

Brand development and service quality improvement

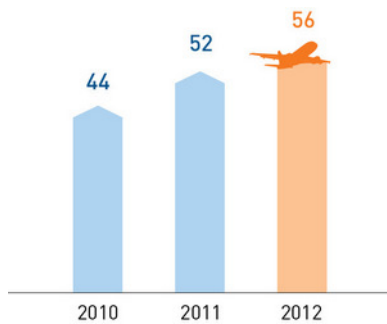
Numerous awards and prizes, which Aeroflot received in 2012, are testimony to the Company's high standards of service. In the reporting period Aeroflot was acclaimed "Best Airline for Business Travelers" at the Russian Business Travel & MICE Awards, was shortlisted for the titles of "Europe's Leading Airline" and "Europe's Leading Airline Business Class" in the prestigious annual World Travel Awards 2012, and entered the Top 5 companies rated by Skyscanner in the European Airline Food Awards for quality of in-flight meals on long and short flights.

COMPANY BRAND

In October 2012 the international brand consultancy, Brand Finance, a recognized expert in business valuation, carried out a new valuation of the Aeroflot brand, raising its estimate by 20.44% to USD 1.308 billion.

The higher valuation reflects successful work to build an up-to-date and attractive image of Aeroflot as a global airline offering passengers a premium level of service. In order to further strengthen the Aeroflot brand in key foreign markets the company carried out a large-scale image advertising campaign in August and September 2012 in Europe and Asia using the slogan "The Sky ... Our Masterpiece". The Company also carried out an image advertising campaign on the Russian market in July and August 2012 entitled "Your Comfort at High Altitude", as well as various other advertising and informational initiatives to boost passenger traffic.

Change of NPS in 2010-2012, (%)



MARKET RESEARCH

Aeroflot carries out extensive research each year on Russian and international markets in order to measure customer satisfaction and compliance with passenger service standards. In 2012, Aeroflot participated in the following research projects:

- IATA's "Airs@t — Intra Europe" project, which helped to gauge the quality of Aeroflot services on European routes. This research serves as the basis for IATA's European carrier rating.
- The "Secret Passenger" project, implemented in conjunction with Romir Research, which assesses how successfully and consistently the Company meets passenger service standards.
- The "Net Promoter Score" (NPS) project, implemented in conjunction with Bain & Company Russia, which measures customer loyalty and helps to enhance Aeroflot's service.
- SkyTeam's "Customer Experience Research" project, which finds ways of improving the service provided by the SkyTeam Alliance (jointly with all Alliance member companies).

The research showed steady growth of customer service performance: the NPS index has been on the increase for three consecutive years, reaching 56% in 2012, and findings of the "Secret Passenger" project suggest that compliance with passenger service standards has also grown consistently, reaching 90% in 2012.

PASSENGER SERVICE

High quality of passenger service is one of Aeroflot's main priorities. The Company is constantly broadening its range of services and ensuring their compliance with leading international standards, requirements and technologies. All customer and passenger service employees undergo special training, and the company has an efficient system in place to handle requests, complaints and comments. Services to passengers take account of national, religious and cultural differences.

In October 2012 Aeroflot's quality management system successfully passed a regular supervisory audit of compliance with ISO 9001:2008, proving efficiency of the management system and the Company's ability to maintain consistently high standards of service.

Service classes

Aeroflot offers two in-flight service classes: business class and economy class. Aeroflot's business class sub-divides into "Premier" (offered on flights up to 6 hours) and "President" (offered on long-distance flights lasting more than 6 hours). Personal service in business class ensures that passengers make their journey in maximum comfort. Aeroflot has 12 long-haul Airbus A330 aircraft equipped with new "full-flat" seats (the most spacious airline seats now on the market), and every seat in business class can be reclined into a flat bed.

In 2013 Aeroflot plans to introduce a new "Comfort" class of service on the new Boeing 777-300ER. Passengers flying in the new class will be offered seats with a new level of comfort, built-in Thales entertainment monitors, a personal travel kit, increased baggage allowance, and improved in-flight meals.

Special and additional services

Aeroflot passengers can enjoy a number of special additional services by prior arrangement, including:

- special in-flight meal orders, including meals for children and passengers with special needs or dietary restrictions related to age, medical conditions or religious belief, at no additional fee;
- special travel arrangements for disabled passengers, including those in wheelchairs or stretchers;
- provision for passengers with small children to use their own pram at the airport before boarding and receive it immediately at disembarkation at the arrival airport (if not prohibited by airport security regulations);
- child-escort services for children travelling without adults; in addition to the escort service passengers can order meals for the children during transfer connections and access is provided to the children's room at Sheremetyevo Airport;
- pet transportation services;
- non-standard baggage services;
- services for transportation of weapons and ammunition;

- availability of enhanced comfort seats in economy class (the "Space +" service);
- opportunity to upgrade the travel class at flight check-in (paid with cash or Aeroflot Bonus miles);
- the "Business Pass" ticket-price package (a special service by which an e-ticket is issued for a specific number of trips).

Additional services for disabled passengers can be arranged subject to prior agreement, including provision of a wheelchair to move around the airport, and lift truck services for embarkation and disembarkation.

At the end of 2012 Aeroflot introduced the SkyPriority programme, initiated by SkyTeam Alliance management, at Terminal D of Sheremetyevo Airport. The programme offers a set of extra services to high-value customers (first- and business-class passengers, holders of Aeroflot Bonus Gold Card or members of the SkyTeam Elite Plus scheme). The SkyPriority programme offers fast-track pre-flight formalities (priority at check-in, baggage registration, passport control and security inspection, boarding and baggage reclaim, and priority service at transit stands).

Menu

Aeroflot views its in-flight menu as a uniquely important part of the Company service. Aeroflot is one of the world leaders by quality and variety of its in-flight meals. First-class in-flight services include restaurant catering: Aeroflot cooperates with the best restaurants in Moscow, inviting chefs to design recipes for in-flight meals.

The Company's role as official carrier of the Russian Olympic Team to the 2012 Games in London inspired Aeroflot to work with sports nutritionists, designing a unique menu based around healthy and light food, dedicated to the spirit of competition and will to win. Members of the Russian Olympic Committee who were invited to sample the menu found that it combined healthy and tasty eating.

At the beginning of 2012 Aeroflot created a new menu for business-class passengers in collaboration with head chefs of the global in-flight catering leader, LSG Sky Chefs. The wine list for business-class passengers was refreshed in mid-2012 with a range of wines from Europe and new wine-growing regions, all of them selected by expert wine-tasters.

Aeroflot plans to create a special anniversary menu with the assistance of Michelin-starred chefs to mark the Company's 90th birthday in 2013.

In-flight entertainment

Aeroflot plans to offer its passengers an expanded entertainment programme on board its aircraft in the Company's 90th anniversary year (2013) with more than 800 content items, including films, TV programmes, TV serials, and the biggest sound library of any European airline. A special children's channel will include films, cartoons, games, audio books, and music.

DEVELOPMENT OF THE CORPORATE WEBSITE AND ONLINE SERVICES

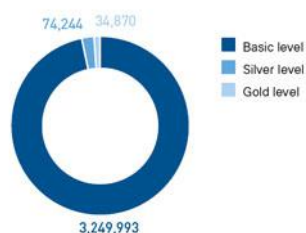
The Aeroflot website is one of the most important tools for the Company to communicate with its passengers, partners, shareholders and other audiences. Aeroflot's website provides up-to-date information round-the-clock in the Russian, English, Italian, Spanish, French, German, Japanese, Korean and Mandarin languages. Using a computer or a mobile device, passengers can view data on their flight schedule and status, book and buy tickets online and check-in for a flight 24 hours prior to departure. The booking and information center provides round-the-clock support to passengers for online booking and ordering of special services.

The Company continued to develop its online services in 2012, when the following new features were made available to Company passengers and partners:

- multi-currency payments,
- voice payment over the phone via the Company call center,
- ticket purchase using mobile devices,
- non-cash ticket purchases by SME customers (corporate loyalty programme),
- newpayment instruments using the payment services of Sberbank, Euroset and Yandex (Web Money).

In 2012 Aeroflot also launched a mobile version of its website and applications for iOS (iPhone) and Android mobile platforms, which enable passengers to book and buy tickets and view their flight schedule and flight status directly from a mobile device. The Company plans to launch applications for WindowsPhone and iOS (iPad) in 2013.

Numbers of Aeroflot Bonus participants in 2012



AEROFLOT BONUS PROGRAMME

Aeroflot Bonus is an integrated incentive programme for frequent fliers of Aeroflot Group airlines that are under 100% commercial management of Aeroflot, as well as for SkyTeam partners and customers of other partners, with which the Company has entered into special agreements. Programme participants obtain bonus miles, which can be used to buy air tickets and other privileges. The programme has three levels of participation: basic, silver and gold. There were more than 3,340,000 people taking part in the programme in 2012.

The Aeroflot Bonus programme continued to develop in 2012, when new services were added, which make it easier for users to take advantage of programme benefits: new functionality was launched that allows customers to use their bonuses on the airline website, bonus miles were introduced on subsidized routes, efficiency of the programme call center was improved, and a round-the-clock VIP customer service group was set up to assist gold- and silver-level members with bonus, sales, and service issues. Aeroflot organized a number of special events in 2012 to boost interest in the Bonus programme:

- eight special actions to boost passenger traffic on new and under-used routes;
- a special promotion to support block charter services;
- a number of joint promotions with programme partners, enabling participants to accumulate additional miles and take advantage of special terms.

The share of miles awarded by the programme's non-aviation partners was 53% of the total.

Revenues from sale of miles grew by 42% to about USD 114 million (not including VAT).

Since 2012 the Company has been issuing a monthly digest concerning the Aeroflot Bonus programme, which contains information on the Airline's special offers and loyalty programmes offered by its partners.

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In 2012 Aeroflot partnered with international hotel chains for the purpose of awarding air miles. The hotel partners included: Marriott (13 chain brands) Hilton Worldwide (10 chain brands), Movenpick Hotels and Amathus Hotels. New SkyTeam members (Saudi Arabian Airlines, Aerolineas Argentinas, and Xiamen Airlines) were also brought into the programme, as were subsidiary airlines under Aeroflot's 100% commercial management (Donavia and Vladivostok Air). Partnership programmes are planned with other subsidiary airlines of Aeroflot Group.