

**JSC “AEROFLOT – RUSSIAN AIRLINES”
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

10 Arbat Str., Moscow

Approved
at the meeting of the Audit Committee of the Board of Directors
of JSC “Aeroflot – Russian Airlines”
held on April 17, 2015, Minutes No. 5

**REPORT
of the Audit Committee of the Board of Directors of JSC “Aeroflot – Russian Airlines”
on the results of financial and economic activities of JSC “Aeroflot” in 2014**

This Report has been prepared and submitted to the Company’s Board of Directors and the Company’s Annual General Meeting of Shareholders in accordance with the Regulations on the Audit Committee of the Board of Directors of JSC “Aeroflot – Russian Airlines” and the requirements of Russian legislation and regulations.

The Audit Committee submitted to the Board of Directors and the Executive Board of the Company recommendations aimed at ensuring the effective management and control of the Company’s financial and economic activities, as well as recommendations on issues relating to financial, commercial and other risks associated with the transactions and operations of the Company and its subsidiaries, accounting, financial planning and budgeting. It should be noted that the status of the Internal Audit Department has improved and the degree of control of the Company’s financial and economic activities has risen following the implementation of such recommendations.

The Audit Committee conducted the current analysis of Company’s financial results during the year in conjunction with the Company’s Internal Audit Department, RAS and IFRS auditors and executive bodies on the basis of submitted operational and accounting data from quarterly financial statements.

The Audit Committee paid close attention to the efforts to improve the management system of subsidiary airlines in order to enhance the Company’s performance. Moreover, we continued strengthening the risk management and internal control system (RM&ICS) in the Aeroflot Group and bringing the RM&ICS in line with best practices. The launch of the project to transform the Internal Audit Department within the Aeroflot Group constituted one of the stages of this work.

The Audit Committee also carried out spot checks on the organization and implementation of internal control procedures in the Company, including operations related to the implementation of the plan (preparation and execution of the budget and capital investment plan of the Company in the context of individual projects and items), individual major projects and transactions.

The Audit Committee has not identified any instances of fraud, corruption or violation of the regulations on affiliation by the Company’s management or the Board of Directors during the reporting period based on the information presented and available to the Committee and its members.

The Audit Committee has reviewed the Annual Report on the results of the Company’s financial and economic activities in 2014 as part of the balance sheet as of December 31, 2014, the profit and loss account for 2014 and the annexes to the balance sheet, as well as the reports of the Company’s Auditor and the Audit Commission presented as part of the annual financial statements for 2014 and recommends that the Board of Directors and the Annual Shareholders’ Meeting approve the Company’s financial results for 2014.

Head of the Audit Committee

<signature> **I.V. Kogan**