

APPROVED

by General Meeting of Shareholders
minutes № 8 dated on May 25, 2002

Chairman of the Meeting

FRANK S.O.

**Statute
of the Board of Directors
of JSC “Aeroflot”**

(edition №3)

Moscow, 2002.

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The Board of Directors of Joint Stock Company "Aeroflot - Russian Airlines" (further the Company) is formed pursuant to the Russian Federation legislation and the Company's Charter. The Board of Directors performance shall correspond to norms and legal acts of the Russian Federation, the Company's Charter, decisions of the General Meeting of Shareholders and this Regulation.

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

Article 1. Aims and purposes of the Company's Board of Directors.

The Board of Directors supervises general activities of the Company, except making decisions on the questions, related to the General Meeting of Shareholders competence.

The main purposes of the Board of Directors are:

1. To determine the Company policy aimed at increasing profit gained from the Company activities.
2. To work for welfare of the Shareholders, to control fulfillment of corporate programs.
3. To fulfill the programs of the Company's development approved by the Shareholders.
4. To control performance of the Company's Managing board and General Director.
5. To inform the Shareholders about results of the audit of the Company's financial state.
6. To submit to the Shareholders questions related to the General Meeting competence **pursuant to Federal law "On Joint Stock Companies" and the Company's Charter.**
7. To deem and approve the Company's business plan.
8. To determine the order of distributing profit and the order of covering losses.

9. To work out the Company's dividend policy, determine and submit proposals to the General Meeting of **Shareholders** on the amount of dividends per share **and the order of payment**.

10. To approve and control the Company annual budget fulfillment.

11. To deem and preliminary approve projects of annual reports, **annual accounting reports**, profit and loss accounts of the Company.

12. To deem reports on the results of audit, Auditing commission reports, and to submit documents on the results of audit, held by the auditor and Auditing commission to the Company Shareholders.

13. To propose the auditor's appointment to the General Meeting of Shareholders.

14. To determine the securities issue policy of the Company.

15. To approve a specialized Company's Registrar, the terms of agreement and cancellation of agreement with him.

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

The Board of Directors is elected by the annual General Meeting of Shareholders pursuant to Federal law "On Joint Stock Companies" and the Company Charter for the period to the following annual General Meeting of Shareholders.

Numerical composition of the Board of Directors is determined by the General Meeting of Shareholders **in number** at least 9 persons.

If the annual General Meeting of Shareholders was not held within a period set in the point 16.1 of the Article 16 of the Company's Charter, The Board of Directors authority is suspended, except the authority to prepare, call and hold the Annual General Meeting of Shareholders.

A person, elected to the Board of Directors composition may be reelected unrestrictedly.

A member of the Board of Directors shall be a natural person. A member of the Board of Directors needs not to be a Shareholder of the Company.

Members of the Company Board of Directors are elected by cumulative voting.

During cumulative voting, the number of votes, belonging to each Shareholder multiplies by the number of persons to be elected in the Company Board of Directors, thus a Shareholder has a right to give his votes entirely for one candidate or distribute them among two or more candidates.

Candidates, collected the most number of votes is considered elected in the Board of Directors composition.

Pursuant to the decision of the General Meeting of Shareholders, authority of any member (all the members) of the Board of Directors may be suspended ahead of time.

Members of the Company's Managing board shall not compose more than one fourth of the Company's Board of Directors. The Company General Director shall not be the Chairman of the Company Board of Directors at the same time.

The Russian Federation representatives in the Board of Directors, elected by the General Meeting of Shareholders, shall follow norms and legal acts of the Russian Federation, determining the order of the Russian Federation representatives' performance in managing bodies of Joint Stock Companies.

Supervision of the Board of Directors performance is exercised by the Chairman of the Board of Directors elected at the Board of Directors meeting from its members by a majority vote from the total number of Members of the Board of Directors.

The Board of Directors is entitled any time to reelect its Chairman by a majority vote from the total number of the members of the Board of Directors.

Article 3. Quorum and decision making by the Company's Board of Directors.

The presence of at least half of elected members of the Company's Board of Directors is considered quorum for holding the Board of Directors meeting. If the

number of members of the Board of Directors is **less than a number, composing this quorum, the Board of Directors shall take a decision about holding the extraordinary General Meeting of Shareholders** for electing a new composition of the Company's Board of Directors. The rest of the members of the Board of Directors are entitled to make decisions only about such an extraordinary General Meeting of Shareholders.

The decisions on the Company's Board of Directors meeting are taken by a majority vote of **the members of the Board of Directors, participating in the meeting** if other is not imposed by Federal law "On Joint Stock Companies" and the Company's Charter.

When making decisions on the Board of Directors meeting each member of the Board has one vote. The vote of the Chairman of the Board of Directors is deemed, as a casting vote, if the number of votes of the members of the Company's Board of Directors is equal when making decisions.

Passing the vote of a member of the Board of Directors to another person, including another member of the Board of Directors is not allowed.

The decisions of the Board of Directors may be taken in absentia (by questioning). The order of holding the voting in absentia (questioning) is determined by "Rules Of Procedure And Regulations Of The Company's Board of Directors Meeting ", approved by the Company's Board of Directors.

Article 4. Competence of the Company's Board of Directors.

The competence of the Company's Board of Directors includes questions of the Company's general supervision, except questions, related to the General Meeting of Shareholders competence.

The following questions are related to the competence of the Board of Directors:

- 1) determination of priority directions in the Company's activity;

2) call of annual and extraordinary General Meeting of Shareholders of the Company, excluding the cases, provided for in **point 18.7 of Article 18 of the Company Charter;**

3) approval of the agenda of the General Meeting of Shareholders;

4) determination of the date of composing the list of **persons** who have the right to participate in the General Meeting and other questions, related to the Board of Directors competence, connected with preparing and holding the General Meeting of Shareholders;

5) submission of questions, provided for by subpoints 2,6,13-20 of point 16.8 of Article 16 of JSC "Aeroflot" Charter for decision to the General Meeting of Shareholders.

6) increase in the **Company's** authorized capital by the placement of additional shares, except **placement of additional shares by closed subscription and placement by open subscription of ordinary shares that account for more than 25 percent of earlier placed ordinary shares, which are placed according to the General Meeting of Shareholders decision pursuant to p.11.11 of the Company's Charter,** and making amendments respectively in the Company's Charter;

7) placement of bonds and other issued securities of the Company;

8) placement of the Company's bonds, converted into shares and other issued securities, converted into shares, if it is provided for by the Charter, excluding placement of bonds, converted into shares and other issued securities, converted into shares, which are placed according to the General Meeting of Shareholders decision pursuant to the p.11.11.of the Charter.

9) determination of the **price (in money terms)** of the property, **the price of placement and buyout of the issued securities;**

10) purchase of placed Company shares, bonds and other securities **in the cases, provided for by Federal law FZ "On Joint Stock Companies" and the Company's Charter;**

11) appointment of members of the Managing board and ceasing their authority ahead of time pursuant to the Company General Director proposals.

12) determination of the amounts of remuneration and compensation, paid to the members of the Managing board;

13) approval of candidatures of Deputies General Director of JSC "Aeroflot";

14) recommendations on the amount of remuneration and compensation, paid to members of the Company's Auditing Commission and members of the Board of Directors, and also determination of the amount of payments for the auditor's service;

15) recommendations on the amount of dividends per share and the order of payment;

16) utilization of reserve and other Company's funds;

17) approval of internal Company's documents, except internal documents, which approval is related to the General Meeting of Shareholders competence, and other Company's internal documents, which approval is related by the Charter to the Company's executive bodies competence.

18) foundation of subsidiaries, open representatives of the Company and their liquidation;

19) making amendments in the Company's Charter, related to foundation of subsidiaries, opening representatives of the Company and their liquidation;

20) making decisions about founding branches and Company's participation in other organizations, **except the cases, provided for by the subpoint 17 of point 16.8 of the Company's Charter;**

21) **approval of large-scale deals (including borrowing, credit, mortgage, guarantee) or several interrelated deals which subject is property with value from 25 (twenty five) to 50 (fifty) percent of book value of the Company's assets, in the order, provided for by Article 79 of Federal law "On Joint Stock Companies", and also deals of bargain and sale of aircrafts, long-term lease with the following**

property rights transfer, mortgage of aircrafts as a security of financing and refinancing of credits;

22) approval of large-scale deals, determined by chapter XI of Federal law "On Joint stock Companies";

23) approval of a specialized Registrar of the Company, the terms of agreement and cancellation the agreement with him;

24) approval of the plan of production, commercial, financial and economic activity and the budget, including the Company's capital investment expenditures.

25) suspending the authority of General Director and his Deputies;

26) formation of a temporary individual executive body of the Company until holding an extraordinary General Meeting of Shareholders in the cases provided for by p.21.7 of the Charter;

27) determination of the possibility of presence of guests. Mass media representatives and other persons at the General Meeting of Shareholders;

28) other questions, provided for by Federal law "On Joint Stock Companies" and the Charter of JSC "Aeroflot".

The questions, related to the Board of Directors competence shall not be transferred to the Company executive bodies' decision.

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

The Board of Directors meetings are held as required, but at least once a month. One of the meetings of the Board of Directors (annual meeting) is held at least **30 days prior to the date of holding the annual General Meeting of Shareholders** to deem the project of the Company's annual accounting report, profit and loss account, distributing profit (losses), auditor's report, Auditing Commission report on the last year results.

The Board of Directors **meeting** is called by the Chairman of the Board of Directors at his own initiative or by his representative. Meetings of the Board of

Directors may be called at a demand of a member of the Board of Directors, the Company's Auditing Commission, the Company's auditor, the Company's Managing board, the Company's General Director and also the Shareholders, possessing at least 10% of the Company's voting shares.

A notification about holding the Meeting is forwarded to the Members of the Board of Directors in written form by post, fax or with a courier at least 7 days prior to holding the meeting. The notification includes agenda of the meeting. All the necessary **materials**, related to the agenda are attached to the notification.

A written opinion of the member of the Company's Board of Directors, the absentee at the Meeting of the Board of Directors, is considered when determining the quorum and the results of voting on the questions of the agenda.

The Board of Directors meetings are held, as a rule, at the place of the Company's location. Date, time and place of holding, preliminary agenda of the Board of Directors meeting are determined by the decision of the previous Company's Board of Directors meeting.

Each member of the Board of Directors has the right to invite specialists or experts without voting right to the meeting.

Reports of the members of the Board of Directors about their work, made on the instruction of the Board of Directors on behalf of the Company, shall be listened at the Board of Directors meetings.

Article 6. Agenda and minutes of the meetings of the Company's Board of Directors.

The agenda of the Board of Directors meeting shall include the questions for submitting to the shareholders, possessing totally at least 2 % of ordinary shares, members of the Board of Directors, Audit Commission, Managing Board, the Company's auditor and General Director. The agenda of the Board of Directors meeting is formed by the Executive Secretary of the Board of Directors with agreement of the

Chairman of the Board of Directors or the Members of the Board of Directors, empowered by the Chairman of the Board of Directors.

Minutes are kept at the Board of Directors meeting. Minutes are signed by the Chairman of the meeting, who is responsible for a correct composition 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 Shareholder.

The minutes of the Board of Directors meeting is composed and forwarded to each member of the Board of Directors at least 3 (three) days after holding.

The minutes include the following:

- place and time of holding;
- persons, present at the meeting;
- agenda of the meeting;
- questions to be voted and the results of voting;
- taken decisions.

Article 7. Authority of the Members of the Company Board of Directors.

The Chairman of the Board of Directors is official and plenipotentiary representative of the Company's Board of Directors in all the instances. At his absence the Chairman may empower another member of the Board of Directors to realize his authority.

The members of the Board of Directors are entitled to act on behalf of the Board of Directors only having an appropriate order, registered in the minutes of the Board of Directors meeting.

Any member of the Board of Directors or a person, acting on behalf of him, has the right to become familiar at the first demand with the process of keeping accounting documentation and financial reports of the Company. He may also check correctness of making and registering any economic operation.

The members of the Board of Directors are not entitled to act on behalf of the Company without a special authority. The Board of Directors gives the authority on behalf of it. The decision of giving authority shall be public and shall be taken by a majority vote of the Directors and included into the minutes of the meeting.

The Company's Board of Directors has a registration form with its full name. The right to sign documents on the registration form of the Board of Directors has the Chairman of the Board or a person, empowered by him, and also the Executive Secretary of the Board of Directors in part of forming extracts from the approved minutes of the Company's Board of Directors meetings.

Article 8. Responsibility of the Members of the Company's Board of Directors.

The members of the Board of Directors shall exercise their authority to act in the interests of the Company, exercise their rights and perform the duties, regarding the Company, conscientiously and sensibly.

The members of the Board of Directors are responsible for the Company's losses, caused to the Company by their guilty action (inaction). The members of the Board of Directors who voted against the decision, led to the losses for the Company, or who did not participate in the voting are not responsible.

When determining the foundation and size of responsibility of the members of the Board of Directors the routine practice of business or other events, related to the deal, are taken into account.

If, pursuant to Regulations of this Article, several persons are responsibility, they bear joint responsibility for the Company.

The members of the Board of Directors are responsible to the Company in the amount of losses, caused to the Company, if they are considered persons, interested in making a deal, determined in the order, provided for by the Company's Charter and they did not keep the demands of the order when making a deal.

The representatives of the state or a municipal formation in the Board of Directors bear the responsibility, imposed by this Article along with other members of the Board of Directors.

Article 9. Remuneration and compensation to the Members of the Company's Board of Directors.

During a period of performing their duties the Members of the Board of Directors are compensated expenses, related to exercising of authority of the members of the Board of Directors, and they are paid remuneration in the amount and the order, determined by the Company's General Meeting of Shareholders. Representatives of the Russian Federation in the Company's Board of Directors may be compensated the expenses, related to perform duties of the members of the Company's Board of Directors if it corresponds to Federal law " On Foundations Of Public Service in Russian Federation".

Article 10. Committees and Secretariat of the Company's Board of Directors.

The Board of Directors may establish if necessary permanent or temporary committees from its members or other employees of the Company to decide certain questions. Committees, established permanently, shall be included into the staff schedule of the Company.

The Company's Board of Directors appoints the Executive Secretary, who keeps minutes of the General Meeting and the Board of Directors meeting. Keeping the affairs of the Board of Directors is exercised by the personnel, headed by the Executive Secretary of the Board of Directors. The Executive Secretary of the Board of Directors provides preparation and holding of the Board of Directors meeting, keeps the affairs of the General Meeting of Shareholders and Board of Directors. Personnel of the Board of Directors are appointed by the General Director's order pursuant to the Company's staff schedule. The appointment of the Executive Secretary of the Board of Directors is

formed by the General Director's order pursuant to the Company's staff schedule. The Executive Secretary of the Board of Directors follows the Russian Federation legislation, the Company's Charter, this Regulation and job description, approved by the Chairman of the Board of Directors on the proposal of Company's General Director. Personnel of the Board of Directors and actions held by the Board of Directors are financed by resources allocated by the Company for these purposes.