



## API Voting Recommendations for Annual General Meeting

Company: PJSC Aeroflot (AFLT)

Meeting date: June 26, 2017

Record date: June 5, 2017

### Company Overview

PJSC Aeroflot is the parent company of Aeroflot Group. The Group consists of several airlines: Aeroflot, Rossiya airlines, Aurora Airlines and Pobeda Airlines.

In 2016, the Group accounted for 42.3% of the Russian market in terms of passenger traffic providing services to 43.4 million people, including 29.0 million passengers transported by PJSC Aeroflot.

Aeroflot operates one of the youngest fleets worldwide, the average aircraft age being 4.2 years for the Company, 6.5 years for Aeroflot Group. As at the end of 2016, Aeroflot Group's fleet consisted of 292 aircraft, including 189 aircraft operated by PJSC Aeroflot.

As of December 31, 2014, the authorized capital of PJSC Aeroflot was RUB 1,110,616,299. It consists of 1,110,616,299 common registered book-entry shares with a nominal value of RUB 1 each. The Company has not issued any preferred shares.

The Company's shareholding structure is as follows:

The Russian Federation: 51.17% of the shares;

Quasi-treasury shares: 4.84% (used to vote for the management's representative on the Board of Directors).

Rostec State Corporation: 3.55%.

Institutional and portfolio investors: 34.34%.

Retail investors: 6.10%.

No.	AGM agenda item	API recommendation
1.	<a href="#">Approval of the agenda, voting procedure, members of the working bodies of the Annual General Shareholders Meeting of PJSC Aeroflot</a>	FOR
2.	<a href="#">Approval of the annual report of PJSC Aeroflot for 2016</a>	FOR
3.	<a href="#">Approval of the annual accounting (financial) statements of PJSC Aeroflot for 2016</a>	FOR

4.	<a href="#">Approval of the profit distribution according to the results of the 2016 financial year</a>	FOR
5.	<a href="#">Amount, time, form of payment and record date for 2016 dividends</a>	FOR
6.	<a href="#">Approval of the Regulations on Remuneration and Compensation Payable to Members of the Board of Directors of PJSC Aeroflot</a>	AGAINST*
7.	<a href="#">Payment of remuneration to members of the Board of Directors of PJSC Aeroflot</a>	FOR, or abstain from voting**
8.	<a href="#">Payment of remuneration to members of the Audit Commission of PJSC Aeroflot</a>	FOR
9.	<a href="#">Election of members of the Board of Directors of PJSC Aeroflot</a>	The API recommends voting <b>FOR</b> <b>Alexey Germanovich</b> and <b>Lars Eric Anders Bergstrom</b> (independent directors supported by the API)***
10.	<a href="#">Election of members of the Audit Commission of PJSC Aeroflot</a>	API recommends voting <b>FOR</b> all the candidates
11.	<a href="#">Approval of the auditor of PJSC Aeroflot for 2017</a>	<b>ABSTAINED****</b>
12.	<a href="#">Approval of a new version of the Articles of Association of PJSC Aeroflot</a>	<b>AGAINST*****</b>
13.	<a href="#">Approval of a new version of the Regulations on the General Shareholders Meeting of PJSC Aeroflot</a>	<b>AGAINST*****</b>
14.	<a href="#">Approval of a new version of the Regulations on the Board of Directors of PJSC Aeroflot</a>	FOR
15.	<a href="#">Approval of a new version of the Regulations on the Management Board of PJSC Aeroflot</a>	FOR
16.	<a href="#">Approval of related party transactions of PJSC Aeroflot</a>	FOR

\* Given that the meeting-related materials published on the Company's website do not include the Regulations, we recommend voting AGAINST on this agenda item. The materials were not circulated to the shareholders at the time the recommendations were in the pipeline, and we were unable to review them.

\*\* Given that Mr. Sergey Chemezov, a member of the Company's Board of Directors, is included in the OFAC / EU lists of specially designated nationals subject to sanctions, to avoid possible risks related to compliance procedures, we recommend abstaining from voting on this issue as a 100% risk-free option, although we understand that the resolution is passed by a simple majority of votes and the voting cannot be considered as a violation of the sanctions regime.

\*\*\* The API recommends that the shareholders vote FOR the independent directors Alexey Germanovich and Lars Eric Anders Bergstrom supported by the API members. Members of the Board of Directors are elected by cumulative voting.

\*\*\*\* The meeting-related materials do not disclose information on the competitive auditor selection procedures. We recommend that the Company's Board of Directors should revise its policy of disclosing materials for the general shareholders meeting.

\*\*\*\*\* The version of the document proposes that the period of time between the disclosure of information / materials to be provided to the shareholders in preparation for meetings and the meeting date should be reduced, which substantially prejudices the shareholders' position.

In-depth AGM agenda review:

1-3.	AGM agenda item	API recommendation
1.	<a href="#">Approval of the agenda, voting procedure, members of the working bodies of the Annual General Shareholders Meeting of PJSC Aeroflot</a>	FOR
2.	<a href="#">Approval of the annual report of PJSC Aeroflot for 2016</a>	FOR
3.	<a href="#">Approval of the annual accounting (financial) statements of PJSC Aeroflot for 2016</a>	FOR

**AGENDA ITEMS 1-3 DETAILS:**

The annual report of PJSC Aeroflot for 2016 contains information on the key performance indicators achieved in 2016, development prospects, a description of the key risk factors, information on related party transactions (123 deals for a total amount of RUB 106,043.1 million and USD 8.6 million), as well as a report on compliance with the recommendations of the Corporate Governance Code recommended for application by the Bank of Russia.

The reliability of the accounting (financial) statements of PJSC Aeroflot is confirmed by an audit report provided by the audit firms (JSC BDO Unicon engaged to audit the Company's annual accounting statements according to Russian Accounting Standards / RAS), JSC PricewaterhouseCoopers Audit engaged to audit the consolidated IFRS financial statements), as well as an opinion of the Audit Commission of PJSC Aeroflot.

3

Please find below Aeroflot Group's key financial and operational performance indicators according to IFRS standards:

Item	2015	2016	Change, year-on-year
Revenue (million rubles)	415,173	495,880	19.4%
Operating costs (million rubles)	(371,066)	(432,626)	16.6%
Operating profit (million rubles)	44,107	63,254	43.4%
Profit/loss for the period (million rubles)	(6,494)	38,826	-
Profit margin, %	-1.6	7.8	9.4 p.p.
EBITDA (million rubles)	58,703	78,004	32.9%
EBITDA margin (%)	14.1	15.7	1.6 p.p.
Net debt (million rubles)	197,119	106,113	-46.2
Net debt to EBITDA ratio	3.4	1.4	-2

The 19.4% revenue growth of Aeroflot Group to RUB 495.9 billion was driven by growing passenger traffic and a positive exchange rate effect from the foreign currency-denominated revenue. The Group's passenger traffic for the year increased by 10.3% to 43.4 million owing to steadily high demand for domestic flights and the launch of new international destinations and higher flight frequency in the wake of a gradual revival of demand in the international segment.

Operating costs increased by RUB 61,560 million year-on-year (+16.6%), mainly due to the growth of aircraft maintenance costs (resulting from the business expansion and higher passenger traffic), the salary indexation for certain categories of employees from the start of 2016, the hiring of more than 4,000 former Transaero employees, growing operating aircraft lease expenses following the Russian ruble exchange rate fluctuations against the world currencies.

The debt burden was eased by early and scheduled repayments of loans and credits, with a revaluation of finance

lease liabilities in the wake of the Russian ruble vs. the US dollar exchange rate changes and a reduction in the number of aircraft operated on finance lease terms.

#### DRAFT RESOLUTION ON AGENDA ITEMS 1-3:

No. 1: Approve the agenda, voting procedure, members of the working bodies of the Annual General Shareholders Meeting of PJSC Aeroflot.

No. 2: Approve the annual report of PJSC Aeroflot for 2016.

No. 3: Approve the annual accounting (financial) statements of PJSC Aeroflot for 2016.

4-5.	AGM agenda item	API recommendation
4.	<a href="#">Approval of the profit distribution according to the results of the 2016 financial year</a>	FOR
5.	<a href="#">Amount, time, form of payment and record date for 2016 dividends</a>	FOR

#### AGENDA ITEMS 4-5 DETAILS:

According to the dividend policy of PJSC Aeroflot, the Company aims at ensuring the payment 25% of Aeroflot Group's consolidated IFRS net profit in dividends as one of its priorities. In 2016, Aeroflot Group earned a net profit of RUB 38,826 million. At their Annual General Meeting, the shareholders are asked to decide to pay RUB 19,413.02 million in dividends for the 2016 financial year, which is 50% of Aeroflot Group's IFRS net profit.

#### DRAFT RESOLUTION ON AGENDA ITEMS 4-5:

No. 4: Approve the distribution of profit of PJSC Aeroflot according to the results of the 2016 financial year, including:

- RUB 19,413,018.00 thousand for 2016 dividends;
- RUB 3,375.67 thousand in remuneration to Audit Commission members;
- RUB 19,286,115.33 thousand for financing capital investments out of the 2016 profit, covering PJSC Aeroflot's 2015 loss, paying remuneration to employees of PJSC Aeroflot according to the results of 2016, replenishing the Targeted Programs Fund and contingencies.

No. 5: Pay dividends on shares of PJSC Aeroflot according to the results of the 2016 financial year in the amount of RUB 17.4795 per share in cash, for a total amount of RUB 19,413,018.00, until August 18, 2017, in the manner provided for by the current legislation of the Russian Federation.

Set July 14, 2017 as the dividend record date, i.e. the date on which persons entitled to dividends on shares of PJSC Aeroflot are determined.

6.	AGM agenda item	API recommendation
	<a href="#">Approval of the Regulations on Remuneration and Compensation Payable to Members of the Board of Directors of PJSC Aeroflot</a>	AGAINST

#### AGENDA ITEM 6 DETAILS:

The meeting related materials include the position of the Board of Directors on this issue, according to which the new version of the Regulations on Remuneration and Compensation Payable to Members of the Board of Directors of PJSC Aeroflot was drafted in accordance with the Board of Directors resolutions. However, the Regulations are not included in the meeting-related materials published on the Company's website, which is why we recommend voting AGAINST on this agenda item. The materials were not circulated to the shareholders at the time the recommendations were under

preparation, and we were unable to review them and verify against the Company's official website to detect possible technical errors.

**DRAFT RESOLUTION ON AGENDA ITEM 6:**

Approve the Regulations on Remuneration and Compensation Payable to Members of the Board of Directors of PJSC Aeroflot.

7.	AGM agenda item	API recommendation
	<a href="#">Payment of remuneration to members of the Board of Directors of PJSC Aeroflot</a>	<b>FOR, or abstain from voting</b>

**AGENDA ITEM 7 DETAILS:**

Given that Mr. Sergey Chemezov, a member of the Company's Board of Directors, is included in the OFAC / EU lists of specially designated nationals subject to sanctions, to avoid possible risks related to compliance procedures, we recommend abstaining from voting on this issue as a 100% risk-free option, although we understand that the resolution is passed by a simple majority of votes and the voting cannot be considered as a violation of the sanctions regime.

The procedure of formation and payment of remuneration to members of the Board of Directors of PJSC Aeroflot is set forth by the Regulations on Remuneration and Compensation Payable to Members of the Board of Directors of PJSC Aeroflot. The remuneration payable to members of the Board of Directors consists of a fixed base fee and additional variable bonuses. The main factor determining the amount of fixed remuneration payable to members of the Board of Directors of PJSC Aeroflot is their performance on the Board and its committees. The variable remuneration component directly depends on the Company's capitalization on the Moscow Exchange in comparison with the MICEX Index behavior.

**DRAFT RESOLUTION ON AGENDA ITEM 7:**

1. Approve the payment of the fixed part of remuneration to members of the Board of Directors of PJSC Aeroflot according to the Regulations on Remuneration and Compensation Payable to Members of the Board of Directors of PJSC Aeroflot for the period from January 1, 2016 to June 30, 2016.
2. Approve the remuneration fund for members of the Board of Directors of PJSC Aeroflot under the long-term incentive program according to the Regulations on Remuneration and Compensation Payable to Members of the Board of Directors of PJSC Aeroflot for the period from January 1, 2016 to June 30, 2016 equal to RUB 64.24 million, including:
  - RUB 32.12 million (50%) to be reserved and stored until the end of the long-term incentive program;
  - RUB 32.12 million (50%) to be paid to members of the Board of Directors of PJSC Aeroflot.
3. Approve the amount of personal fixed remuneration payable to members of the Board of Directors of PJSC Aeroflot according to the Regulations on Remuneration and Compensation Payable to Members of the Board of Directors of PJSC Aeroflot for the period from July 1, 2016 to June 30, 2017.

8.	AGM agenda item	API recommendation
	<a href="#">Payment of remuneration to members of the Audit Commission of PJSC Aeroflot</a>	<b>FOR</b>

**AGENDA ITEM 8 DETAILS:**

The amount of remuneration payable to members of the Audit Commission is subject to a resolution of the general shareholders meeting in accordance with the Regulations on the motivation of Audit Commission members. Based on the results of the 2016 financial year, it is proposed that the Company allocate RUB 3,375.67 thousand for the payment of remuneration to members of the Audit Commission.

## DRAFT RESOLUTION ON AGENDA ITEM 8:

Pay RUB 3,375.67 thousand in remuneration to members of the Audit Commission of PJSC Aeroflot.

9.	AGM agenda item	API recommendation
	<a href="#">Election of members of the Board of Directors of PJSC Aeroflot</a>	The API recommends voting <b>FOR</b> <b>Alexey Germanovich</b> and <b>Lars Eric Anders Bergstrom</b> (independent directors supported by the API)*

### AGENDA ITEM 9 DETAILS:

According to the Company's Articles of Association, the Board of Directors consists of 11 members. The shareholders have nominated 15 candidates.

The Board of Directors consists of 2 representatives of the management team, 6 representatives of the Russian Federation and 3 independent directors (INEDs), 1 of which (Alexey Germanovich) was nominated and elected by the Company's institutional and portfolio investors in 2016. The current free float and level of activity enable minority shareholders to elect at least 2 INEDs to the Board of Directors, which requires consolidation of 12.5% to 13.5% of the shareholders, depending on the quorum.

The API members holding minority stakes in the Company have nominated 3 candidates to the Board of Directors. Seeing as Vladimir Potapov was nominated by the Government of Russia at the API's suggestion as an independent directors to PJSC United Aircraft Corporation (UAC), the API members being minority shareholders of PJSC Aeroflot have decided to support the other two candidates, Alexey Germanovich and Lars Bergstrom. The UAC and Aeroflot groups of companies have concluded an aircraft supply contract; these companies can therefore be considered as significant counterparties, which means that Vladimir Potapov can only qualify as an independent director at one of these companies.

The API recommends that the shareholders vote FOR the independent directors supported by the API.

No.	Name	Candidate's employer / position (as of nomination date)	Nominated by / shareholding, %	Status
1.	Kirill Androsov	Managing Director, Altera Investment Fund SICAV-SIF	Russian Federation (the Federal Agency for State Property Management / Rosimushchestvo)	non-executive director
2.	Mikhail Voevodin	Director General, Public Stock Company VSMPO-AVISMA Corporation	Limited Liability Company Avia Capital Service	independent director
3.	Alexey Germanovich	Alexey Germanovich, Member of the Management Board, "Development of St-Petersburg State University" Endowment Fund	The Russian Prosperity Fund, The Prosperity Quest Fund	independent director*
4.	Igor Kamenskoy	Managing Director, Renaissance Broker LLC	Russian Federation (the Federal Agency for State Property Management / Rosimushchestvo)	independent director
5.	Lars Eric Anders Bergstrom	Senior Counselor, UB Business Consulting AB (UB Företagsrådgivning AB, Stockholm, Sweden)	The Russian Prosperity Fund, The Prosperity Quest Fund	independent director*
6.	Alexander Nazarov	Director General, RT Business Development limited liability company	Limited Liability Company Avia Capital Service	independent director

7.	Roman Pakhomov	General Director, Limited Liability Company Avia Capital Service	Limited Liability Company Avia Capital Service	non-executive director
8.	Dmitriy Peskov	Director of the Young Professionals section, autonomous nonprofit Organization "Agency for Strategic Initiatives to Promote New Projects"	Russian Federation (the Federal Agency for State Property Management / Rosimushchestvo)	non-executive director
9.	Mikhail Poluboyarinov	First Deputy Chairman, Management Board member, Bank for Development and Foreign Economic Affairs (Vnesheconombank)	Russian Federation (the Federal Agency for State Property Management / Rosimushchestvo)	non-executive director
10.	Vladimir Potapov	Chairman of the Board of Directors, Chief Executive Director, JSC VTB Capital Assets Management	The Russian Prosperity Fund, The Prosperity Quest Fund	independent director
11.	Vitaliy Saveliev	General Director, PJSC Aeroflot – Russian Airlines	Russian Federation (the Federal Agency for State Property Management / Rosimushchestvo)	executive director
12.	Dmitriy Saprykin	CEO, Rossiya airlines JSC	Limited Liability Company Aeroflot Finance	non-executive director
13.	Vasiliy Sidorov	General Director, Limited Liability Company "Agency for Recapitalization of Infrastructure and Long-Term Assets"	Russian Federation (the Federal Agency for State Property Management / Rosimushchestvo)	independent director
14.	Yuriy Slyusar	President, PJSC United Aircraft Corporation	Russian Federation (the Federal Agency for State Property Management / Rosimushchestvo)	non-executive director
15.	Sergey Chemezov	General Director, Rostec State Corporation for Assistance to Development, Production and Export of Advanced Technology Industrial Product	Russian Federation (the Federal Agency for State Property Management / Rosimushchestvo)	non-executive director

7

Members of the Board of Directors are elected by cumulative voting.

The materials provided for the meeting includes information on the compliance of candidates to the Company's Board of Directors for the 2017–2018 corporate year with the independence criteria according to the Moscow Exchange Listing Rules and the Corporate Governance Code.

\* The API officially supports this candidate at the AGM.

Details on the API liaison with independent directors are provided on the API website at: <http://api-russia.org>.

All independent directors backed by the API are open to direct contact with shareholders; please contact us for further information.

#### DRAFT RESOLUTION ON AGENDA ITEM 9:

Elect eleven members of the Board of Directors of PJSC Aeroflot from among the following candidates:

1. Kirill Androsov
2. Mikhail Voevodin
3. Alexey Germanovich
4. Igor Kamenskoy
5. Lars Eric Anders Bergstrom
6. Alexander Nazarov
7. Roman Pakhomov
8. Dmitriy Peskov
9. Mikhail Poluboyarinov
10. Vladimir Potapov

11. Vitaliy Saveliev
12. Dmitriy Saprykin
13. Vasiliy Sidorov
14. Yuriy Slyusar
15. Sergey Chemezov

10.	AGM agenda item	API recommendation
	<a href="#">Election of members of the Audit Commission of PJSC Aeroflot</a>	API recommends voting <b>FOR</b> all the candidates

#### AGENDA ITEM 10 DETAILS:

The Company's Audit Commission consists of 5 (five) members. Of special note is the absence in the Audit Commission of the Company employees and the membership of independent expert Igor Belikov.

No.	Name	Candidate's employer / position (as of nomination date)
1.	Igor Belikov	Director, Nonprofit Partnership "Russian Institute of Directors"
2.	Ekaterina Nikitina	Advisor to the President of PJSC Transneft
3.	Sergey Ubugunov	Head of department at the Ministry of Transport of the Russian Federation
4.	Mikhail Sorokin	Head of a management department, Russia's Federal Agency for State Property Management
5.	Vasily Shipilov	Deputy Head of department, Ministry of Economic Development of the Russian Federation

Audit Commission members are elected by a simple majority of votes.

#### DRAFT RESOLUTION ON AGENDA ITEM 10:

Elect five members of the Audit Commission of PJSC Aeroflot from among the following candidates:

1. Igor Belikov
2. Ekaterina Nikitina
3. Sergey Ubugunov
4. Mikhail Sorokin
5. Vasily Shipilov

11.	AGM agenda item	API recommendation
	<a href="#">Approval of the auditor of PJSC Aeroflot for 2017</a>	<b>ABSTAINED</b>

#### AGENDA ITEM 11 DETAILS:

The meeting-related materials do not disclose information on the competitive auditor selection procedures, including the selection participants, their bids, information on the cost of services provided by the auditor proposed for approval and on non-audit services required, among other things, for assessing factors potentially affecting the audit firm's independence.

Therefore, we recommend that the shareholders vote **ABSTAINED** on this issue and that the Company's Board of Directors revise its policy of disclosing materials for the general shareholders meeting.



#### DRAFT RESOLUTION ON AGENDA ITEM 11:

Approve the audit firm HLB Vneshaudit, CJSC as the auditor of the annual accounting (financial) statements of PJSC Aeroflot for 2017 prepared according to the Russian Accounting Standards (RAS).

Approve the audit firm JSC PricewaterhouseCoopers Audit as the auditor of the consolidated financial statements of PJSC Aeroflot (Aeroflot Group) for 2017 prepared according to the International Financial Reporting Standards (IFRS).

12.	AGM agenda item	API recommendation
	<a href="#">Approval of a new version of the Articles of Association of PJSC Aeroflot</a>	<b>AGAINST</b>

#### AGENDA ITEM 12 DETAILS:

A large part of the proposed amendments to the Articles of Association brings their wording in compliance with the current legislation. In addition, a number of amendments aimed at improving corporate governance are proposed based on recommendations from the Russian Institute of Directors.

The Board of Directors is vested with the powers to consider the Company's financial activities in the reporting period (quarter, year), to consider the results of performance evaluation of the Company's Board of Directors and executive bodies. These issues can only be considered at physical meetings.

The changes proposed to the powers of the Board of Directors in relation to related party transactions give a mixed impression. The power to decide on consent to such transactions is excluded from the Board's authority provided for by the Articles of Association, while preserved in the Regulations on the Board of Directors). Instead, a provision for the Board of Directors to determine the price (monetary value) of the property being the subject of such transactions has been incorporated into the Articles of Association.

The provision for the quorum of a Board of Directors meeting required for passing a resolution on consent to related party transactions should only be incorporated into the Articles of Association if the power to decide on consent to such transactions is vested in the Board of Directors by the Articles of Association (according to clause 3.2. of article 83 of the Federal Law "On Joint Stock Companies"); therefore, it is not clear why paragraph 7 providing for such a quorum was included in clause 20.5. of article 20 of the Company's Articles of Association proposed for approval.

It should be noted that the word "independent" included in the Articles of Association is excluded from the appraiser's characteristics in the current version of the Federal Law "On Joint Stock Companies."

In our view, the reduction in the period of time between the disclosure of information / materials to be provided to the shareholders in preparation for a meeting and the meeting date by 5 days (from 30 to 25 days prior to the meeting) proposed in the new version of the document is a substantial negative change. According to the Company, the reason for this amendment is a shorter period of time for preparing the list of persons entitled to participate in the general shareholders meeting, however, this formal explanation cannot be accepted, given that the dedicated section of the Company's website is the key source of meeting-related materials for the shareholders in the current context. The shareholders should not have to wait for the date of making the list of persons entitled to participate in the meeting to use the materials published on the website. The proposed change is contrary to the Corporate Governance Code recommendations and impairs the information support of the shareholders. Therefore, the API recommends voting AGAINST the approval of the restated Articles of Association, even though it welcomes most of the other innovations provided for by the document.

The disclosure of materials 30 days prior to the meeting is optimal for institutional investors who need time to review the materials and to prepare the voting recommendations, to meet the tight deadlines for providing voting instructions to custodians and to negotiate certain issues, including the possible consolidation of positions, with other shareholders.

#### DRAFT RESOLUTION ON AGENDA ITEM 12:

Approve the new version of the Articles of Association of PJSC Aeroflot (version no. 10).

13.	AGM agenda item	API recommendation
	<a href="#">Approval of a new version of the Regulations on the General Shareholders Meeting of PJSC Aeroflot</a>	<b>AGAINST</b>

#### AGENDA ITEM 13 DETAILS:

The new version of the document brings it in compliance with the recent amendments to the current legislation and the amendments to the Articles of Association and takes into account recommendations from the Russian Institute of Directors aimed at improving corporate governance at the Company.

The new version of the document proposes a reduction in the deadline for disclosing the notice of a shareholders meeting and information / materials to be provided to the shareholders in preparation for the meeting from 30 to 25 days prior to the meeting. The API therefore recommends voting **AGAINST** the approval of the restated Regulations on the General Shareholders Meeting.

#### DRAFT RESOLUTION ON AGENDA ITEM 13:

Approve the new version of the Regulations on the General Shareholders Meeting of PJSC Aeroflot (version no. 6).

14.	AGM agenda item	API recommendation
	<a href="#">Approval of a new version of the Regulations on the Board of Directors of PJSC Aeroflot</a>	<b>FOR</b>

#### AGENDA ITEM 14 DETAILS:

The new version of the document brings it in compliance with the recent amendments to the current legislation and takes into account recommendations from the Russian Institute of Directors aimed at improving corporate governance at the Company.

The document provides for the Executive Secretary's obligation to familiarize newly elected members of the Board of Directors with the Company's by-laws previously adopted by resolutions of the Board of Directors required for further effective work on the Board of Directors, with organizational provisions of securities laws (in respect of transactions effected by members of the Company's Board of Directors with the Company's securities owned by them and securities (participation interests) of entities controlled by the Company), as well as with requirements to preserve confidentiality of the information they receive in the course of duty.

The power to consider the Company's financial activity for the reporting period (quarter, year), to consider the results of performance evaluation of the Company's Board of Directors and executive bodies, as well as reports on the activity of the Board of Directors' permanent committees is vested in the Board of Directors.

The document provides for the following new obligations of members of the Board of Directors:

- notify the Board of Directors and/or the Board Executive Secretary of their related and affiliated persons; of the ownership of the Company's securities and securities (participation interests) of its controlled entities, of an intention to effect transactions with securities of the Company and/or securities (participation interests) of its controlled entities and of transactions involving such securities (participation interests) effected by them.
- take measures provided for by the Regulations aimed at countering possible conflicts of interest.

To increase the Board of Directors effectiveness, the Board may decide to upgrade the qualification of its member at the expense of the Company's relevant budget based on the Board member's well-grounded application.

No innovations prejudicing the position or restricting the rights of shareholders are proposed in the new version of the document.

**DRAFT RESOLUTION ON AGENDA ITEM 14:**

Approve the new version of the Regulations on the Board of Directors of PJSC Aeroflot.

15.	AGM agenda item	API recommendation
	<a href="#">Approval of a new version of the Regulations on the Management Board of PJSC Aeroflot</a>	<b>FOR</b>

**AGENDA ITEM 15 DETAILS:**

The document provides for the obligation of the Management Board members to prevent possible conflicts of interest. Besides, a number of technical corrections have been made to the wording of the document.

No innovations prejudicing the position or restricting the rights of shareholders are proposed in the new version of the document.

**DRAFT RESOLUTION ON AGENDA ITEM 15:**

Approve the new version of the Regulations on the Management Board of PJSC Aeroflot.

16.	AGM agenda item	API recommendation
	<a href="#">Approval of related party transactions of PJSC Aeroflot</a>	<b>FOR</b>

**AGENDA ITEM 16 DETAILS:**

The transactions proposed for approval are related party transactions for PJSC Aeroflot, because members of the Board of Directors/Management Board of PJSC Aeroflot are or will become members of the Board of Directors at each of the companies referred to. The transactions will be effected in the normal course of business of PJSC Aeroflot with companies operating within the consolidation perimeter of Aeroflot Group. Besides, the shareholders are asked to vote FOR on the liability insurance of the General Director, members of the Board of Directors, the Management Board of PJSC Aeroflot, representatives of PJSC Aeroflot nominated and elected to the Boards of Directors (Supervisory Boards) of PJSC Aeroflot, its subsidiaries and affiliates.

**DRAFT RESOLUTION ON AGENDA ITEM 16:**

1. Approve inter-related interested party transactions to provide a guarantee (surety) of PJSC Aeroflot for Pobeda Airlines LLC under the contracts of lease in respect of 8 (eight) new Boeing 737-800 aircraft;
2. Approve a change to the material terms of the previously approved related party transaction concerning the commercial management by PJSC Aeroflot of the passenger load on flights operated by Rossiya airlines JSC (including the pricing and sale of tickets for such flights) under the Code Share/Block Space Agreement based on a commuter (regional) air services model providing for the publication of code-share flights in reservation systems under PJSC Aeroflot's single code "SU" within the range of SU5950-6999 in the period from November 1, 2015 to October 31, 2016;
3. Approve a change to the material terms of the previously approved related party transaction concerning the commercial management by PJSC Aeroflot of the passenger load on flights operated by Rossiya airlines JSC (including the pricing and sale of tickets for such flights) under the Code Share/Block Space Agreement based on a commuter (regional) air services model providing for the publication of code-share flights in reservation systems under PJSC Aeroflot's single code "SU" within the range of SU5950-6999 in the period from November 1, 2016 to October 31, 2017;

4. Approve the (set of inter-related) interested-party transactions related to the assignment of the rights and obligations of Pobeda Airlines LLC under the contract of operating lease of ten new Boeing 737-800 aircraft with engines manufactured by CFM International S.A. to PJSC Aeroflot;
5. Approve the transaction which the company intends to conclude with AlfaStrakhovanie PLC (the Insurer) for the liability insurance of the General Director, members of the Board of Directors, the Management Board of PJSC Aeroflot, representatives of PJSC Aeroflot nominated and elected to the Boards of Directors (Supervisory Boards) of PJSC Aeroflot, its subsidiaries and affiliates, which also qualifies as a related-party transaction.

---

The AGM Voting Recommendations are based, among other things, on the Annual General Meeting reference materials published on the Company's website. For questions and/or comment, please contact us at: +7 (495) 510-5306 or via email: [polovnev@api-russia.org](mailto:polovnev@api-russia.org).