



Position of the Board of Directors of
Public Joint Stock Company "Aeroflot – Russian Airlines"
(PJSC "Aeroflot", the Company) on the agenda items of the
annual General Meeting of the Company's Shareholders held on June 25, 2019

1. Approval of the schedule for the day, voting procedure, composition of the working bodies of the annual general meeting of shareholders of PJSC "Aeroflot"

Position of the Board of Directors:

Guided by the requirements of Federal Law No. 208-FZ "On Joint-Stock Companies" dated 26.12.1995 (hereinafter referred to as FZ "On Joint-Stock Companies") and the Company's Charter,

as well as in accordance with the Action Plan of the Company's Board of Directors for the period from July 2018 to June 2019, the Board of Directors previously considered at its meeting and recommended the annual General Meeting of Shareholders to approve the proposed schedule for the day, voting procedure, composition of the working bodies of the annual General Meeting of Shareholders of PJSC "Aeroflot".

Recommendation:

The Board of Directors recommends to approve the schedule for the day, the voting procedure, composition of the working bodies of the annual general meeting of shareholders of PJSC "Aeroflot"

2. Approval of the annual report of PJSC "Aeroflot" for the year 2018.

Position of the Board of Directors:

The Board of Directors of the Company considered the annual report of Public Joint Stock Company "Aeroflot – Russian Airlines" in advance.

The annual report of PJSC "Aeroflot" has been prepared in accordance with FZ "On Joint-Stock Companies". It takes into account the requirements of the RF Government resolution No. 1214 dated 31.12.2010, Regulation No. 454-P "On the Disclosure of Information by Issuers of Issue-Grade Securities" approved by the Bank of Russia dated 30.12.2014 concerning the structure and contents of the annual report, recommendations of Corporate Governance Code approved by the Bank of Russia No. 06-52/2463 dated 10.04.2014 (hereinafter referred to as the Corporate Governance Code).

Recommendation:

The Company's Board of Directors recommends to approve the annual report of PJSC "Aeroflot" for the year 2018.

3. Approval of the annual accounting (financial) statements of PJSC "Aeroflot" for the year 2018.

Position of the Board of Directors:

The Company's Board of Directors reviewed in advance the annual accounting (financial) statements of PJSC "Aeroflot" summarizing the performance results for 2018 according to the Russian Accounting Standards (RAS), as well as reviewed the audit report dated 01.02.2019 prepared by the Company's auditor – JSC HLB Vnesaudit (OGRN 1027739314448) on the accounting statements of PJSC "Aeroflot" prepared in accordance with RAS.

In addition, the Company's Board of Directors took into account a positive opinion of the Company's Audit Commission on the performance results of PJSC "Aeroflot" for the year 2018.

Recommendation:

The Company's Board of Directors recommends to approve the annual accounting (financial) statements for the financial year 2018.

4. Approval of distribution of profit of PJSC "Aeroflot" for the year 2018.

Position of the Board of Directors:

According to the performance results of PJSC "Aeroflot" for the year 2018, the Company earned profit in the amount of 2,796,104 thousand rubles.

Recommendation:

In connection with the profit earned by PJSC "Aeroflot" as a result of its operations for the financial year 2018, the Board of Directors recommends that the next annual General Meeting of Shareholders approves distribution of profit of PJSC "Aeroflot" based on the performance results for the financial year 2018 in accordance with the recommendations of the Board of Directors of PJSC "Aeroflot", including:

- 2,791,589.66 thousand rubles for payment of dividends for the year 2018;
- 4,514.34 thousand rubles for payment of remuneration to the members of the Audit Commission.

5. Approval of distribution of retained earnings for previous years.

Position of the Board of Directors:

Taking into account resolution adopted by the Board of Directors of PJSC "Aeroflot" to pay dividends to shareholders of PJSC "Aeroflot" based on the results of the financial year 2018 in the amount of 50 percent of the net profit of "Aeroflot" Group in accordance with IFRS for the financial year 2018 (which exceeds the net profit of PJSC "Aeroflot" in accordance with RAS), it is necessary to allocate an additional source of financing for payment of dividends to shareholders of PJSC "Aeroflot" at the end of the financial year 2018 in the amount of 64,910.34 thousand rubles from retained earnings of previous years.

Recommendation:

The Board of Directors recommends that the next annual General Meeting of Shareholders approves distribution of the amount equal to 64,910.34 thousand rubles from retained earnings for previous years as additional source for payment of dividends by PJSC "Aeroflot" at the end of the financial year 2018.

6. On the amount of dividends, terms and form of their payment based on the performance results for the year 2018 and establishment of the date on which the persons having the right to the dividends shall be determined.

Position of the Board of Directors:

According to the performance results of PJSC "Aeroflot" for the year 2018, the Company earned profit in the amount of 2,796,104 thousand rubles.

In this regard, the Company's Board of Directors recommends that the next annual General Meeting of Shareholders of PJSC "Aeroflot" pays dividends on the shares of PJSC "Aeroflot" and sets a date on which the persons entitled to receive dividends will be determined.

Recommendation:

The Board of Directors recommends that the next annual General Meeting of Shareholders of PJSC "Aeroflot":

1. Pays dividends on the shares of PJSC "Aeroflot" based on the results of the financial year 2018 in the amount of 2.6877 rubles per share in cash, in the total amount of 2,856,500.00 thousand rubles, in accordance with the procedure provided by the applicable laws of the Russian Federation by or before 09 August 2019.

2. Sets 05 July 2019 as the date on which the persons entitled to receive dividends on the shares of PJSC "Aeroflot" shall be determined.

7. On approval of restated version of the Regulations on payment of compensations and benefits to members of the Board of Directors

Position of the Board of Directors:

In accordance with resolutions of the Company's Board of Directors, a new version of the Regulation on Compensations and Benefits paid to members of the Board of Directors of PJSC "Aeroflot" has been developed extending its effect to relations arisen from 30.09.2018.

Recommendation:

The Company's Board of Directors recommends that the annual General Meeting of Shareholders approves the restated version of the Regulation on Compensations and Benefits paid to members of the Board of Directors of PJSC "Aeroflot" extending its effect to relations arisen from 30.09.2018.

8. On payment of remuneration to members of the Board of Directors of PJSC "Aeroflot".

Position of the Board of Directors:

According to par. 2, Art. 64 of FZ (Federal Law) "On Joint-Stock Companies" and sub-par. 20, par. 16.8. of the Company's Charter, approval of the amount of compensations and benefits paid to the members of the Company's Board of Directors is referred to the competence of the General Meeting of the Company's Shareholders.

In this regard, it is proposed to the annual General Meeting of Shareholders to adopt resolutions on the approval of the amount of personal remuneration payments to the members of the Board of Directors of PJSC "Aeroflot" following completion of the Long-Term Incentive Program for the period from 01.01.2016 to 30.09.2018, as well as the amount of personal fixed remuneration payments to the members of the Board of Directors of PJSC "Aeroflot" according to the "Regulation on Compensations and Benefits Paid to Members of the Board of Directors of PJSC "Aeroflot" for the period from 01.07.2018 to 30.06.2019.

Recommendation:

It is proposed to the next annual General Meeting of Shareholders to adopt the following resolutions:

1. To approve payment of remuneration to members of the Board of Directors of PJSC "Aeroflot" following completion of the Long-Term Incentive Program for the period from 01.01.2016 to 30.09.2018. The amounts of personal payments are specified in Ballot No. 2 of the annual General Meeting of Shareholders of PJSC "Aeroflot".

2. To approve the amount of personal payments of fixed remuneration to members of the Board of Directors of PJSC "Aeroflot" according to the "Regulation on Compensations and Benefits Paid to Members of the Board of Directors of PJSC "Aeroflot" for the period from 01.07.2018 to 30.06.2019. The amounts of personal payments are specified in Ballot No. 2 of the annual General Meeting of Shareholders of PJSC "Aeroflot".

9. On payment of remuneration to members of the Audit Commission of PJSC "Aeroflot"

Position of the Board of Directors:

According to par. 1, Art. 85 of FZ "On Joint-Stock Companies" and sub-par. 20, par. 16.8. of the Company's Charter, approval of the amount of compensations and benefits paid to the members of the Company's Audit Commission is referred to the competence of the General Meeting of the Company's Shareholders.

According to Art. 8 of the Regulation on the Company's Audit Commission approved by the General Meeting of the Company's Shareholders on 25.06.2015, by resolution of the general meeting of shareholders, members of the Audit Commission are paid remuneration during the performance of their duties. The amount of such remuneration is established by the resolution of the general meeting of shareholders.

In this regard, it is proposed to the next annual general meeting of the Company's shareholders to approve payment of remuneration to the members of the Audit Commission of PJSC "Aeroflot".

Recommendation:

The next annual General Meeting of Shareholders is invited to approve the amount of remuneration to members of the Audit Commission of PJSC "Aeroflot".

The amounts of personal payments are specified in Ballot No. 2 of the annual General Meeting of Shareholders of PJSC "Aeroflot".

10. Election of members of the Board of Directors of PJSC "Aeroflot"

Position of the Board of Directors:

In accordance with par. 1, Art. 48, par. 1, Art. 66 of FZ "On Joint-Stock Companies", par. 16.8. of the Company's Charter, election of members of the Company's Board of Directors is referred to the competence of the General Meeting of the Company's Shareholders.

According to par. 19.3. of the Company's Charter, members of the Company's Board of Directors consisting of eleven (11) persons are elected by the General Meeting of Shareholders in the manner provided by the Federal Law "On Joint-Stock Companies" and the Company's Charter for a term until the next annual General Meeting of Shareholders.

Recommendation:

The Company's Board of Directors recommends that the annual general meeting of shareholders elects eleven (11) members of the Board of Directors of PJSC "Aeroflot" from among the thirteen (13) candidates nominated by the Company's shareholders.

11. Election of members of the Audit Commission of PJSC "Aeroflot"

Position of the Board of Directors:

In accordance with par. 1, Art. 48, par. 1, Art. 85 of FZ "On Joint-Stock Companies", sub-par. 8, par. 16.8. of the Company's Charter, election of members of the Company's Audit Commission is referred to the competence of the General Meeting of the Company's Shareholders.

According to par. 23.1. of the Company's Charter, to exercise control over financial and economic activities of the Company, the General Meeting of Shareholders, in accordance with the Company's Charter, shall elect the Company's Audit Commission consisting of five (5) members for a term until the next annual meeting of shareholders.

Recommendation:

The Company's Board of Directors recommends that the next annual General Meeting of Shareholders elects five members of the Audit Commission of PJSC "Aeroflot" from among the candidates nominated by the Company shareholders.

12. Approval of auditors of PJSC "Aeroflot" for the year 2019.

Position of the Board of Directors:

In accordance with par. 1, Art. 48, par. 2, Art. 86 of FZ "On Joint-Stock Companies", par. 23.10. of the Company's Charter, the General Meeting of Shareholders approves the Company's auditor. The Board of Directors reviewed the results of the tenders for selection of auditors.

Recommendation:

1. The Company's Board of Directors proposes to the next annual General Meeting of Shareholders of PJSC "Aeroflot" to approve audit firm JSC HLB Vneshaudit as an auditor of the annual accounting (financial) statements of PJSC "Aeroflot" for the year 2019 prepared in accordance with RAS.

2. The Company's Board of Directors proposes to the next annual General Meeting of Shareholders of PJSC "Aeroflot" to approve audit firm JSC PricewaterhouseCoopers Audit as an auditor of the annual accounting (financial) statements of PJSC "Aeroflot" for the year 2019 prepared in accordance with IFRS.

13. On approval of restated version of the Charter of PJSC "Aeroflot."

Position of the Board of Directors:

Since 26.06.2017 (date of approval of the previous version of the Charter of PJSC "Aeroflot"), Federal Law No. 208-FZ dated 26.12.1995 "On Joint-Stock Companies" has been amended. The central office of PJSC "Aeroflot" has also moved from Arbat street 10 to Arbat street 1. In this connection, change of the location address of PJSC "Aeroflot" specified in the Charter of PJSC "Aeroflot" is required. Among other things, certain recommendations of the Corporate Governance Code have been taken into account, as well as some technical adjustments have been introduced.

Recommendation:

The Company's Board of Directors recommends that the next annual General Meeting of Shareholders of PJSC "Aeroflot" approves the Charter of Public Joint Stock Company "Aeroflot – Russian Airlines" (version No. 11).

14. On approval of restated version of the Regulations on the General Meeting of Shareholders of PJSC "Aeroflot".

Position of the Board of Directors:

Adjustment of the new version of the Charter of PJSC "Aeroflot" proposed for approval at the next annual General Meeting of Shareholders of PJSC "Aeroflot" to be held on 25.06.2019.

Recommendation:

The Company's Board of Directors recommends that the annual General Meeting of Shareholders of PJSC "Aeroflot" approves Regulation on the General Meeting of Shareholders of Public Joint Stock Company "Aeroflot – Russian Airlines" (version No. 7).

15. On approval of restated version of the Regulations on the Board of Directors of PJSC Aeroflot

Position of the Board of Directors:

Adjustment of the new version of the Charter of PJSC "Aeroflot" proposed for approval at the next annual General Meeting of Shareholders of PJSC "Aeroflot" to be held on 25.06.2019.

Recommendation:

The Company's Board of Directors recommends that the annual General Meeting of Shareholders of PJSC "Aeroflot" approves Regulation on the Board of Directors of Public Joint Stock Company "Aeroflot – Russian Airlines" (version No. 9).

16. On approval of restated version of the Regulations on the Executive Board of PJSC "Aeroflot".

Position of the Board of Directors:

Adjustment of the new version of the Charter of PJSC "Aeroflot" proposed for approval at the next annual General Meeting of Shareholders of PJSC "Aeroflot" to be held on 25.06.2019.

Recommendation:

The Company's Board of Directors recommends that the annual General Meeting of Shareholders of PJSC "Aeroflot" approves Regulation on the Executive Board of Public Joint Stock Company "Aeroflot – Russian Airlines" (version No. 6).

17. On participation of PJSC "Aeroflot" in the Digital Transport and Logistics Association.

Position of the Board of Directors:

Currently, one of the goals of the national development of the Russian Federation is defined as accelerated introduction of digital technologies in the economy and social sphere. To achieve this, it will be necessary to improve the system of legal and technical regulation, to create end-to-end digital technologies and to provide information security.

The activities of the Digital Transport and Logistics Association (hereinafter referred to as the Association) are aimed at promoting the economic efficiency and the level of security of the transport system and logistics centers of the Russian Federation, as well as assistance in the implementation of the transit potential of the Russian Federation through integration of the transport system and logistics centers of the Russian Federation in the global transport and logistics space.

Thus, participation of PJSC "Aeroflot" in the Association is expedient.

Recommendation:

The Company's Board of Directors recommends that the annual General Meeting of Shareholders of PJSC "Aeroflot" approves participation of PJSC "Aeroflot" in the Digital Transport and Logistics Association.

18. On the transactions of PJSC "Aeroflot" (questions No.No. 18-19).

Position of the Board of Directors:

In accordance with the current laws of the Russian Federation, major transactions, as well as interested party transactions, must be approved in the manner provided by FZ "On Joint-Stock Companies". The following transactions are proposed for approval by the annual General Meeting of Shareholders of PJSC "Aeroflot":

1. Interested party transactions (one of which is a major transaction) of the commercial management by PJSC "Aeroflot" of JSC "Rossiya Airlines" flights loading under the agreement on the joint operation of "code-sharing/block seats" flights;

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

These transactions are interested party transactions for PJSC "Aeroflot", since members of the Executive Board of PJSC "Aeroflot" are members of the Board of Directors of these companies.

In accordance with FZ "On Joint-Stock Companies" and the Charter of PJSC "Aeroflot", major transactions, as well as interested party transactions which meet the criteria established by FZ "On Joint-Stock Companies" are subject to approval by the general meeting of the Company's shareholders.

At the same time, in accordance with par. 3, Art. 49 of FZ "On Joint-Stock Companies" and par. 16.11. of the Charter of PJSC "Aeroflot", resolutions on consent to committing interested party transactions shall be adopted by the general meeting of the Company's shareholders only on the proposal of the Company's Board of Directors.

Recommendation:

The Company's Board of Directors recommends that the next annual General Meeting of Shareholders ratifies (approves) all the transactions submitted for consideration of the next annual General Meeting of Shareholders of PJSC "Aeroflot". The wording of the resolutions in respect of the said transactions is given in Ballot No. 5 for voting at the annual general meeting of shareholders of PJSC "Aeroflot".