

**Opinion on Interested Party Transactions
(Including a Major Transaction) on the Commercial Management
of PJSC "Aeroflot" of JSC "Rossiya Airlines" Flights Loading
Under Agreements on Joint Operation of
"Code-Sharing/Block Seats" Flights."**

The issue "On interested party transactions (one of which is a major transaction) of the commercial management of PJSC "Aeroflot" of JSC "Rossiya Airlines" flights loading under the agreements on the joint operation of "code-sharing/block seats" flights" is submitted for consideration of the next annual general meeting of shareholders of PJSC "Aeroflot".

Given the fact that there are two IATA seasons (winter and summer) in the aviation industry which are used in the organization and planning of transportation, within the framework of this issue of the agenda of the general meeting of shareholders, it is proposed to consider and agree upon (approve) two different transactions on commercial management by PJSC Aeroflot of JSC "Rossiya Airlines" flight loading (including pricing and sale of tickets for such flights) under agreements on the joint operation of "code-sharing/block seats" flights based on the model of "commuter" (regional) transportation, providing for publication of joint flights in the booking systems under a single code of PJSC "Aeroflot" - SU in the range of SU5950-6999, concluded, respectively, for the periods from 27.10.2019 to 28.03.2020 ("winter") and from 29.03.2020 to 24.10.2020 ("summer").

1. Essential Terms of the Transactions.

1.1. An interested party transaction on commercial management by PJSC "Aeroflot" of JSC "Rossiya Airlines" flights loading under the agreement on the joint operation of "code-sharing/block seats" flights."

Transaction Parties: PJSC "Aeroflot" (as the Marketing Partner), JSC "Rossiya Airlines" (as the Operating Partner);

Subject Matter: Commercial management by PJSC "Aeroflot" of loading of the flights of JSC "Rossiya Airlines" (including pricing and sale of tickets for such flights) under an agreement for joint operation of flights "code-sharing/block of seats" based on the model of "commuter" (regional) transportation, providing for publication of joint flights in reservation systems under a single code of PJSC "Aeroflot" - SU in the range of SU5950-6999;

Price: Not more than thirty-three billion seven hundred and fifty million (33,750,000,000) rubles (excluding VAT), for the projected traffic volume of about 11,300 pair flights operated by JSC "Rossiya Airlines" during the specified period (which is 16.98 percent of the book value of assets of PJSC "Aeroflot", according to its financial statements as of March 31, 2019);

Term: from 27.10.2019 to 28.03.2020;

Interested parties and grounds for their interest: members of the Board of PJSC "Aeroflot" V.Ya. Zingman and A.Yu. Chikhanchin, who are members of the Board of Directors of JSC "Rossiya Airlines".

1.2. A major interested party transaction on commercial management by PJSC "Aeroflot" of JSC "Rossiya Airlines" flights loading under the agreement on the joint operation of "code-sharing/block seats" flights."

Transaction Parties: PJSC "Aeroflot" (as the Marketing Partner), JSC "Rossiya Airlines" (as the Operating Partner);

Subject Matter: Commercial management by PJSC "Aeroflot" of loading of the flights of JSC "Rossiya Airlines" (including pricing and sale of tickets for such flights) under an agreement for joint operation of flights "code-sharing/block of seats" based on the model of "commuter" (regional) transportation, providing for publication of joint flights in reservation systems under a single code of PJSC "Aeroflot" - SU in the range of SU5950-6999;

Term: from 29.03.2020 to 24.10.2020;

Price: Not more than sixty two billion nine million (62,009,000,000) rubles (excluding VAT), for the projected traffic volume of about 17,350 pair flights operated by JSC "Rossiya Airlines" during the specified period (which is 31.20 percent of the book value of assets of PJSC "Aeroflot", according to its financial statements as of March 31, 2019);

Interested parties and grounds for their interest: members of the Board of PJSC "Aeroflot" V.Ya. Zingman and A.Yu. Chikhanchin, who are members of the Board of Directors of JSC "Rossiya Airlines".

2. Information on potential impact of commitment of the transactions on the business of PJSC "Aeroflot" and assessment of feasibility thereof.

1) PJSC "Aeroflot" (Marketing Partner) and JSC "Rossiya Airlines" (Partner-Operator) perform joint operation of flights along certain routes under a single code of PJSC "Aeroflot" under "code-sharing/block seats" agreements executed for certain periods.

It is proposed to execute such agreements for the new terms corresponding to the IATA (winter and summer) seasons used in the aviation industry for the organization and planning of air transportation.

The subject matter of each agreement is commercial management by PJSC "Aeroflot" of loading of the flights of JSC "Rossiya Airlines" (including pricing and sale of tickets for such flights) under an agreement for joint operation of "code-sharing/block seats" flights based on the model of "commuter" (regional) transportation, providing for publication of joint flights in reservation systems under a single code of PJSC "Aeroflot" - SU in the range of SU5950-6999;

The Partner Operator is a party to the "code-sharing" agreement responsible for implementation of the agreed program of joint flights, and at the same time transfers 100% of seats on its aircraft for their sale by the Marketing Partner. Thus, commercial management of joint flights (sale of seats, tariff policy, revenue management for the flight) is carried out by the Marketing Partner.

2) Basis of mutual settlements between the airlines is the agreed rate for the flight calculated on the basis of specific costs attributable to an aircraft seat for each individual transportation route.

Long-term cooperation within the framework of such an agreement model (code-sharing/block seats) allows to implement a model of integrated centralized management of strategic issues of "Aeroflot" Group: sales, revenue management and cost reduction, building of a single route network and development of an aircraft fleet. It also allows to increase the presence in the air transportation market and to increase the performance of commercial load when carrying out activities for transportation of passengers and baggage on certain routes.

At the same time, JSC "Rossiya Airlines" carries out operational activities, and refusal from the functions transferred to PJSC "Aeroflot" will allow JSC "Rossiya Airlines" to focus on solving the target tasks: improving the efficiency of production activities, ensuring safety and reducing the specific costs and cost saving, and it will allow PJSC "Aeroflot" to make full use of the available leverages of commercial management of the Group's flights, providing passenger growth and cost reduction on the whole throughout "Aeroflot" Group.

This model of cooperation allows to exploit the following advantages:

- building of a single route network of the Group using the network effect, which allows to increase passenger traffic;
- extension of all the existing commercial agreements with partners to flights of JSC "Rossiya Airlines" to increase sales growth;
- reduction of expenses of "Aeroflot" Group on information technology and flight distribution;

Thus, accomplishment of each of these transactions makes economic sense for PJSC "Aeroflot" and leads to positive consequences for "Aeroflot" Group on the whole.

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 External Relations and
Alliances Department of
PJSC "Aeroflot"

N.R. Teimurazova