

APPROVED
By the General Meeting of
Shareholders of _____ 2014
Minutes № ____, dated _____ 2014

PROVISIONS
ON THE BOARD OF DIRECTORS
OF JOINT STOCK COMPANY
"AEROFLOT – RUSSIAN AIRLINES"
(Revision No 5)

Moscow, 2014

Contents

Article 1. Objectives and purposes of the Company's Board of Directors	3
Article 2. Election and composition of the Company's Board of Directors	4
Article 3. Quorum and decision-making process of the Company's Board of Directors	5
Article 4. Terms of reference of the Company's Board of Directors	6
Article 5. Meetings of the Company's Board of Directors	8
Article 6. Agenda and minutes of the Company's Board of Directors meetings	9
Article 7. Terms of reference of members of the Company's Board of Directors	10
Article 8. Rights, duties and responsibility of the Company's Board of Directors members	10
Article 9. Remunerations and compensations to Members of the Company Board of Directors	12
Article 10. The Secretariat of the Company's Board of Directors	12
Article 11. Committees of the Company's Board of Directors	12

The Board of Directors of Joint Stock Company "Aeroflot - Russian Airlines" (hereinafter referred to as "the Company") shall be set up pursuant to the Russian Federation legislation and the Company's Articles of Association. The proceedings of the Board of Directors are governed by the Statutes and Regulations of the Russian Federation, the Company's Articles of Association, decisions of the General Meeting of Shareholders and these Provisions.

The Board of Directors is the supreme managing body of the Company during the period between the General Meetings of Shareholders.

Article 1. Objectives and Purposes of the Company's Board of Directors

1.1. The Board of Directors shall be responsible for general management of the Company's business affairs except making decisions on issues that fall within to the terms of reference of the General Meeting of Shareholders.

1.2. The Board of Directors shall pursue the following main objectives :

1.2.1. Determining Company policies aimed at increasing profits generated by the Company's business activities.

1.2.2. Working for the benefit of Shareholders, supervising corporate programs implementation.

1.2.3. Implementing programs of the Company's development as approved by Shareholders.

1.2.4. Supervising over the Company's Executive Board and the General Director activities.

1.2.5. Informing Shareholders of the results of the audit of the Company's financial situation.

1.2.6. Submitting for Shareholders' approval issues within the General Meeting terms of reference pursuant to the Federal law "On Joint Stock Companies" of December 26, 1995 No 208-FZ (hereinafter "Federal Law "On Joint Stock Companies") and the Company's Articles of Association.

1.2.7. Reviewing and approving the Company's business plans.

1.2.8. Determining the order of profit appropriation and the manner of losses recovery.

1.2.9. Forming the Company's dividend policy, determining and submitting proposals to the General Meeting of Shareholders on the amount of dividends payable per share and the terms of payment thereof.

1.2.10. Approving and supervising the Company annual budget execution.

1.2.11. Reviewing and preliminary approving projects of annual reports, annual accounting reports, and profit and loss accounts of the Company.

1.2.12. Reviewing reports on the audit results, the Audit Commission reports, and submitting documents on the results of audits held by the auditor and Audit Commission to the Company Shareholders.

1.2.13. Making proposals to the General Meeting of Shareholders on the appointment of the Statutory Auditor of the Company.

1.2.14. Determining the policies of securities emission by the Company.

1.2.15. Approving the specialized Company's Registrar, the terms and termination of the agreement with him.

Article 2. Election and composition of the Company's Board of Directors

2.1. Members of the Board of Directors shall be elected by the General Meeting of Shareholders in the order provided in the Federal law "On Joint Stock Companies" and the Company Articles of Association for the period until the following Annual General Meeting of Shareholders in the number of 11 (eleven) persons.

2.2. If the Annual General Meeting of Shareholders is not held within the timelines a set forth in the point 16.1 of the Article 16 of the Company's Articles of Association the powers of the Board of Directors shall be extinguished suspended, except the authority to prepare, call and hold the Annual General Meeting of Shareholders.

2.3. Persons elected to the Board of Directors may be reelected any number of times without limitation.

2.4. A member of the Board of Directors shall be a natural person only. A member of the Board of Directors may not be a Shareholder of the Company.

2.5. Members of the Company Board of Directors shall be elected by cumulative vote.

2.6. During cumulative voting, the number of votes, belonging to each Shareholder are multiplied by the number of persons to be elected in the Company Board of Directors, and the Shareholder shall be entitled to give all votes in his/her possession for one nominee or distribute them among two or more nominees as he/she see fit.

2.7. Nominees who received the largest number of votes shall be considered elected to the Board of Directors.

2.8. Pursuant to the decision of the General Meeting of Shareholders the term of office of any member of the Board of Directors may terminated before the term.

2.9. The number of members of the Company's Executive Board shall never make more than one fourth of the membership of the Company's Board of Directors. The Company's General Director shall not be the Chairman of the Company Board of Directors at the same time.

2.10. The Russian Federation representatives in the Board of Directors, elected by the General Meeting of Shareholders, shall act in compliance with the Russian Federation Statutes and regulations that determine the order of the Russian Federation representatives' activities in managing bodies of open joint stock companies.

2.11. The Chairman of the Board of Directors elected by the Board of Directors meeting from among its members by a majority vote of the total number of members of the Board of Directors shall be responsible for supervision over operation of the Board of Directors.

2.12. The Board of Directors shall be authorized to reelect its Chairman any time by a majority vote of the total number of the Board of Directors members.

Article 3. Quorum and Decision-Making Process of the Company's Board of Directors

3.1. The attendance of at least half of the elected members of the Company's Board of Directors shall constitute the quorum required to hold the Board of Directors meetings.

When the number of members of the Board of Directors becomes less than the due number of the quorum the Board of Directors shall be required to make a decision to call an Extraordinary General Meeting of Shareholders with the purpose to elect a new composition of the Company's Board of Directors. The remaining members of the Board of Directors shall be only authorized to make a decision to call the Extraordinary General Meeting of Shareholders with the above said purpose.

3.2. Company's Board of Directors shall make its decisions by a majority vote of the Board of Directors members attending the meeting unless otherwise provided by the Federal Law "On Joint Stock Companies" and the Articles of Association of the Company. Any Member of the Company Board of Directors who disagrees with any decision thus made on any item in the agenda shall be entitled to register his/her

dissenting opinion in writing which shall be recorded in the relevant meeting's minutes, and the text of the afore said opinion shall be attached to the minutes.

3.3. A written opinion of any Board of Directors Member absent from the meeting of Board shall be taken into account for the purposes of counting the quorum and vote returns on agenda items.

3.4. The decision on election of the General Director shall be made by a simple majority vote of the total number of the Board of Directors membership.

3.5. Any decisions on approval of a transaction referred to in items 19 item 19.2 of Article 19 of the Articles of Association shall be made by all Members of the Board of Directors by unanimous vote with votes of any retired Members of the Board being disregarded. In case the unanimous vote on the approval of such a transaction has not been reached the issue of the approval thereof by the Board of Directors' decision may be moved for resolution to the General Meeting of Shareholders. In such a case the decision on the approval of transaction referred to herein shall be taken by the General Meeting by a majority vote of holders of voting shares attending the General Meeting of shareholders.

3.6. The decision on approval of a transaction involving specific interests shall be made by a majority vote of impartial Directors uninterested in the transaction accomplishment. Should all the Board of Directors members be deemed interested parties and/or not impartial Directors the transaction may be approved by a resolution of the General Meeting of Shareholders in the order set forth in item 4 of Article 83 of the Federal Law "On Joint Stock Companies".

3.7. When making decisions at the Board of Directors meetings each Member of the Board has one vote. The vote of the Chairman of the Board of Directors is deemed to be the casting vote in the event of an even split of votes of the Members of the Company's Board of Directors.

3.8. Members of the Board of Directors shall not be authorized to transfer his/her vote to another person including to any other Member of the Board.

3.9. The decisions of the Board of Directors may be taken in absentia (by polls).

The order of voting in absentia (by polls) is described in "The Procedural Rules and Proceedings of the Company's Board of Directors Meeting " as approved by the Company's Board of Directors.

Article 4. Terms of Reference of the Company's Board of Directors

4.1. The terms of reference of the Company's Board of Directors includes resolution of the corporate general management issues, except issues within the terms of reference of the Company's General Meeting of Shareholders.

4.2. The following issues shall fall within the terms of reference of the Board of Directors:

4.2.1. determining the priority directions of the Company business;

4.2.2. calling Annual and Extraordinary General Meetings of shareholders of the Company except cases set forth in point 18.7 of Article 18 of the Company Articles of Association;

4.2.3. approving agendas of the General Meetings of Shareholders;

4.2.4. determining the deadline date for finalizing the list of persons entitled to attend the General Meeting and other issues within the Board of Directors terms of reference in relation of the arrangement and holding the General Meeting of Shareholders;

4.2.5. submitting issues provided in subitems 2,6,12-18 of item 16.8 of Article 16 of JSC "Aeroflot" Articles of Association for resolution at the General Meetings of Shareholders; Articles of Association.

4.2.6. increasing the Company's authorized capital by placing additional shares within the number of authorized shares, as well as placing bonds and other equity securities by the Company and filing an application for the listing of the Company's shares and (or) equity securities convertible into shares of the Company;

4.2.7. determining the price (pecuniary valuation) of assets, the price of the issue and redemption of the issued securities in cases provided by the Federal Law "On Joint Stock Companies";

4.2.8. redemption of Company's issued shares, debentures and other securities in cases provided in the Federal Law "On Joint Stock Companies" and the Company's Articles of Association;

4.2.9. electing the General Director of the Company and early termination of their term of office;

4.2.10. determining the numerical composition and the term of office of the Company Executive Board members;

4.2.11. determining the amounts of remunerations and compensations payable to the General Director and members of the Executive Board; approval of the terms and conditions of labor contracts concluded with them;

4.2.12. appointing members of the Executive Board and approving nominees to the positions of General Director's deputies under General Director's recommendations and early termination of their term of office;

4.2.13. recommending the amount of remunerations and compensations payable to members of the Company's Audit Commission and members of the Board of Directors, as well as determining the amount of for the Statutory Auditor service;

4.2.14. recommending the amount of dividends payable per share and the order of payment thereof;

4.2.15. appropriating the Reserve and other Company's funds;

4.2.16. approving internal Company's documents that regulate proceedings of the Company's Board of Directors and Committees thereof except the Provisions on the Board of Directors of JSC "Aeroflot";

4.2.17. setting up subsidiaries, opening representative offices of the Company and winding up thereof;

4.2.18. making amendments to the Company's Article of Association related to setting up subsidiaries, opening representative offices of the Company and winding up thereof;

4.2.19. making decisions on Company's participation in subsidiaries and affiliated companies and any other organizations except cases provided in subitem 18 of item 1 of Article 48 of the Federal Law "On Joint Stock Companies";

4.2.20. approving major transactions (including borrowings, credits, mortgage, guarantees) or several interrelated transactions involving Company's assets with the value from 25 (twenty five) to 50 (fifty) percent of the book value of the Company's assets assessed by the financial and accounting statements as at the latest reporting date in the order provided in Article 79 of Federal Law "On Joint Stock Companies";

4.2.21. approving transactions referred to in Chapter XI of the Federal law "On Joint stock Companies";

4.2.22. approving a transaction or several interrelated transactions (including borrowings, credits, mortgage, guarantees) other than effected in the process of regular business operations of the Company connected with acquisition, disposal or potential disposal by the Company, directly or indirectly, of the assets the value of which exceeds \$100,000,000 (one hundred million) U.S. dollars (or the equivalent of this amount as at the date of the decision on approving the transaction), but does not exceed the amount of 25 (twenty five) percent of the book value of the Company's assets as assessed in the financial and accounting statements at the latest reporting date.

4.2.23. approving transactions for sale and purchase of aircraft, financial lease (leasing) of aircraft, long-term lease of aircraft (over 1 year term), aircraft mortgage as a security of financing and refinancing of credits other than transactions subject to approval in the order established for major transactions or transactions involving specific interests;

4.2.24. approving the specialized Registrar of the Company, the terms and conditions and termination of the agreement therewith;

4.2.25. approving the plan of business, commercial, financial and economic operations, the budget, including Company's capital investment expenditures;

4.2.26. approving the organization structure of the Company;

4.2.27. giving permission for attendance at the General Meetings of shareholders of the Company to guests, mass media representatives and other invited persons;

4.2.28. setting up permanent and interim (ad hoc) committees in accordance with Article 11 hereof, approval of the numerical composition of committees, the size of remuneration payable to committees members;

4.2.29. determining the position of the Company and its representatives during consideration by governing bodies of its subsidiaries or affiliates of an acquisition of shares (participatory interests) in other business entities, including at their establishment, if the transaction price is equal to or greater than 15 percent of the book value of the assets of the subsidiary or the affiliate determined from its financial statements as at the latest reporting date;

4.2.30. reviewing other issues provided in the Federal law "On Joint Stock Companies" and the Company's Articles of Association;

4.3 Issues falling within the terms of reference of the Board of Directors shall not be delegated for resolution to the Company executive bodies.

Article 5. Meeting of the Company's Board of Directors

5.1. The Board of Directors meetings shall be held as the need may be, but at least once a month. One of the meetings of the Board of Directors (annual meeting) shall be held at least 30 days prior to the date of the Annual General Meeting of Shareholders to review the draft of the Company's annual accounting statements, profit and loss accounts, appropriation of profit (losses), the Auditor's report, the Audit Commission report on the previous year results.

5.2. Meetings of the Board of Directors shall be called by the Chairman of the Board of Directors at his own initiative or by his authorized representative. Meetings of the Board of Directors may be called under requisition of a member of the Board of Directors, the Company's Audit Commission, the Company's Statutory Auditor, the Company's Executive Board, the Company's General Director, and the Shareholders holding in aggregate at least 10% of the Company's voting shares.

5.3. A notice of the Board of Directors meetings including the agenda and materials on all items in the agenda shall be delivered to the members of the Board of Directors in writing by post, fax or by hand at least 15 (fifteen) days prior to the meeting date, and in exceptional cases, as well as in the case provided in item 18.5 of Article 18 of the Company Articles of Association, at least 4 (four) days before the proposed meeting date. The notice shall contain the agenda of the meeting.

5.4. Materials pertaining to the Board of Directors meetings' agenda issues containing commercial or business secrets, other confidential information shall be reviewed by the Board of Directors Members directly at the meetings of the Board. For that end, the Members of the Board (or their formally authorized representatives) shall be given an opportunity to preliminary familiarizing themselves with such materials in the offices of the Board of Directors.

5.5. As a rule the Board of Directors meetings shall be held at the Company's premises location. Date, hour and place, preliminary agenda of the Board of Directors meeting shall be determined by the decision of the previous Company's Board of Directors meeting.

5.6. Each member of the Board of Directors shall be entitled to invite to the meeting specialists or experts without the right to vote.

The Board of Directors shall review reports of the Members of the Board of Directors about their work having been completed in accordance to the instructions of the Board of Directors on behalf of the Company.

Article 6. Agenda and Minutes of the Company's Board of Directors Meetings

6.1. The agenda of the Board of Directors meeting shall include issues proposed to be placed on the agenda by shareholders possessing jointly at least 2 % of ordinary shares, members of the Board of Directors, Audit Commission, Executive Board, the Company's Auditor, and General Director. The Board of Directors shall review the issues introduced by the Board members shall be reviewed subject to personal attendance at the meeting of the of the member who proposed to place the issue on the agenda of the meeting.

The agenda of the Board of Directors meeting shall be compiled by the Executive Secretary of the Board of Directors subject to the approval of the Chairman of the Board of Directors or the members of the Board of Directors authorized by the Chairman of the Board of Directors.

6.2. Minutes shall be kept at the Board of Directors meeting. Minutes shall be signed by both the Chairman of the meeting who shall be responsible to ensure correct contents of the minutes, and the Secretary of the Meeting. The Minutes of all the Board of Directors meetings shall be available for consideration of any Company's Shareholders.

6.3. The Executive Secretary of the Board of Directors upon completion of the previous Board of Directors meeting's minutes shall be responsible to distribute thereof to the members of the Board having participated in the vote on the agenda items of that Board of Directors meeting. Members of the Board shall have the right to make comments concerning potential inconsistency of the draft resolution with the applicable legislation or regulations of the Company, as well as possible ambiguities and/or distortions of the meaning of resolutions adopted at the Company Board of Directors meeting. The said comments shall be submitted to the Executive Secretary of the Board of Directors before the end of the following working day. If the Executive Secretary does not receive comments from the member of the Board within the above said time the proposed minutes of the meeting shall be deemed agreed by that member of the Board.

6.4. The minutes of the Board of Directors meeting shall be completed at least 3 (three) days after the meeting, and as soon as it is signed a copy thereof is delivered to each Member of the Board of Directors.

6.5. The minutes shall contain the following details:

- place and time it was held ;
- persons in attendance at the meeting;
- agenda of the meeting;
- issues put ot vote and the vote returns;
- resolutions adopted.

Article 7. Terms of Reference of the Members of the Company Board of Directors

7.1. The Chairman of the Board of Directors shall be the official and fully authorized representative the Company's Board of Directors in all matters at all levels of authorities. For the period of his absence from the office the Chairman of the Board may assign another member of the Board of Directors to carry out his/her respective duties.

7.2. The members of the Board of Directors shall be entitled to act on behalf of the Board of Directors provided only there is an appropriate assignment recorded in the minutes of the Board of Directors meeting.

7.3. The Members of the Board of Directors shall be not entitled to act on behalf of the Company without special powers. Powers to act on behalf of the Board of Directors may be given by the Board of Directors. The decision of giving the required powers shall

be public and shall be taken by a majority vote of the Directors and recorded in the minutes of the meeting.

7.4. The Company's Board of Directors shall have its own letterhead with printed full name thereof. The right to sign documents on the Board of Directors' letterhead belongs to the Chairman of the Board or a person authorized by him/her and the Executive Secretary of the Board of Directors as concerns the issuance of extracts from the approved minutes of the Company's Board of Directors meetings.

Article 8. Rights, Duties and Responsibility of the Members of the Company's Board of Directors

8.1. The Members of the Board of Directors during their term of office shall act in the best interests of the Company, exercise their rights and discharge their duties on behalf of the Company reasonably and honestly.

8.2. Any member of the Board of Directors shall be held responsible to:

- assess potential risks and unfavorable impacts of decisions being made with due care;

- never make copies of or extracts from materials that are confidential except when this is permitted by the Board of Directors;

- never commit any actions that may result in the disclosure of confidential information;

- never release confidential information to mass media;

- never make public comments about the contents of resolutions and outcomes of the meetings of the Board of Directors till an official publication of relevant press-releases is made;

- never disclose by whatever means and make use either in his/her private interests or in any third parties' interests of any known to him insider or confidential information both belonging to the Company or about the Company including the information containing commercial, state or any other secrets protected by Law;

- never abuse powers rising out of his/her functions of a member of the Board of Directors either in his/her personal or third parties' interests.

8.3. Members of the Company Board of Directors shall be held responsible to never commit public disclosure of information of the commercial or business nature, other confidential information contained in materials on the issues of the agendas of the Board of Directors meetings until approval thereof under relevant resolutions. Members of the Board of Directors shall ensure comprehensive measures are in place to exclude any possibility of public dissemination of the said information by their subordinates who have access to the materials related to the agendas of the Board of Directors' meetings.

8.4. Members of the Company Board of Directors shall be held responsible to comply with confidential status of the available to them data (materials) containing confidential information both during and upon termination of their term of office as members of the Company Board of Directors.

8.5. In case of any failure of any member of the Board of Directors to comply with the rules of treatment of the confidential information provided herein the Members of the

Board of Directors may be made accountable in accordance with the Russian Federation legislation.

8.6. Any Member of the Board of Directors shall be authorized to:

- require making a record in the minutes of the Board of Directors meeting his/ her dissenting opinion on any issue he/ she voted against in the adopted resolution;
- require to call a meeting of the Board of Directors.

8.7. Members of the Board of Directors shall be held liable to the Company for any damages caused to the Company by their guilty actions (omissions). For that end, the members of the Board of Directors who voted against or who did not participate in the vote on the resolution that caused damages to the Company shall be bear no liability.

8.8. When assessing the grounds and the extent of the liability of Board of Directors members' the common business practices and other relevant circumstances shall be taken into account.

8.9. If pursuant to provisions of this Article several persons shall become liable they bear joint liability before the Company.

8.10. The members of the Board of Directors shall be liable to the Company to the full extent of the amount of damages caused to the Company if they are persons who have specific interests in making the transaction as identified in accordance with the procedure set forth in the Company's Articles of Association and failed to comply with the requirements of transaction conclusion procedure.

8.11. Representatives of the State or a municipal entity in the Board of Directors shall have the liability as provided in this Article along with other members of the Board of Directors.

Article 9. Remunerations and Compensations to the Members of the Company's Board of Directors

9.1. During the term of their office members of the Board of Directors' expenses incurred in connection with the discharge of their corresponding duties shall be reimbursed and they shall be paid remunerations in the amount and order determined by the Company's General Meeting of Shareholders. Expenses incurred in connection with the discharge of duties of the Members of the Company's Board of Directors may be reimbursed to the representatives of the Russian Federation government serving in the Company's Board of Directors in compliance with the Federal law "On Foundations of the Public Service in Russian Federation".

9.2. The Board of Directors shall approve "The Provisions on Payment of Remunerations to the Members of the Board of Directors of JSC "Aeroflot – Russian Airlines" wherein the remunerations payment procedure and terms are set forth.

Article 10. The Secretariat of the Company's Board of Directors

10.1. The Board of Directors, by the majority vote of the total number of members thereof shall appoint the Executive Secretary who is responsible to ensure the preparation and management of the Board of Directors' meetings, transaction of the General Meetings of Shareholders and the Board of Directors meetings business and keeping and retention of the minutes of the Board of Directors meetings.

10.2. The General Director, on behalf of the Company shall sign a labor contract with the Executive Secretary the terms and conditions of which are subject to the approval by the Board of Directors.

10.3. Affairs of the Board of Directors shall be managed by the Board of Directors Office headed by the Executive Secretary of the Board of Directors. The Board of Directors shall approve the numerical composition of the Board of Directors Office and the size of remunerations payable to the staff thereof.

10.4. The appointment to the position of the Executive Secretary of the Board of Directors and the staff of the Board of Directors Office shall be made by a relevant order of the General Director issued in conformity with the staff schedule of the Company.

10.5. In its work, the Executive Secretary of the Board of Directors shall be guided by the Russian Federation legislation, the Company's Articles of Association, these present Provisions and other corporate regulations of the Company.

10.6. Operations of the Office of the Board of Directors and activities carried out by the Board shall be covered from the Company's means.

Article 11. Committees of the Company's Board of Directors

11.1. The Board of Directors may set up permanent or *ad hoc* committees from its members or other employees of the Company, or specially recruited persons.

11.2. The following permanent committees shall be obligatory to be set up within the structure of the Board of Directors: the Strategy Committee, the Audit Committee, the Staff and Remunerations Committee.

11.3. Any committee shall be composed of the committee head and a certain number of members. The Committee Head shall be elected from the members of the Board of Directors who are not Company's employees by the majority vote of all the Board of Directors members.

11.4. The head of any committee shall be entitled to use entire infrastructure of the Company in the process of resolving tasks assigned to the committee.

11.5. In the committees that are obligatory to be set up the number of specially recruited persons who are not Company's employees shall be at least one third of the numerical composition of the committee.

11.6. The numerical composition of a committee, the size of remunerations due to the members of the committees shall be approved by the Board of Directors.