

On changing the terms of a major interested party transaction (series of interrelated transactions) on lease (operating leasing) by LLC "Pobeda Airlines" of ten new Boeing 737-800 aircraft with engines manufactured by CFM International S.A.

It is proposed to submit for consideration of the ordinary General Meeting of Shareholders of PJSC "Aeroflot" the issue about change of the terms of the major interested party transaction (series of interrelated transactions) for the lease (operating leasing) by Pobeda Airlines LLC of ten new Boeing 737-800 aircraft with engines manufactured by CFM International S.A. committed on the following essential terms.

Total price (monetary value) of property rights acquired/alienated under the major interested party transaction (series of interrelated transactions) related to assignment in favor of PJSC "Aeroflot" of the rights and obligations of Pobeda Airlines LLC on the transactions for lease (operational leasing) from SB Leasing Ireland Limited of ten new Boeing 737-800 aircraft with engines manufactured by CFM International S.A. and manufacturer serial numbers: 64862, 64863, 64864, 64865, 64866, 64867, 64868, 64869, 64870, 64871 or other serial numbers established by the manufacturer (hereinafter collectively referred to as the "Aircraft" and each separately "Aircraft"), taking into account changes in the essential terms of such lease (operational leasing) transactions in terms of installation on Aircraft of sets of aerodynamic winglets Split Scimitar Winglets, as well as changes in the procedure for calculating the monthly rent, committed on the following essential terms, is not more than Eight hundred twenty-eight million three hundred sixty thousand (828,360,000) US dollars (excluding customs duties, insurance premiums, taxes and expenses related to the operation of Aircraft and taking into account, including, but not limited to, payments due to PJSC "Aeroflot" from Pobeda Airlines LLC as compensation (remuneration) under such transactions (series of interrelated transactions), which corresponds to the market value determined by an independent appraiser RUSSIAN ASSESSMENT CJSC in report No. 05/08-200 ГBB dated February 25, 2019 and equals to 26.98% of the book value of the assets of PJSC "Aeroflot" as at 31.03.2019 (198,767,125,000 rub., which equals to 3,070,488,084.44 US dollars at the exchange rate of Russian ruble to US dollar of 64.7347 rubles).

1. The essential terms and conditions of the major transaction (series of interrelated transactions).

Transaction Parties:

- SB Leasing Ireland Limited - the lessor;
- LLC "Pobeda Airlines" - the lessee;
- PJSC "Aeroflot" - the new lessee;
- other parties determined by the decision of the annual general meeting of shareholders of PJSC "Aeroflot" dated June 26, 2017.

Subject matter of the transaction: adoption by PJSC "Aeroflot" of the rights and obligations under the rental (operating leasing) transaction(s) concluded by LLC "Pobeda Airlines" with SB Leasing Ireland Limited in respect of ten new Boeing 737-800 aircraft with engines manufactured by CFM International SA and the following manufacturer serial numbers: 64862, 64863, 64864, 64865, 64866, 64867, 64868, 64869, 64870, 64871 or other serial numbers established by the manufacturer (hereinafter collectively - the "Aircraft" and each separately - the "Aircraft") (hereinafter collectively - the "Leasing Transactions" and each separately - the "Leasing Transaction"), upon the occurrence of certain events of non-performance (default) of LLC "Pobeda Airlines" under the documents on the relevant Leasing Transactions.

Price of the transaction: taking into account the interrelated transactions and subject to changes in their terms, the price of the transaction equals to no more than Eight hundred and twenty-eight million three

hundred and sixty thousand (828,360,000) US dollars (excluding customs duties, insurance premiums, taxes and expenses related to operation of Aircraft and taking into account, including, but not limited to, payments due to PJSC "Aeroflot" from Pobeda Airlines LLC as compensation (remuneration) under the transaction).

Changes of the essential terms for Leasing and Rental (operational leasing) Transactions previously approved by the decision of the annual general meeting of shareholders of PJSC "Aeroflot" dated 26.06.2017 and entered into as part of the execution of the following transaction:

Transaction No. 1. Installation on the Aircraft of winglets:

Subject matter of the transaction: SB Leasing Ireland Limited (lessor) purchases ten (10) sets of Split Scimitar Winglets from LLC "APB Winglets Company" for benefit of LLC "Pobeda Airlines" (lessee) with a value of no more than 285,000 (Two hundred eighty five thousand) USD (without VAT) for one set for their subsequent installation on the Aircraft (with the subsequent provision to the lessee of the documentation relating to their installation), and the lessee agrees to pay the lessor the increased monthly rent in respect of the Aircraft in connection with the installation of sets of Split Scimitar Winglets.

Estimated delivery (installation on the Aircraft) period for Split Scimitar Winglets: from 01.08.2018 to 01.05.2019.

Monthly rent for the Aircraft: floating and calculated by the following formula:

(Basic Rent + Rent Factor) * Price Escalation Factor, where:

Basic Rent is Three hundred twenty-five thousand (325,000) US dollars,

Rent Factor is a value that depends on the value of the three-month LIBOR rate and is determined by the formula

$N * 100 * (\text{LIBOR } 3\text{M} - 1\%)$, where N is a fixed amount of 33,400 (Thirty-three thousand four hundred) USD, which, according to the lease agreement, is subject to a quarterly decrease;

Price Escalation Factor is the ratio between the price paid by the lessor to the Aircraft manufacturer and additional equipment manufacturers at the time of delivery of the Aircraft, and the base value of the Aircraft in the amount of Forty million two hundred fifty thousand three hundred (40,250,300) US dollars.

The amount by which the monthly rent is increased as a result of changes in the conditions of Leasing Transactions is no more than Three thousand eight hundred (3,800) US dollars for each Aircraft (excluding VAT) per month during the entire validity period of the lease agreement for the corresponding Aircraft.

Legal expenses: the lessee may reimburse the new lessee the costs of legal support in connection with the changes in Leasing Transactions provided for by this decision in the amount of not more than fifty thousand (50,000) US dollars (excluding taxes).

Transaction No. 2. Change in the calculation of the monthly rent:

Subject matter of the transaction: 2) Changing the procedure for calculating the monthly rent for the Aircraft:

1) The lessee shall make in favor of the lessor a One-Time Payment equal to 4,646,000 USD* (Total price of the aircraft (as defined below) / 40,250,300 USD) for each Aircraft.

2) Changing the procedure for calculating the monthly rent for the Aircraft:

The monthly rent for the relevant Aircraft for which the One-Time Payment was paid: floating and calculated by the following formula:

$\text{Rent} = ((\text{Basic Rent} + \text{Basic Rent Adjustment}) * K,$

The Base Price of the aircraft is Thirty-five million six hundred and four thousand three hundred (35,604,300) US dollars, where:

Basic Rent is 313,500 (Three hundred thirteen thousand five hundred) USD;

Rent Factor is a value that depends on the value of the three-month LIBOR rate and is determined by the formula

$N * 100 * (\text{LIBOR } 3\text{M} - 2.35\%)$, where N is an amount of 29,600 (twenty-nine thousand six hundred) USD, subject to escalation and decrease every three months starting from the fourth month after the delivery

date of the corresponding Aircraft
in accordance with the following schedule:

Number of Rent Factor date	N (USD)	Number of Rent Factor date	N (USD)
1	29,400.00	25	21,200.00
2	29,100.00	26	20,700.00
3	28,800.00	27	20,300.00
4	28,500.00	28	19,900.00
5	28,200.00	29	19,400.00
6	27,900.00	30	19,000.00
7	27,600.00	31	18,500.00
8	27,300.00	32	18,100.00
9	27,000.00	33	17,600.00
10	26,700.00	34	17,100.00
11	26,300.00	35	16,700.00
12	26,000.00	36	16,200.00
13	25,700.00	37	15,700.00
14	25,300.00	38	15,100.00
15	25,000.00	39	14,600.00
16	24,600.00	40	14,100.00
17	24,300.00	41	13,600.00
18	23,900.00	42	13,000.00
19	23,500.00	43	12,500.00
20	23,200.00	44	11,900.00
21	22,800.00	45	11,300.00
22	22,400.00	46	10,700.00
23	22,000.00	47	10,100.00
24	21,600.00		

K is an escalation factor, equal to (Total Price of the aircraft - One-Time Payment) / Basic Price of the aircraft.

The Base Price of the aircraft is Thirty-five million six hundred and four thousand three hundred (35,604,300) US dollars.

The Total Price of the aircraft means the price for the corresponding Aircraft, determined in accordance with the manufacturer and suppliers invoices, including escalation, price of the equipment, taking into account the equipment suppliers discounts, including the One-Time Payment.

3) For amendments to the Leasing Transactions provided for by this decision, the lessee shall pay the fee in favor of the lessor in the amount of Twenty-five thousand (25,000) US dollars.

4) The lessee compensates the lessor for the documented costs of involving external legal consultants for the transaction in the amount of not more than Seventy five thousand (75,000) US dollars.

All amounts are specified without VAT.

Other essential conditions of the transaction approved by the decision of the annual general meeting of shareholders of PJSC "Aeroflot" dated 26.06.2017 remain the same.

Interested parties and grounds for their interest: members of the Board of PJSC "Aeroflot" V.G. Savelyev, V.N. Antonov, V.N. Avilov, V.B. Aleksandrov, K.I. Bogdanov, V.Ya. Zingman, I.V. Parakhin, I.P. Chalik, A.Yu. Chikhanchin, who are members of the Board of Directors of LLC "Pobeda Airlines"."

2. Information on potential impact of the major transaction (series of interrelated transactions) on the business of PJSC "Aeroflot" and assessment of feasibility thereof.

In March 2017, agreements for lease (operating leasing) of 10 new Boeing 737-800 aircraft were entered into between Pobeda Airlines LLC and SB Leasing Ireland Limited for delivery in 2018-2019 (hereinafter referred to as the "Aircraft") and lease term of 12 years.

Under this lease (operating leasing) transaction (hereinafter referred to as the "Leasing Transaction") the existence of an obligation of PJSC "Aeroflot" is provided for assuming the rights and obligations of Pobeda Airlines LLC under the Aircraft lease (operating leasing) agreements in case of occurrence of certain events of default (default) of Pobeda Airlines LLC on its obligations under the relevant agreements (novation transactions). This transaction was approved by the annual general meeting of shareholders of PJSC "Aeroflot" on 26.06.2017.

Subsequently, Pobeda Airlines LLC and SB Leasing Ireland Limited approved amendments to the conditions of the Leasing Transaction in terms of installation on the Aircraft of sets of aerodynamic winglets Split Scimitar Winglets, as well as change of the procedure for calculation of monthly rent, subject to making a lump sum payment in respect of each Aircraft.

Thus, the result of this transaction will include:

1) Installation on the Aircraft of advanced modification kits of aerodynamic winglets Split Scimitar Winglets designed for aircraft of the Boeing 737NG series, which will facilitate: increase in the effective wingspan, air resistance reduction and, as a consequence, increase in the lift and increase the fuel efficiency of aircraft.

2) As a result of a lump sum payment in respect of each Aircraft, monthly lease payments of Pobeda Airlines LLC for each Aircraft will be reduced by Sixty thousand (60,000) US dollars. Annual savings calculated based on 10 Aircraft will equal to Seven million (7,000,000) US dollars.

Subject to availability of the existing obligations of PJSC "Aeroflot" to assume the rights and obligations of Pobeda Airlines LLC under the agreements for lease (operating leasing) of the Aircraft in case of occurrence of certain events of default (default) of Pobeda Airlines LLC in the framework of the Leasing Transaction, conclusion of this transaction will facilitate the decrease of expenses for the lease of aircraft of PJSC "Aeroflot", as well as improvement of fuel efficiency in the airline's fleet.

General Director of PJSC "Aeroflot"

V.G. Savelyev

Deputy Chief General for Commerce and Finance of PJSC "Aeroflot"

A.Yu. Chikhanchin

CONFERRED WITH
Director of Department for Planning and Development of Aircraft Fleet of PJSC "Aeroflot"

M.V. Minaev