carries out its activities in accordance with the Articles of Association, the Regulation on the BoD, and federal legislation. The competence of the Company's Board of Directors includes decisions on matters related to the general management of the Company, except for matters that are referred to the competence of the General Meeting of Shareholders.

Matters placed within the competence of the Board of Directors may not be transferred to the Company's executive body for decision.

According to amendments made to the Company's constitutional documents and internal regulations in February 2011, the minimum number of Board of Directors members has been reduced from 7 to 5, and the criterion for transactions, which are subject to approval by this governing body, has been relaxed and is now based on the size-of-transaction threshold of 25% of the Company's book assets as at the end of the latest reporting period.

### Members of the Board of Directors

(elected at the Annual Meeting of Shareholders on June 20, 2011)

#### 1. Tatiana Grigorievna Anodina

Year of birth: 1946.

Doctor of Engineering (St. Petersburg Academy); Professor; holder of state awards in the fields of sciences and engineering; Honoured Worker of Science; holder of high-ranking orders awarded by Russia, Ukraine, Kazakhstan, and other states; member of the International Academy of Sciences; full member of the Academy of Military Sciences; author of more than 100 scientific papers and 10 monographs.

1991 – present: Chairperson of the Interstate Aviation Committee.

Ownership interest in the Company's common stock: 3.00 %.

Kinship relationships with any other members of the Company management bodies: Pleshakov Alexander Petrovich (Chairman of the Board of Directors of the Issuer) – son; Pleshakova Olga Alexandrovna (General Director, Chairperson of the Management Board) – wife of Pleshakov Alexander Petrovich.

#### 2. Zaitsev Gennady Nikolaevich

Year of birth: 1938.

Higher education; graduated from the Air Force Academy, Civil Aviation Academy.

Currently serves as Advisor to the Head of the Federal Air Transport Agency of the Russian Federation.

#### 3. Pleshakov Alexander Petrovich

Year of birth: 1964.

Doctor of Sciences, graduated from the Moscow Aviation Institute.

Chairman of the Board of Directors, Chief Executive Officer at OJSC «TRANSAERO Airlines».

Ownership interest in the Company's common stock: 25.42%.

Kinship relationships with any other members of the Company management bodies: O.A. Pleshakova (General Director, Chairperson of the Management Board) – wife; T.G. Anodina (Member of the Board of Directors) – mother.

In 2011, Mr. Pleshakov was awarded with the Order of Holy Prince Daniel of Moscow; in November, he received the Order of Honour according to the order of President of the Russian Federation D.A. Medvedev.

#### 4. Pleshakova Olga Alexandrovna

Year of birth: 1966.

Candidate of Sciences (Engineering), graduated from the Moscow Aviation Institute.

Chairperson of the Company's Management Board, General Director.

Ownership interest in the Company's common stock: 18.39%.

Kinship relationships with any other members of Company management bodies: A.P. Pleshakov (Chairman of the Board of Directors) – husband; T.G. Anodina (Member of the Board of Directors) – A.P. Pleshakov's mother.

In March 2011, Ms Pleshakova received a personal award - «CIS Business Leader»; in April, she was presented with an Order by the Russian Orthodox Church; in June, she received an award from the Imperial Orthodox Palestine Society.

#### 5. Khasis Lev Aronovich

Year of birth: 1966.

Candidate of Sciences (Engineering, Law), graduated from the Kuibyshev Aviation Institute, Financial Academy under the Government of the Russian Federation, University of the Ministry of Internal Affairs of the Russian Federation.

At present, Mr. Khasis is Senior Vice President at Wall-Mart Inc.

Ownership interest in the Company's common stock: 6.48%.

#### 6. Shubnikov Boris Vasilievich

Year of birth: 1941.

Higher education; graduated from the Kharkov Law Institute.

At present, Mr. Shubnikov is Deputy Chairperson of the Interstate Aviation Committee.

The remuneration paid to the Board of Directors members (remuneration, salaries, bonuses) in 2011 amounted to RUB 51,347 thousand.

### Executive Bodies

The Sole Executive Body (General Director) and the Collegial Executive Body (Management Board) of OJSC «TRANSAERO Airlines» carry out their activities under the Articles of Association, the Regulation on the Management Board, and federal legislation.

The Management Board of TRANSAERO was constituted by the Board of Directors and runs the day-to-day business of the Company. Owing to the excellent professional skills of Management Board members and their experience in the area of civil aviation, the airline has been achieving impressive results year after year.

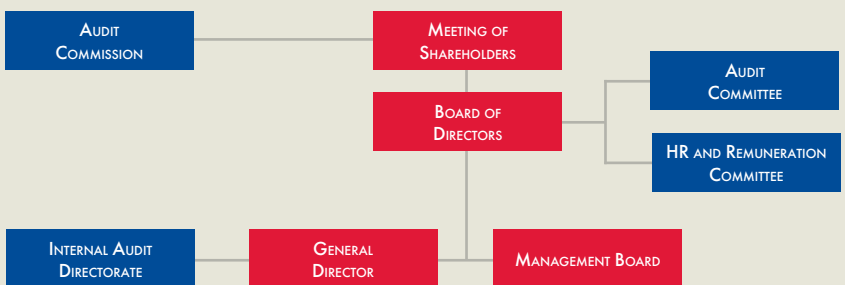
The General Director of TRANSAERO carries out the management of the Company's day-to-day activities and acts on behalf of the Company without a power of attorney, including the representation of its interests, making transactions on behalf of TRANSAERO, approving its personnel, issuing orders and instructions that are binding upon all of the Company's employees, organising meetings of the Management Board, and performing other functions placed within his/her competence under the relevant regulations.

The individual performing the functions of the Company's General Director also performs the functions of the Chairperson of the Management Board of TRANSAERO.

### Members of the Management Board

(elected at the meeting of the Board of Directors on July 01, 2011).

### Corporate Management Bodies





1. Pleshakova Olga Alexandrovna

Information is provided in the section relating to the Board of Directors.

2. Krinichansky Alexander Alexandrovich

Year of birth: 1968.

Academic background: higher education (Military Institute under the Ministry of Defence).

Position held in the Airline: First Deputy General Director, Executive Director.

3. Alaverdyan Ervand Vaginakovich

Year of birth: 1953.

Academic background: graduated from the Kyiv Institute of Civil Aviation Engineers, Troitsk Aviation Technical College;

Position held in the Airline: Head of Flight Safety Inspectorate.

4. Barinov Georgy Vladimirovich

Year of birth: 1957.

Academic background: higher education (Aktyubinsk Higher Flying School of Civil Aviation).

Position held in the Airline: Deputy General Director – Head of Flight Department.

5. Gulnitsky Boris Borisovich

Year of birth: 1937.

Academic background: higher education (Riga Red Banner Higher Military Aviation Engineering School).

Position held in the Airline: Deputy General Director, Commercial Director, Head of Commercial Department.

Ownership interest in the Company’s common stock: 0.043%.

6. Erzakovich Dmitry Yurievich

Year of birth: 1971.

Academic background: higher education (Abay Almaty State University).

Position held in the Airline: Deputy General Director, Head of Production Department.

7. Ignatov Alexander Olegovich

Year of birth: 1979.

Academic background: higher education (Federal State Education Institution of Higher Vocational Education «Civil Aviation Academy»).

Position held in the Airline: Deputy General Director – Head of Administration Department.

8. Korobovich Mikhail Yurievich

Year of birth: 1973.

Academic background: higher education (Moscow Institute of Civil Aviation Engineers).

Position held in the Airline: Deputy General Director, Head of Technical Department.

9. Matveev Arkady Vyacheslavovich

Year of birth: 1960.

Academic background: higher education (Red Banner Order Military Institute under the Ministry of Defence).

Position held in the Airline: Deputy General Director – Head of Service Department.

10. Natsvin Andrey Andreevich

Year of birth: 1962.

Academic background: higher education (International Institute of Management, Business and Law).

Position held in the Airline: Deputy General Director, Head of Flight Safety and Quality Department.

11. Stolyarov Dmitry Alexandrovich

Year of birth: 1958.

Academic background: higher education (Balashov Higher Military Aviation School for Pilots).

Position held in the Airline: Deputy General Director for External Relations.

12. Taranets Alexander Borisovich

Year of birth: 1953.

Academic background: higher education (Kharkov Automobile and Road Institute).

Position held in the Airline: Deputy General Director for Aviation Security.

13. Temyakov Evgeny Evgenievich

Year of birth: 1973.

Academic background: higher education (Moscow State Institute of International Relations under the Ministry of Foreign Affairs of the Russian Federation).

Position held in the Airline: Deputy General Director, Head of Financial Department.

The remuneration paid to the Management Board members in 2011 (remuneration, salaries, bonuses) amounted to RUB 112,675 thousand.

Audit Commission

The controlling body – Audit Commission - is elected at the General Meeting of Shareholders. In its activities the Audit Commission is governed by the Federal Law on

Joint-Stock Companies, the Articles of Association, and the Regulation on the Audit Commission of OJSC «Transaero Airlines».

The competence of the Audit Commission includes matters related to control over the Company’s financial and business operations, the reliability of its accounts and financial statements, and the determination of the efficiency and compliance of financial and business transactions carried out by the Company with the regulations of the Russian Federation and the resolutions passed by the General Meeting of Shareholders and the Board of Directors.

Members of the Audit Commission

(elected by the General Meeting of Shareholders on June 20, 2011).

1. Zaguta Alexander Vasilievich

Year of birth: 1946.

Graduated from the Moscow Institute of Electrical Engineering and Communications.

1991 – present: General Director of the Loyd’s Investments Corp.

2. Kuts Irina Anatolievna

Year of birth: 1970.

Graduated from the Russian Correspondence Institute of Finance and Economy, Tula.

As of 2007, Ms Kuts is Deputy Head of the Project Financial Control Division at the Financial Consulting Department, OJSC «Promsvyazbank».

3. Tkachenko Sergey Sergeyevich

Year of birth: 1985.

Graduated from the Russian State Tax Academy of the RF Ministry of Finance.

As of 2010, Mr. Tkachenko is Director of the Internal Audit Directorate at OJSC «TRANSAERO Airlines».

Board of Directors Audit Committee:

The Committee was set up to assist the BoD in implementing its control function. The Committee controls the preparation of financial statements, the reliability, transparency, and completeness of financial information, including information for publication. It participates in establishing and ensuring the reliability of internal control systems and performs other functions.

Members of the BoD Audit Committee:

- Pleshakov Alexander Petrovich;
- Khasis Lev Aronovich;
- Shubnikov Boris Vasilievich.

Due to the fact that the Committee consists of the BoD members whose details have been disclosed above, personal information is not provided in this section.

Information concerning the Declared (Accrued) and Paid Dividends on the Issuer’s Shares and the Yield on the Issuer’s Bonds

Year: 2006

Period: full year

The decision to pay dividends on shares was adopted by the Annual General Meeting of Shareholders on 26.05.2007, unnumbered minutes dated 26.05.2007

The date of drawing up the list persons entitled to receive dividends for this dividend period: 27.04.2007

Amount of declared (accrued) dividends on shares of this category (type) on a per share basis, RUB: 20

Total amount of declared (accrued) dividends on all shares of this category (type), RUB: 30,769,220

Total amount of dividends paid on all of the Issuer’s shares of one category (type), RUB: 30,769,220

Time period established for the payment of the declared dividends on the Issuer’s shares: within 60 days from the date of adopting the decision to pay dividends

Method and other conditions for paying dividends on the Issuer’s shares: in cash

Year: 2007

Period: full year

The decision to pay dividends on shares was adopted by the Annual General Meeting of Shareholders on 24.05.2008, unnumbered minutes dated 05.06.2008

The date of drawing up the list persons entitled to receive dividends for this dividend period: 10.04.2008

Amount of declared (accrued) dividends on shares of this category (type) on a per share basis, RUB: 10

Total amount of declared (accrued) dividends on all shares of this category (type), RUB: 15,384,610

Total amount of dividends paid on all of the Issuer’s shares of one category (type), RUB: 15,384,610

Time period established for the payment of the declared dividends on the Issuer’s shares: within 30 days from the date of adopting the decision to pay dividends

Method and other conditions for paying dividends on the Issuer’s shares: in cash

Year: 2008

Period: full year

The decision to pay dividends on shares was adopted by the Annual General Meeting of Shareholders on 24.06.2009, minutes No. 00.00-P01/09 dated 01.07.2009

The date of drawing up the list persons entitled to receive dividends for this dividend period: 11.05.2009



Amount of declared (accrued) dividends on shares of this category (type) on a per share basis, RUB: **5**

Total amount of declared (accrued) dividends on all shares of this category (type), RUB: **7,692,305**

Total amount of dividends paid out on all of the Issuer’s shares of one category (type), RUB: **7,692,305**

Time period established for the payment of the declared dividends on the Issuer’s shares: **within 60 days from the date of adopting the decision to pay dividends**

Method and other conditions for paying dividends on the Issuer’s shares: **in cash**

Year: **2009**

Period: **full year**

The decision to pay dividends on shares was adopted by the Annual General Meeting of Shareholders on **19.06.2010, minutes No. 00.00-P02/10 dated 25.06.2010**

The date of drawing up the list persons entitled to receive dividends for this dividend period: **06.05.2010**

Amount of declared (accrued) dividends on shares of this category (type) on a per share basis, RUB: **0.2**

Total amount of declared (accrued) dividends on all shares of this category (type), RUB: **30,769,220**

Total amount of dividends paid on all of the Issuer’s shares of one category (type), RUB: **30,769,220**

Time period established for the payment of the declared dividends on the Issuer’s shares: **by July 20, 2010**

Method and other conditions for paying dividends on the Issuer’s shares: **in cash**

Year: **2010**

Period: **full year**

The decision to pay dividends on shares was adopted by the Annual General Meeting of Shareholders on **20.06.2011, unnumbered minutes dated 22.06.2011**

The date of drawing up the list persons entitled to receive dividends for this dividend period: **05.05.2011**

Amount of declared (accrued) dividends on shares of this category (type) on a per share basis, RUB: **0.22**

Total amount of declared (accrued) dividends on all shares of this category (type), RUB: **30,485,353.8**

Total amount of dividends paid on all of the Issuer’s shares of one category (type), RUB: **30,485,353.8**

Time period established for the payment of the declared dividends on the Issuer’s shares:

**by July 20, 2011**

Method and other conditions for paying dividends on the Issuer’s shares: **in cash**

**The Airline did not pay any yield on bonds in 2009.**

**In 2010, the Airline paid the yield on bonds in full as follows:**

**On April 27, 2010, RUB 253,560,000 (two hundred and**

**fifty-three million, five hundred and sixty thousand roubles, 00 kopecks) was paid on the first coupon;**

**On October 27, 2010, RUB 253,560,000 (two hundred and fifty-three million, five hundred and sixty thousand roubles, 00 kopecks) was paid on the second coupon.**

**In 2011, the Issuer paid the yield on bonds in full as follows:**

**On 27.04.2011, RUB 177,270,000 (one hundred and seventy-seven million, two hundred and seventy thousand roubles, 00 kopecks) was paid on the third coupon.**

**On 26.10.2011, RUB 177,270,000 ((one hundred and seventy-seven million, two hundred and seventy thousand roubles, 00 kopecks) was paid on the fourth coupon.**

**Information on Major Transactions Made by the Issuer**

Major transactions (series of related transactions), each of which gives rise to liabilities accounting for 10 or more percent of the book value of the Issuer’s assets according to its financial statements for the last completed accounting period immediately preceding the transaction:

Date of the transaction: **25.08.2011**

Type and subject of the transaction:

**Related transactions to finance the aircraft fleet expansion.**

Transaction contents, including civil rights and obligations established, modified, or terminated by the transaction:

**Acquisition and lease of Boeing 747-400 and 777-300 aircraft.**

Deadline for performing the obligations under the transaction: **Established individually for each agreement.**

Parties and beneficiaries under the transaction: **Richdale Investments Limited, Stecker Limited, OJSC «TRANSAERO Airlines».**

Transaction amount in monetary terms: **554,400,000**

Currency: **USD**

Transaction amount as a percentage of the value of the Issuer’s assets: **27.87**

Value of the Issuer’s assets as of the end of the accounting period (quarter, year) preceding the transaction (date of concluding the agreement) and for which financial statements have been prepared in accordance with the laws of the Russian Federation: **RUB 57,435,841,000.**

**The transaction represents a major transaction.**

Information on the approval of the transaction

The Issuer’s management body that made the decision to approve the transaction: **Board of Directors**

Date of the decision to approve the transaction: **25.08.2011**

Date of drafting the minutes: **28.08.2011**

Number of the minutes: **01.00-P06/11**

Date of the transaction: **21.09.2011**

Type and subject of the transaction:

**Related transactions to finance the aircraft fleet expansion.**

Transaction contents, including civil rights and obligations established, modified, or terminated by the transaction:

**Acquisition and lease of Boeing 777 300 aircraft.**

Deadline for performing the obligations under the transaction: Established individually for each agreement.

Parties and beneficiaries under the transaction: **VEBL-767-300 Limited, OJSC «TRANSAERO Airlines».**

Transaction amount in monetary terms: **311,000,000**

Currency: **USD**

Transaction amount as a percentage of the value of the Issuer’s assets: **15.2**

Value of the Issuer’s assets as of the end of the accounting period (quarter, year) preceding the transaction (date of concluding the agreement) and for which financial statements have been prepared in accordance with the laws of the Russian Federation: **RUB 57,435,841,000.**

Date of the transaction: **15.11.2011**

Type and subject of the transaction:

**Major aircraft acquisition transaction.**

Transaction contents, including civil rights and obligations established, modified, or terminated by the transaction:

**Concluding a purchase and sale agreement for acquiring eight (8) A320/321NEO aircraft between OJSC «TRANSAERO Airlines and Airbus S.A.S.**

Deadline for performing the obligations under the transaction: **Q3 2020.**

Parties and beneficiaries under the transaction: **Airbus S.A.S. (Seller), OJSC «TRANSAERO Airlines» (Buyer).**

Transaction amount in monetary terms: **729,600,000**

Currency: **USD**

Transaction amount as a percentage of the value of the Issuer’s assets: **35.4**

Value of the Issuer’s assets as of the end of the accounting period (quarter, year) preceding the transaction (date of concluding the agreement) and for which financial statements have been prepared in accordance with the laws of the Russian Federation: **RUB 65,727,030,000.**

**The transaction represents a major transaction**

Information on the approval of the transaction

The Issuer’s management body that made the decision to approve the transaction: **Board of Directors**

Date of the decision to approve the transaction: **09.11.2011**

Date of drafting the minutes: **11.11.2011**

Number of the minutes: **01.00-P08/11**

**Information Policy and Information Disclosure**

The corporate management system meets the international standards and requirements of the Russian stock exchanges (for inclusion of TRANSAERO’s securities in list A). TRANSAERO has committed itself to disclosing information in the form of quarterly reports, information about affiliated parties, significant facts and other forms, according to the requirements of the securities market regulator, published on the website, in bulletins, and in newspapers. The airline has adopted all required corporate documents , introduced independent directors, and established the HR and Remuneration Committee and the Internal Audit Committee of the Board of Directors, with the purpose of improving the efficiency of Company management and its compliance with Russian and foreign stock market regulators.

**Contact Information**

Full name of the Company (in accordance with its constituent documents)	Open Joint-Stock Company «Transaero Airlines»
Abbreviated name of the Company (in accordance with its constituent documents)	OJSC «Transaero Airlines»
Address:	48A Liteiny Prospekt, Saint Petersburg, Russia, 191104
Mailing address	47 B.Polyanka Street, bldg. 1, Moscow, Russia, 119180
IIN	570 1000 985
KPP	997 65 0001
OKPO	112 33 782
PSRN	1025700775870
OKATO	40298563000
OKFS/OKOPF	16/47
Website	www.transaero.com

<sup>2</sup> The full text of the Issuer’s current Articles of Association and internal documents regulating the activities of its bodies are publicly available at www.transaero.ru.



# Representative Offices of OJSC «TRANSAERO Airlines»



**Khabarovsk, Russian Federation**  
Date of opening: 05.06.2008  
Address: 10 Dikopoltsev Str., Khabarovsk, 680063



**Yekaterinburg, Russian Federation**  
Date of opening: 25.07.2008  
Address: 6 Nikonova Str., Yekaterinburg, 620027



**Beijing, PRC**  
Date of opening: 30.06.2010  
Address: No. 8 Yong'andongli, Jianguomen, Chaoyang District, Beijing, China



**Paphos, Cyprus**  
Date of opening: 12.05.2006  
Address: Cyprus, Paphos, STR Roupel Str, 8 Anavagros, 1



**Krasnoyarsk, Russian Federation**  
Date of opening: 27.07.2009  
Address: 37 Gorky Str., Krasnoyarsk, 660000



**Yuzhno-Sakhalinsk, Russia**  
Date of opening: 30.07.2010  
Address: Office 8, 51a Karl Marx Str., Yuzhno-Sakhalinsk



**Frankfurt, Germany**  
Date of opening: 01.03.2007  
Address: Flughafen Frankfurt Main Raum 152.6 167 Terminal 2 60549 Frankfurt am Main



**Sharm El Sheikh, Egypt**  
The date of opening and address are not provided as the Representative Office is in the process of registration.



**Novosibirsk, Russian Federation**  
Date of opening: 21.06.2010  
Address: 52 Sibirskaia Str., Novosibirsk, 630132



**Antalya, Turkey**  
Date of opening: 24.03.2010  
Address: Antalya Airport 2 International Terminal, No. Z-117, Antalya



**Hong Kong, PRC**  
The date of opening and address are not provided as the Representative Office is in the process of registration.



**Tashkent, Uzbekistan**  
Date of opening: 22.06.1994  
Address: 6a Besh Agach, Taskent, 700027, Uzbekistan



**Tomsk, Russian Federation**  
Date of opening: 21.08.2009  
Address: 7 Gagarina Str., Tomsk, 634050



**Astana, Kazakhstan**  
Date of opening: 10.09.1998  
Address: 7 Druzhby Str., Astana, 010000, Republic of Kazakhstan



**Kyiv, Ukraine**  
Date of opening: 16.02.1993  
Address: Office 1, 9/2 Bolshaya Vasilkovskaya (Chervonoarmeyskaya) Str., Kyiv, 01004, Ukraine



**Tel-Aviv, Israel**  
Date of opening: 07.01.1994  
Address: 1 Ben Yehuda St., Tel-Aviv, 63801, Israel



**Vladivostok, Russian Federation**  
Date of opening: 25.07.2008  
Address: Office 101, 3 Mordovtsev Str., Vladivostok, 690091



**Bangkok, Thailand**  
Date of opening: 16.03.2007  
Address (town office): Office 1527, Fortune Hotel, 1 Ratchadaphisek Rd., Dindaeng, Bangkok, 10400 Thailand



**New York, USA**  
Date of opening: 16.04.2010  
Address: Terminal 4, Room 272.142, JFK International Airport, Jamaica, NY, 11430



**Toronto, Canada**  
Date of opening: 03.12.2009  
Address: Toronto, Lester B. Pearson International Airport, Terminal 3



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e-mail: intmedia@transaero.ru (for foreign media)

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e-mail: reklama@transaero.ru

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