

**Approved by
Aeroflot JSC Board of Directors**

Protocol № 13 of February 5, 2004

**Chairman of the Board of Directors
The Company President**

_____A.Y.Zurabov

Aeroflot JSC Code of Corporate Conduct

Moscow, 2004

1. INTRODUCTION

- 1.1. Aeroflot JSC is the largest airline company in Russian Federation, its stockholders are the Government, Russian and foreign legal entities and individuals.
- 1.2. Carrying millions of Russian and foreign passengers and thousands tons of cargo Aeroflot JSC contributes to prosperity of its stockholders, creates attractive working conditions and complies with the interests of the state and the society as a whole. The Company is a large taxpayer, it supports and develops social programs, and cares about the ecology and citizens health.
- 1.3. Minding the great extent of corporate and social responsibility and having improvement of stability and efficiency of the company operation as its goal, Aeroflot deliberately takes the liabilities on meeting high requirements of world standards of corporate management, stated in this document.
- 1.4. This Code is a code of principals which are the basis for Aeroflot corporate conduct, regulated by such internal documents as:
 - Aeroflot JSC Articles of Association;
 - General Stockholders' Meeting Provision of Aeroflot JSC;
 - Aeroflot JSC Board of Directors Provision;
 - Aeroflot JSC Executive Board Provision;
 - Aeroflot JSC Auditing Committee Provision;
 - Other internal documents that can be possibly approved in future.
- 1.5. The Code of Corporate Conduct and internal documents of the Company are a single system of corporate management based on the requirements of Russian legislature, best Russian and international standards of corporate management, including the Principles of Organization of Economic Cooperation and Development (OESR) corporate management and Code of Conduct of Federal Commission on Security Market of Russian Fedration (FCSM RF).

2. PARTICIPANTS OF AEROFLOT JSC CODE OF CONDUCT

Aeroflot JSC Code of Conduct is a balanced system of relations between stockholders, Members of the Board of Directors, executive bodies and other interested parties – employees, subsidiaries, customers, contractors, creditors, executive authorities, and others.

2.1. AEROFLOT JSC STOCKHOLDERS

- 2.1.1. Aeroflot JSC adheres to the principles of corporate conduct based on equal treatment of stockholders, including minority and non-resident stockholders. The Board of Directors and executive bodies of the Company manage the Company in the interests of all stockholders.
- 2.1.2. Stockholders being the owners of the Company have the rights stipulated by a joint-stock company; the Board of Directors and executive bodies of the Company ensure the compliance and protection of these rights:
 - the right to take part in Company management;
 - the right to get information about the Company;

- dividends right;
- the right to dispose of the stocks;
- the right to protect your own interests.

2.1.3. Minding that the system of corporate conduct is efficient only under the conditions of mutual responsibilities of the parties, Aeroflot expects its stockholders to take reasonable and suspended decisions targeted at providing long-term development of the Company and meeting the interests of all the interested parties, as well as exclusion of following the interests of some stockholders at the expense of the others.

2.2. GENERAL STOCKHOLDERS' MEETING OF THE COMPANY

2.2.1. The highest executive body of Aeroflot JSC is General Stockholders' meeting. In the periods between the regular meetings the Company is managed by the Board of Directors.

2.2.2. In order to support stockholders' trust to the Company, Aeroflot JSC establishes the procedure of holding stockholders' meeting which provides equal attitude to all stockholders, is neither too expensive nor too sophisticated, and enables stockholders get a complete idea about the Company's activities and to take a reasoned decision on all the issues of the agenda.

2.2.3. Holding general stockholders' meeting is regulated by the General Stockholders' Meeting Provision of Aeroflot JSC.

2.3. THE COMPANY'S BOARD OF DIRECTORS

2.3.1. Aeroflot JSC Board of Directors is in charge of general management of the Company's activities and control over executive bodies in accordance with Russian legislature and internal documents of the Company; it has wide authorities and is liable for non-compliance with its responsibilities.

2.3.2. Aeroflot JSC Board of Directors is aware of its responsibility to the Company stockholders and other interested parties and is bona fide and competent with respect to the Company management, providing safety and increase of stockholder's prosperity and protection of their rights.

2.3.3. Aeroflot JSC Board of Directors will operate in the interest of the Company on the basis of providing complete and adequate information.

2.3.4. In order to provide operative management of the Company Aeroflot JSC Board of Directors appoints Members of the Executive Board and elects Director General.

2.3.5. For efficient operation Aeroflot JSC Board of Directors establishes Committees for preliminary consideration and making recommendations to the Board of Directors on the most important issues. Committees of Aeroflot JSC Board of Directors are to provide efficient mechanisms of control of the Company's Executive Bodies. The activities of the Board of Directors Committees are regulated by the Board of Directors's Committees Provision approved by the Company's Board of Directors.

2.3.6. The membership and the activities of the Company's Board of Directors is regulated by the Articles of Association and Board of Directors Provision.

2.4. EXECUTIVE BODIES OF THE COMPANY

- 2.4.1. Aeroflot JSC day-to-day operation is managed by the sole executive body, that is by the Director General and corporate executive body – Executive Board.
- 2.4.2. Aeroflot JSC executive bodies are subordinated to the Company’s Board of Directors and General Stockholders’ Meeting of the Company and are responsible for the relations between the parties interested in Company operation: employees, customers – passengers, contractors, creditors, executive bodies and others. Director General is in charge of executing the issues arranged at the General Stockholders’ meeting and the Board of Directors in accordance with the principle of bona fides, prudence, high professional skills and taking into consideration the interests of stockholders, employees and other interested parties.
- 2.4.3. The sole executive body – Director General, is elected by the Board of Directors and acts by virtue of the Labor Contract and internal documents of the Company regulating the work of the sole executive body of the Company.
- 2.4.4. The Corporate Executive Body – Executive Board acts by virtue of Aeroflot JSC Articles of Association and Executive Board Provision. The rights and responsibilities of the Director General and the Members of the Board are specified by labor contracts concluded between each of them and Aeroflot JSC.
- 2.4.5. Aeroflot JSC executive bodies operate in accordance with planned production, commercial, financial and economic activity and the budget; all these issues are approved by the Board of Directors on a monthly basis.
- 2.4.6. The Company’s plan of production, commercial, financial and economic activity is the core of current activities of the Company; execution of it is the main criterion for assessment the efficiency of the executive bodies responsible for management of day-to-day activity of the Company.

2.5. OTHER INTERESTED PARTIES

Aeroflot JSC respects the interests of the third parties and strives for most active cooperation of the Company with interested parties on the principles of honesty, transparency and mutual respect.

2.5.1. Company employees

The relations between Aeroflot JSC and its employees are regulated by the effective Russian legislature, sectoral statutory acts, collective agreement and labor contracts of the Company.

The Company provides socially oriented regulation of the issues of labor, employment and labor relations.

Executive bodies of Aeroflot JSC guarantee equal rights and getting in a job regardless of the race, nationality, language, origin, property and official status, place of residence, religion, views, and affiliation with social organizations.

Executive bodies of Aeroflot JSC are engaged in establishment of labor motivation system, attractive labor remuneration system, and also providing moneyed and social assistance if a person is discharged, and effective pension program if a person is retired.

Executive bodies of Aeroflot JSC bind themselves to consider the opinion of staff on the points of the Company operation.

The potential of the Company's steady development depends on inflow of skilled and competent young employees, the Board of Directors and Company executive bodies keep the policy targeted at:

- combining labor responsibilities of young specialists with an opportunity to get further education, advanced training, and professional development.
- assistance in providing dwelling to young employees and their families.

In their turn the Board of Directors and executive bodies expect Company employees to have active and initiative approach to their responsibilities and fulfilling effectively their duties targeted at the Company flourishing.

2.5.2. Affiliated and Subsidiary Companies

Aeroflot JSC relation with affiliated and subsidiary companies (hereinafter Subsidiaries), as well as the relations with the stockholders of such Companies are targeted at capitalization increase of the Company and its affiliated and subsidiary companies.

Aeroflot JSC, being a stockholder of its Subsidiaries will implement into their operation these principles of Corporate conduct, and also act considering the interests of all parties, prevent corporate conflicts in Subsidiaries, and in case they happen – to protect its own interests in compliance with the effective legislation.

Aeroflot JSC executive bodies create an efficient system of Subsidiaries management; this system is targeted at higher ROI and lower investment risks.

Affiliates management is organized on the basis of the approved “Concept of Aeroflot JSC shared Capital Companies Management”.

2.5.3. Customers–passengers

Aeroflot JSC is liable for providing security, high-quality service, advertising honesty and respect to its customer – passengers.

Since passengers' safety is one of the prior tasks of the Company's activity Aeroflot JSC is liable for investing into ensuring high level of flight safety and aircraft security, and also introduction of the state-of-the-art safety technologies.

Passengers' health protection is also a very important task of the Company, in this respect Aeroflot JSC is liable for introducing and improving permanently different programs on flight convenience development.

Concealment of facts and circumstances causing threat for passengers' life and health by Aeroflot officials entails liability in accordance with the Russian Legislation.

2.5.4. Contractors

Aeroflot JSC strives for mutually beneficial relations with contractors based on development of long-term and stable relations, permanent exchange of information, prompt payment in accordance with agreements terms, eliminating violence and unreasonable litigations.

Aeroflot JSC realizes its responsibility for its contractors' activity and is liable for choosing them reasonably. The Company's Executive Bodies provide formation of responsible and

mutually beneficial system of work with suppliers and agents, and also introduction and constant development of reasonable requires to contractors.

Realizing the importance of reporting data about the Company's results and its plans for contractors Aeroflot JSC is liable for providing them with easy access to the information that might affect deliverers and agents activities.

2.5.5. Creditors

The Board of Directors and the Executive Bodies are liable for making sound choice of creditors. The Executive Bodies provide stockholders with information about the attracted creditors noting motives of choosing creditors.

Aeroflot JSC is liable for providing access of creditors to information about the Company's operations that may affect capitalization and solvency of the Company including meetings with the Company's administration.

2.5.6. State Authorities and the Company

In relations with the state authorities Aeroflot JSC follows the principles of absolute transparency and observance of the state interests.

Aeroflot JSC responsibility to the State reveals in the Company's liabilities on social programs development given in the Company's Collective Agreement, providing safety of customers - passengers and employees, maintaining elimination of consequences of emergency events, jobs creation.

Realizing the necessity of culture and sport development Aeroflot JSC is liable for providing opportunities for moneyed assistance to creative personalities, collectives and organizations, sport unions and teams of different level, public organizations supporting children sports.

Aeroflot JSC provides to the maximum possible extent moneyed assistance and organizational support to social groups and public unions suffering lack of financial resources.

Aeroflot JSC is liable for carrying out active work on environment protection in accordance with environmental regulations of Russian Federation and international demands and also if there is any opportunity to invest in application of new technologies usage that contribute to environment protection and energy saving.

Aeroflot JSC is liable for publishing annually reviews on the carried out work on health and labor protection of the Company's employees and conducted nature protective activity.

3. AEROFLOT JSC INFORMATION DISCLOSURE

3.1. Acknowledging the importance of making a dialogue between Aeroflot JSC and individuals interested in its activity, the Board of Directors approves Regulations on Aeroflot Information Policy which regulate priorities and standards of the Company's information disclosure.

3.2. The main principles of Aeroflot JSC information disclosure are regularity and efficiency of its provision, most possible access of all stockholders and other interested parties to it, its authenticity and completeness, reasonable balance between the Company's openness and commercial interests.

- 3.3. Aeroflot JSC cares properly about the protection of confidential information determined by internal documents of the Company. Information of commercial and official secrecy, terms of access to this information and its use are determined taking into consideration the necessity to keep balance between the Company's openness and strife not to cause damage to its interests.
- 3.4. Information provided by Aeroflot JSC is balanced. Speaking about its activity Aeroflot JSC never evades disclosure of negative information about itself that can be significant for stockholders and potential investors of the Company.
- 3.5. In the framework of the approved information policy Aeroflot JSC discloses information required by the Law as well as additional information for interested parties to be objective about the Company's activities.

4. AUDIT OF AEROFLOT JSC FINANCIAL AND ECONOMIC ACTIVITY

- 4.1. Aeroflot JSC audit system of financial and economic activity is aimed at trust of investors to the Company and its executive bodies. The main goal of such audit is protection of stockholders' capital investments and the Company assets.
- 4.2. Aeroflot JSC audit system of financial and economic activity is regulated by the Law, Auditing Committee Provision and Board of Directors Provision.
- 4.3. Aeroflot JSC provides full access to information for officials carrying on control and auditing functions and provides the establishment and efficient operating of the audit system as regards to financial and economic activity.

5. ESSENTIAL CORPORATE ACTIONS

- 5.1. Performance of a number of actions by Aeroflot JSC that may cause fundamental corporate changes including changes of stockholders' rights (essential corporate actions) are characterized with maximum openness and transparency.
- 5.2. Taking into consideration the significance of essential corporate actions Aeroflot JSC provides its stockholders with an opportunity to affect their performance. This goal is to be achieved establishing transparent and fair procedures based on appropriate information disclosure about consequences for the Company that may be caused by such actions.
- 5.3. Essential corporate actions and deals are approved by the executive bodies of the Company before they are performed. Such actions and deals are carried on just in the interests of the Company and its stockholders.

6. DIVIDENDS

- 6.1. Aeroflot JSC establishes dividends and payments system to be transparent and clear for stockholders.
- 6.2. The Company's Board of Directors approves Dividend Policy Provision of Aeroflot JSC and Provision of the Procedure of Dividend Payments by Aeroflot Stocks that provide information on the Company's strategy while determining amount and procedure of dividend payments.

7. CORPORATE CONFLICTS SETTLEMENT

- 7.1. Aeroflot JSC takes all the efforts for prevention and settlement of corporate conflicts concerning its interests – conflicts between the Company's bodies and its stockholders, other interested parties, and also between stockholders.
- 7.2. To prevent and settle corporate conflicts Aeroflot JSC provides the absolute compliance with the Russian law, bona fide and reasonable behavior of the Company in its relations with stockholders.
- 7.3. Aeroflot JSC position in a corporate conflict is based on the Russian legislation.
- 7.4. Settling a corporate conflict Aeroflot JSC searches for such a solution that would meet the Company's interests being legal and reasonable.