

## 1. Nature of the business

### NATURE OF THE BUSINESS

OJSC Aeroflot — Russian Airlines (the “Company” or “Aeroflot”) was formed as a joint stock company following a government decree in 1992. The 1992 decree conferred all the rights and obligations of Aeroflot Soviet Airlines and its structural units, excluding its operations in Russia and Sheremetyevo Airport, upon the Company, including inter-governmental bilateral agreements and agreements signed with foreign airlines and enterprises in the field of civil aviation.

The principal activities of the Company are the provision of passenger and cargo air transportation services, both domestically and internationally, and other aviation services from its base at Moscow Sheremetyevo Airport. The Company and its subsidiaries (the “Group”) also conduct activities comprising airline catering and hotel operations. Associated entities mainly comprise cargo-handling and aviation security services.

As at 31 December 2012 and 2011 the Government of the Russian Federation owned 51% of the Company. The Company’s headquarters are located in Moscow at 10 Arbat Street, 119002, Russian Federation.

The principal subsidiary companies are:

COMPANY NAME	PLACE OF INCORPORATION AND OPERATION	ACTIVITY	31 DECEMBER 2012	31 DECEMBER 2011
JSC Donavia (Donavia)	Rostov-on-Don	Airline	100.00%	100.00%
JSC AK Rossiya (Rossiya)	St. Petersburg	Airline	75% minus one share	75% minus one share
JSC Vladivostok AIR (Vladavia)	Vladivostok region	Airline	52.156%	52.156%
JSC Sahalinskiye aviatrassi (SAT)	Yuzhno Sakhalinsk	Airline	100.00%	100.00%
JSC Orenburgskie avialinii (Orenavia)	Orenburg	Airline	100.00%	100.00%
CJSC Aeroflot-Cargo (Aeroflot-Cargo)	Moscow	Cargo transportation services	100.00%	100.00%
LLC Aeroflot-Finance (Aeroflot-Finance)	Moscow	Finance services	100.00%	100.00%
CJSC Aeromar (Aeromar)	Moscow region	Catering	51.00%	51.00%
CJSC Aerofirst (Aerofirst)	Moscow region	Trading	66.67% <sup>(1)</sup>	66.67%
CJSC Sherotel (Sherotel)	Moscow region	Hotel	100.00%	100.00%

The significant entities in which the Group holds more than 20% but less than 50% of the equity are:

COMPANY NAME	PLACE OF INCORPORATION AND OPERATION	ACTIVITY	31 DECEMBER 2012	31 DECEMBER 2011
LLC Airport Moscow	Moscow region	Cargo handling	—	50.00%
CJSC AeroMASH — AB	Moscow region	Aviation security	45.00%	45.00%
CJSC Jetalliance East	Moscow	Airline	49.00%	49.00%

All the companies listed above are incorporated in the Russian Federation.

The table below provides information on the Group’s aircraft fleet as at 31 December 2012:

TYPE OF AIRCRAFT	OWNERSHIP	AEROFLOT	DONAVIA	ROSSIYA	ORENAVIA	VLADAVIA	SAT	GROUP TOTAL
Il-96-300	Owned	6	—	—	—	—	—	6
Tu-154	Owned	—	—	5	—	—	—	5
An-24	Owned	—	—	—	—	—	4	4
Mi-8	Owned	—	—	—	—	3	1	4
Yak 40	Owned	—	—	—	—	2	—	2
<b>TOTAL OWNED</b>		<b>6</b>	<b>—</b>	<b>5</b>	<b>—</b>	<b>5</b>	<b>5</b>	<b>21</b>
Airbus A-319	Finance lease	4	—	9	—	—	—	13
Airbus A-320	Finance lease	1	—	—	—	—	—	1
Airbus A-321	Finance lease	21	—	—	—	—	—	21
Airbus A-330	Finance lease	8	—	—	—	—	—	8
Boeing 737	Finance lease	—	3	—	—	—	2	5
An-148	Finance lease	—	—	6	—	—	—	6
Tu-204	Finance lease	—	—	—	—	6	—	6
<b>TOTAL FINANCE LEASE</b>		<b>34</b>	<b>3</b>	<b>15</b>	<b>—</b>	<b>6</b>	<b>2</b>	<b>60</b>
SSJ 100	Operating lease	10	—	—	—	—	—	10
Airbus A-319	Operating lease	11	4	3	—	—	—	18
Airbus A-320	Operating lease	43	—	8	—	6	—	57
Airbus A-330	Operating lease	14	—	—	—	1	—	15
Boeing B-737	Operating lease	—	3	1	24	—	1	29
Boeing B-767	Operating lease	7	—	3	—	—	—	10
Boeing B-777	Operating lease	—	—	—	3	—	—	3
MD-11	Operating lease	3	—	—	—	—	—	3
DHC 8 S-300	Operating lease	—	—	—	—	—	4	4
DHC 8 S-200	Operating lease	—	—	—	—	—	2	2
An 12	Operating lease	—	—	—	—	—	1	1
<b>TOTAL OPERATING LEASE</b>		<b>88</b>	<b>7</b>	<b>15</b>	<b>27</b>	<b>7</b>	<b>8</b>	<b>152</b>
<b>TOTAL FLEET</b>		<b>128</b>	<b>10</b>	<b>35</b>	<b>27</b>	<b>18</b>	<b>15</b>	<b>233</b>