



**JSC Aeroflot
Troika Dialog Forum
February 2011**

1. Company profile

2. Market position of the Group

3. Development plans

4. Operations

5. Financial results

Appendix

Aeroflot at a Glance

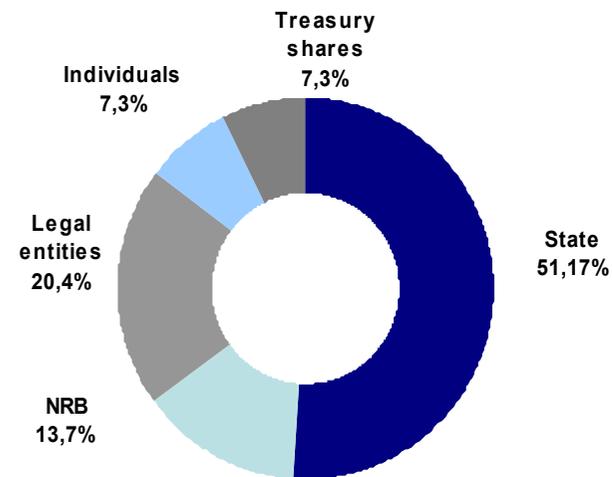


- Russia's national carrier and the largest airline
- Founded in 1923
- One of Russia's most recognisable brands
- Designated carrier in over 70 air transportation agreements between Russia and foreign countries
- Operates one of the youngest fleets in Europe (average age is about 5 years)
- Extensive route network transporting more than 11 mn passengers in 2010.
- Operates from branded new Terminal D in Moscow Sheremetyevo airport
- Fitch Rating BB+/Stable
- In 2010 share price increased by 49%

Route network



Shareholders Structure



Market Cap is US\$ 2.83bln (as for 31/01/2011)

STRONG MARKET POSITIONS

- Expanding presence on the domestic market and traffic between Russia and the CIS (3 airlines in the Group: Aeroflot, Donavia, Nordavia)
- Partnership with the SkyTeam Alliance
- Attracting transit and business passengers
- Developing international hubs (Sheremetyevo, Khabarovsk, Pulkovo)

NETWORK

- Concentrating on the most profitable segments of the market
- Advancing connectivity of the network
- Cooperating with Russian and international carriers (code-sharing, interline)

ECONOMIC EFFICIENCY

- Fleet optimisation
- Route optimization
- Widening the range of services to other airline companies

BRAND

- Developing Frequent Flyers Program (Aeroflot Bonus) and integrating it with similar programs of other carriers
- Maintaining positive image based on the key values such as caring, reliability and the Russian character of Aeroflot

SAFETY & PERSONNEL

- Applying best efforts to keep the highest level of safety
- Attracting and retaining the most qualified employees
- Developing state-of-the-art training facilities in cooperation with respectable international partners (e.g. CAE)

Safety and Training

- Non-stop development of the safety system
- Special committee on ICAO safety management implementation
- Stable growth of the safety level in 2006-2009
- The largest Aviation Technical Complex (3 hangars, **23,000 sq. m**, **3,000** items of ground equipment and up-to-date facilities) in Russia, providing comprehensive maintenance and repair services, certified for conduct of C-checks (heavy checks) on aircraft of the A320 family
- Long-term sound cooperation with Lufthansa Technik
- Aeroflot flying school and a training center for aviation personnel. The latter has a license to train engineering and technical personnel working with A320 and B767 aircraft, entailing compliance with EASA standards
- Innovative approach and unparalleled expertise perceived as best practices by other aviation market participants

In 2010 Aeroflot's flight safety rating was 99.956%



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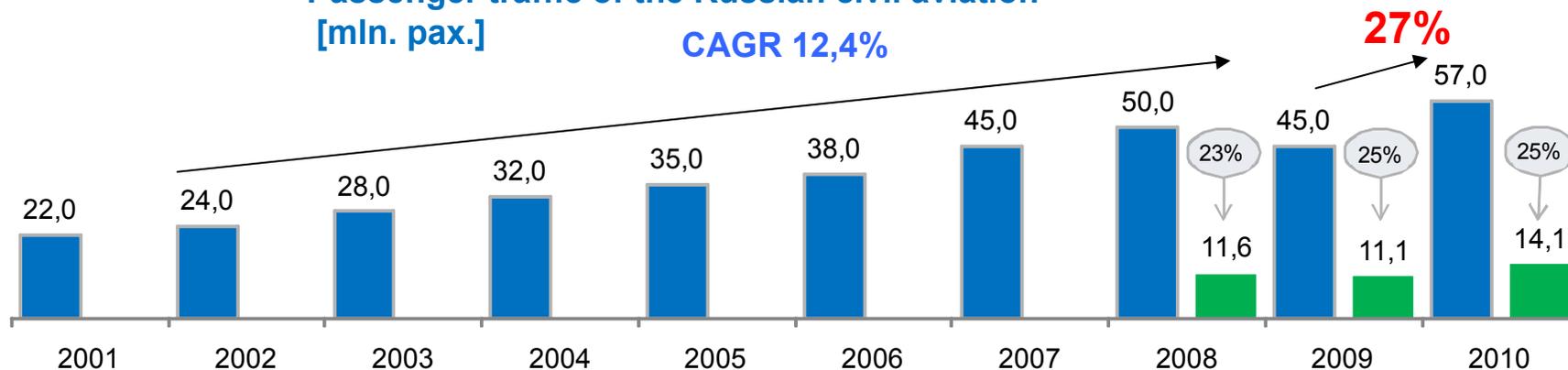
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Russian air transportation market

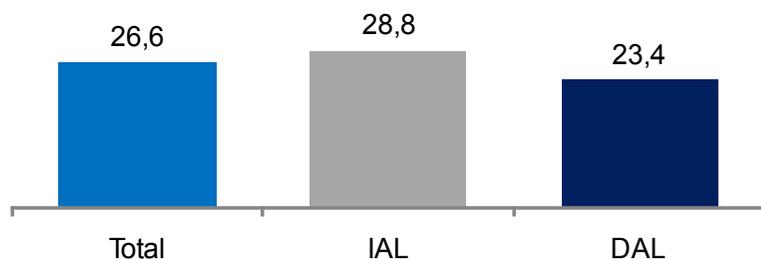


Passenger traffic of the Russian civil aviation
[mln. pax.] CAGR 12,4%



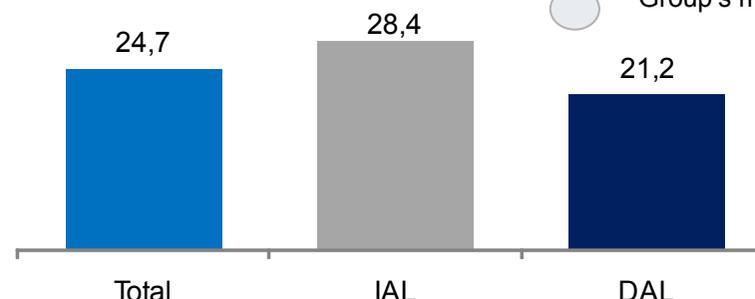
Source: TCH, Aeroflot estimation

Group's market share
[% of passenger turnover]



Source: TCH

Group's market share
[% of passenger traffic]



Source: TCH

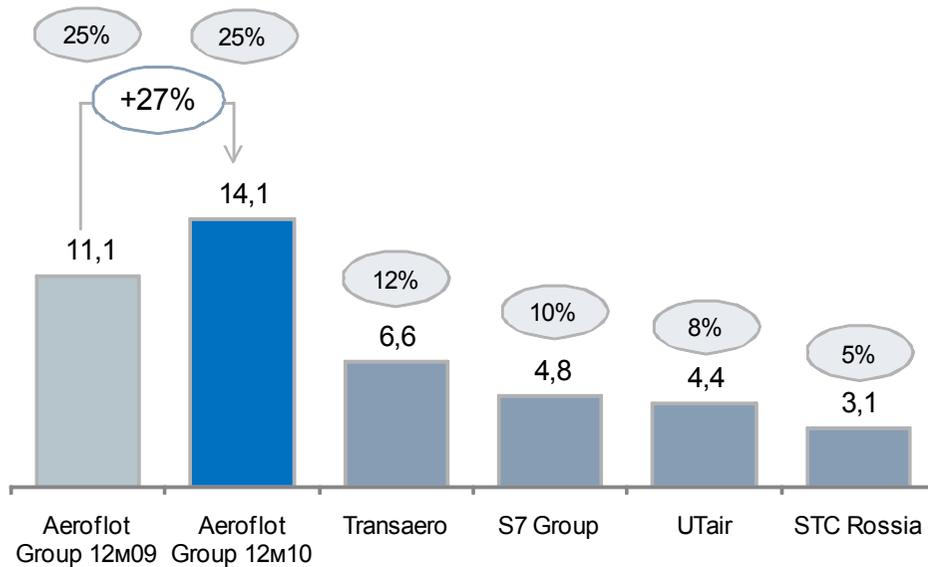
■ Russian Civil Aviation
■ Aeroflot Group
 Group's market share

- In 2010 passenger traffic of RCA increased by 27% and reached the highest result for the last 18 years - 57 million passengers.
- Passenger turnover of RCA increased by 31% in 2010
- Improvement of macroeconomic indicators will boost demand for Aeroflot services.

Group's market position on Russian air transportation market

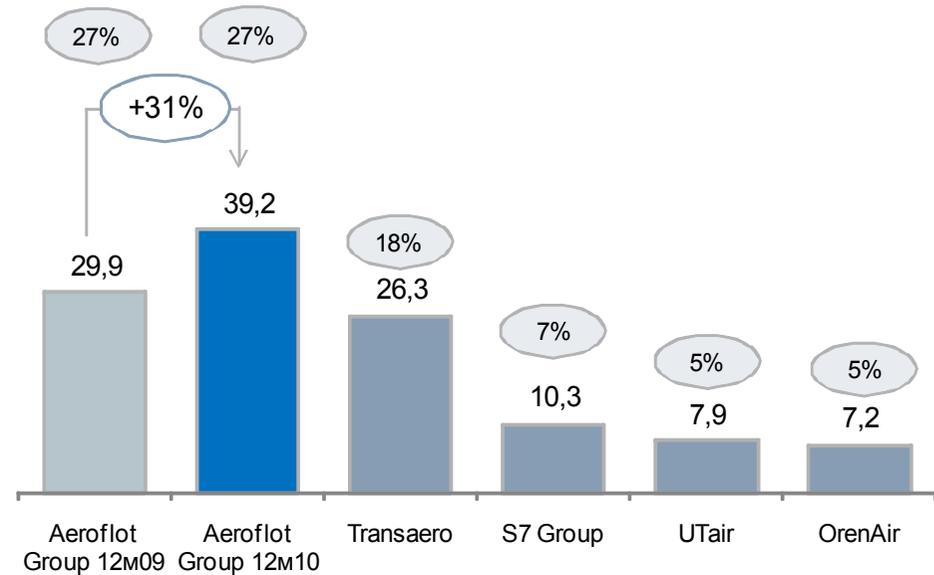


Top 5 players' market share by passenger traffic [mln pax]



Source: TCH

Top 5 players' market share by passenger turnover [bln rpk]



Source: TCH

○ Market share in the Russian air transportation market

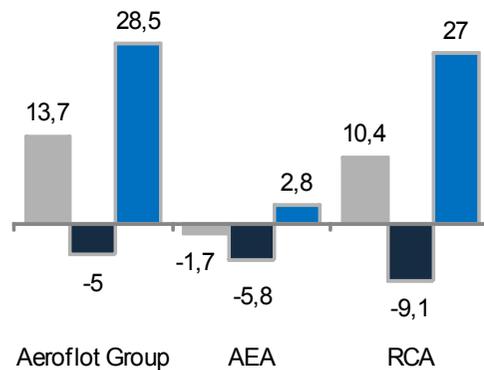
- Aeroflot is a backbone company and a recognized leader among national airlines
- In 2010 the Aeroflot Group increased the main operational results significantly
- Aeroflot plans to increase the passenger turnover by 23% and the passenger traffic by 27.7% in 2011

Aeroflot, Russian Civil Aviation and AEA*

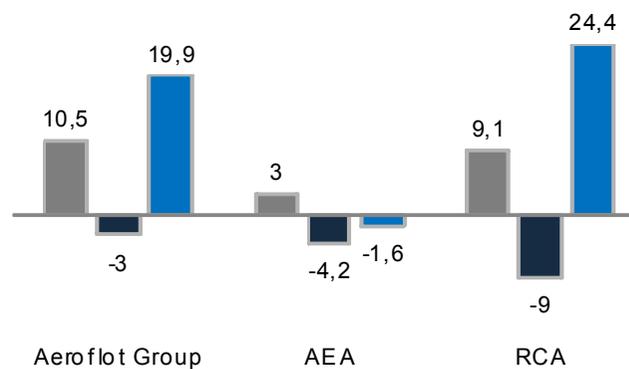


Growth/fall rates of the main operating indicators [%]

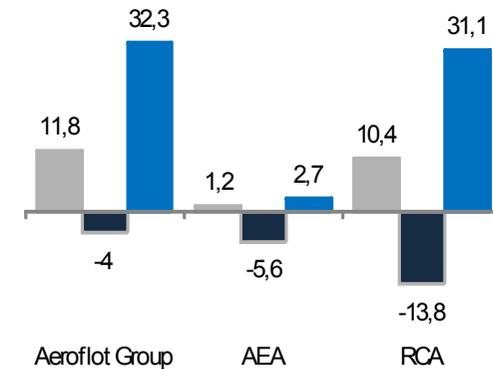
Passenger traffic [% of change]



Available seat kilometers [% of change]



Passenger turnover [% of change]



Source: AEA, Aeroflot estimates

■ 2008 ■ 2009 ■ 11M2010

*Association of European Airlines

**Russian Civil Aviation

- Group's passenger traffic rates in 2010 outrun rates of AEA and Russian Civil aviation companies.
- Aeroflot increases it's capacity but with a lower rate than RCA. European airlines continue to reduce the capacities.
- Increase of Aeroflot's capacities was less significant compared to Russian civil aviation companies. However, it was sufficient enough to provide growth of the passenger traffic within RCA.

Content



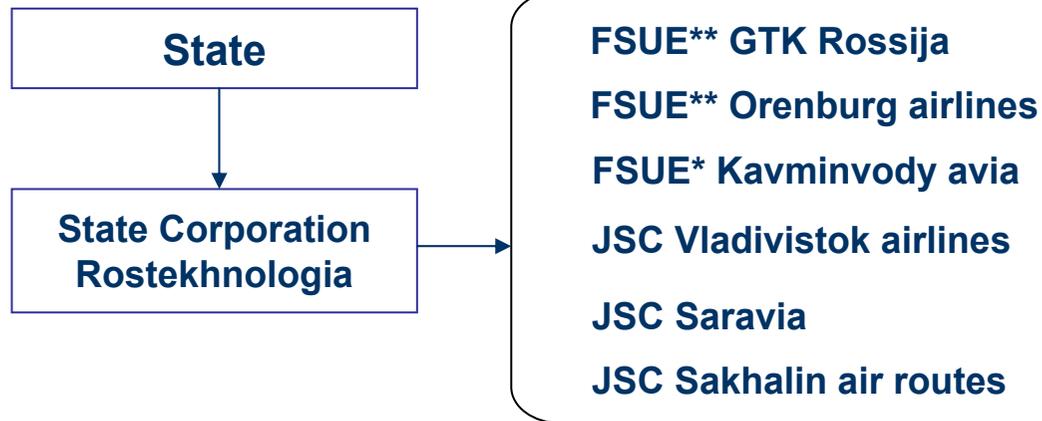
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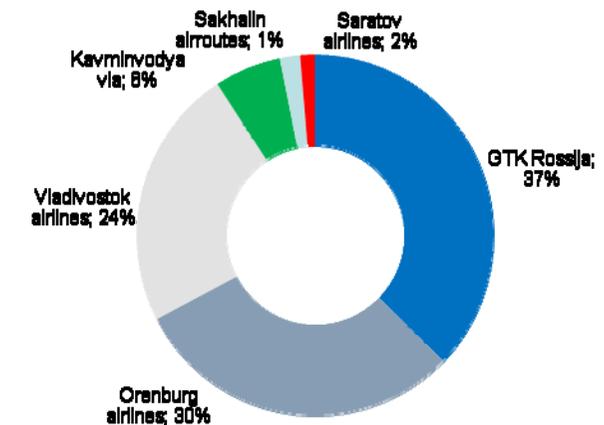
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Rostekhnologia air assets transaction (1/4)



Rostekhnologia air assets
PAX turnover by company [%]



•Federal State Unitary Enterprise should become a joint stock company

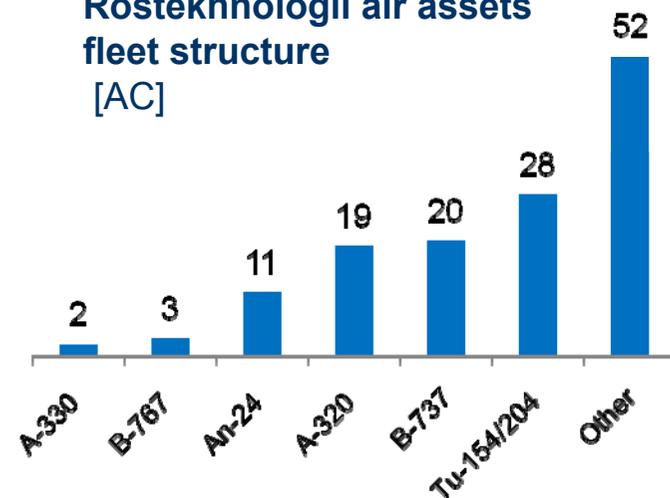
**In 2011 transferred to JS form.

- Government needs to develop a strong industry leader and does not intend to save carriers with bad management at the expense of Aeroflot.
- Support of the Government in key aspects of the deal.
- Consolidation would bring Aeroflot into 11th place of the TOP 30 airlines worldwide.

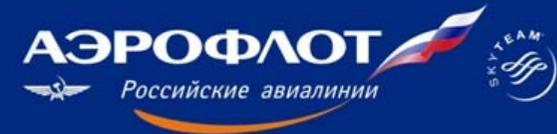
•Unique opportunity to consolidate the industry, control key routes, and increase the annual total passenger traffic by a third

•As for 2010 estimated passenger traffic of Aeroflot including integrating Companies is about 21.8 mln PAX which is 38% of all passenger traffic of CA RF

Rostekhnologii air assets
fleet structure
[AC]



Rostekhnologia air assets transaction (2/4)



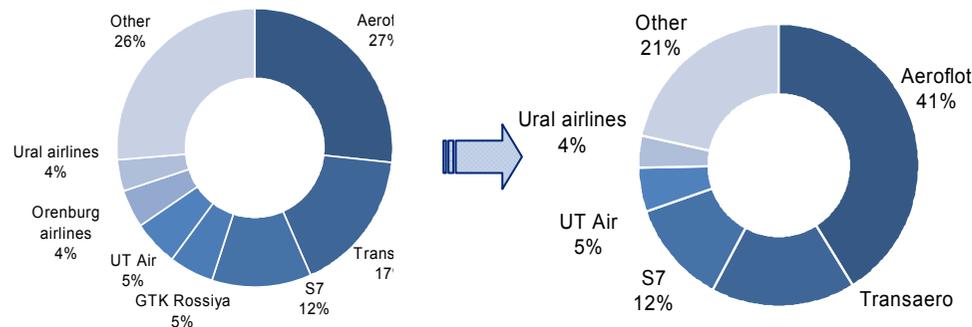
MS before transaction

MS after transaction

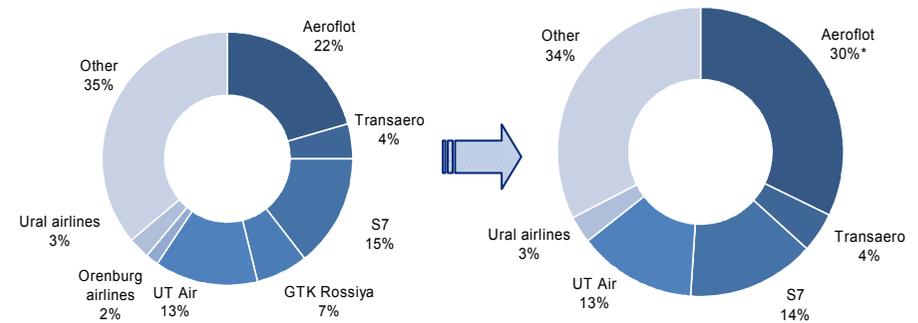
MS before transaction

MS after transaction

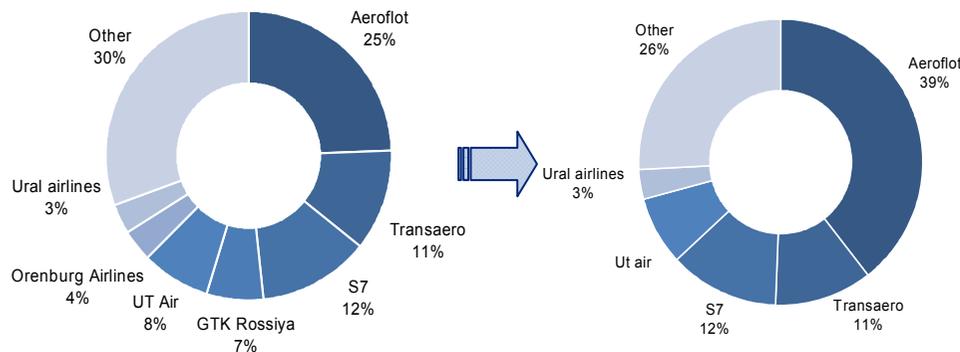
Aeroflot's share in aggregate PAX turnover



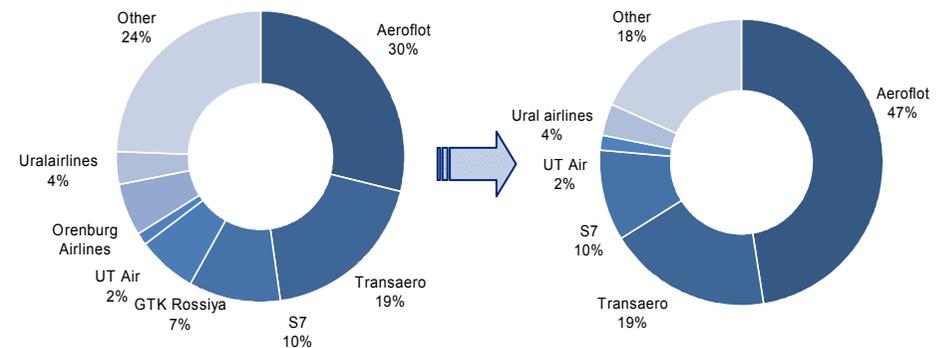
Aeroflot's share in aggregate domestic PAX traffic



Aeroflot's share in aggregate PAX traffic



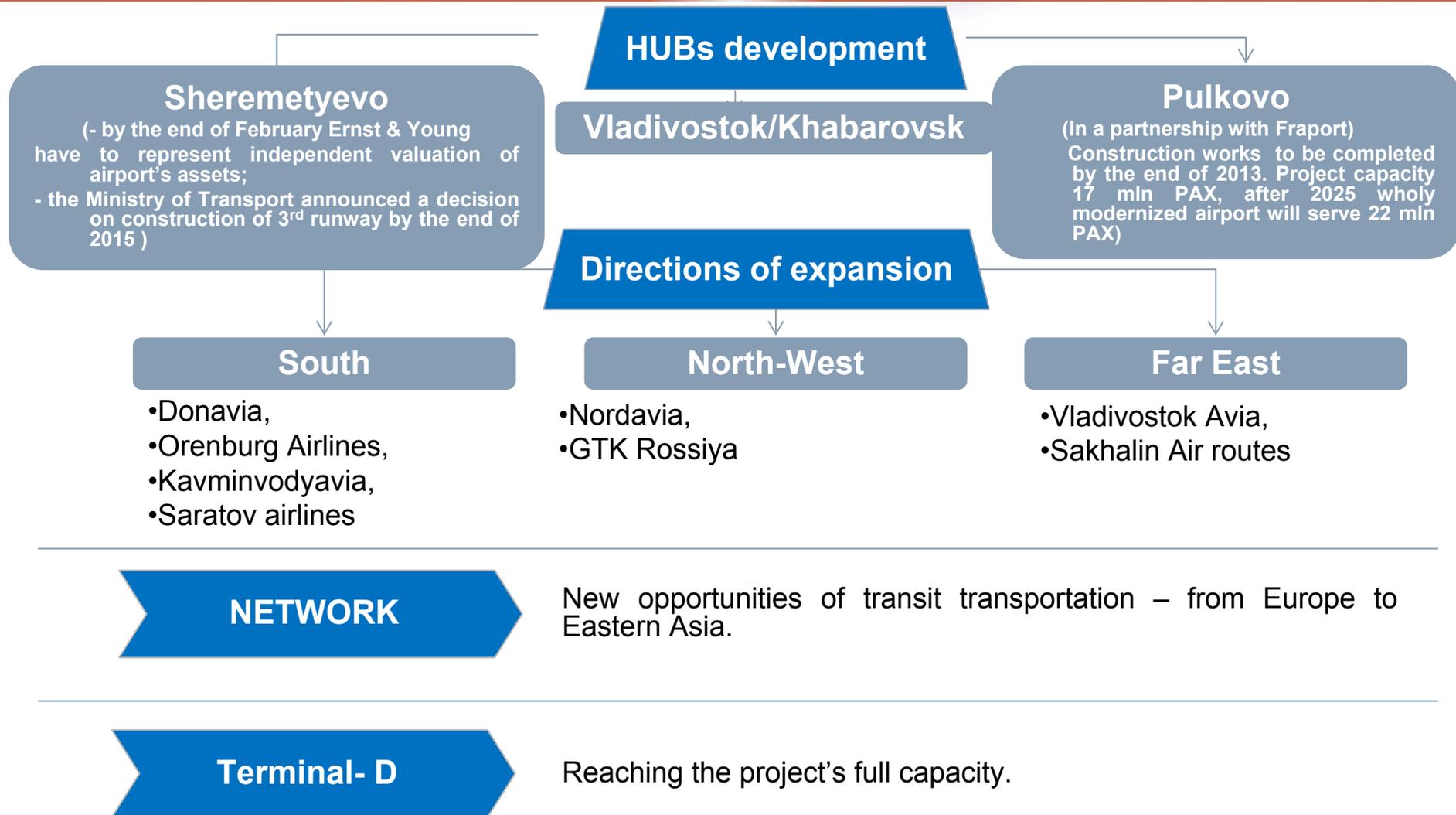
Aeroflot's share in aggregate international PAX traffic



Source: Aeroflot, 2009 data.

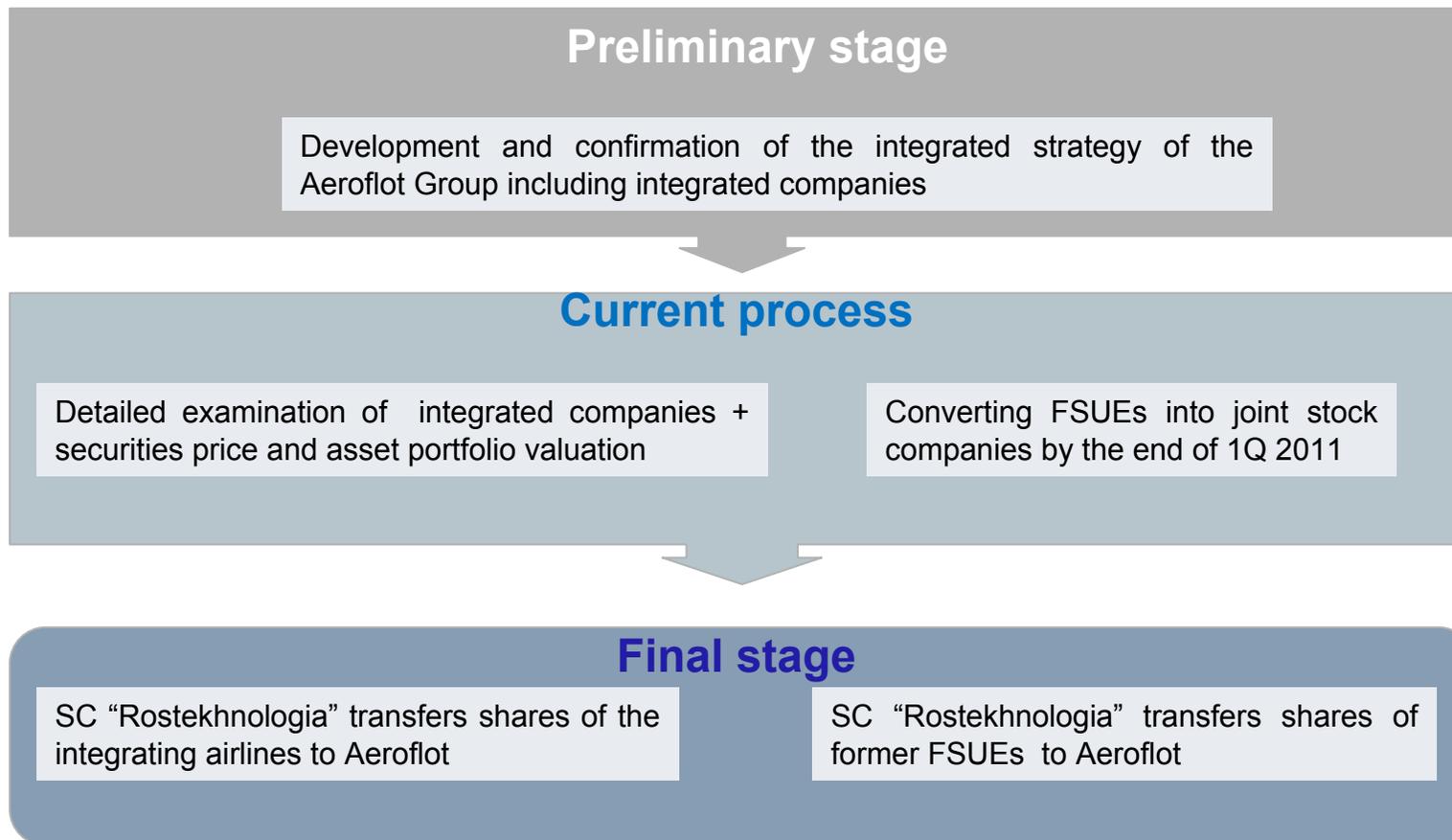
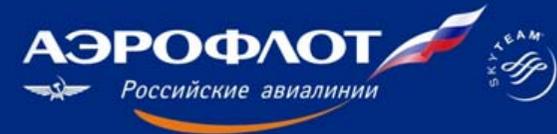
- The deal will expand the share of the total PAX turnover (RPK) from 27% to 41% of the Russian market
- Will increase the domestic passenger market share from 22% to 30%

Rostekhnologia air assets transaction (3/4)



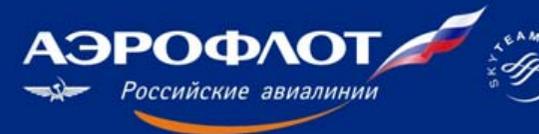
•Opportunity to develop new hubs in Saint-Petersburg and Khabarovsk

Stages of GK Rostekhnologia air assets integration (4/4)



Process duration: till late 2011

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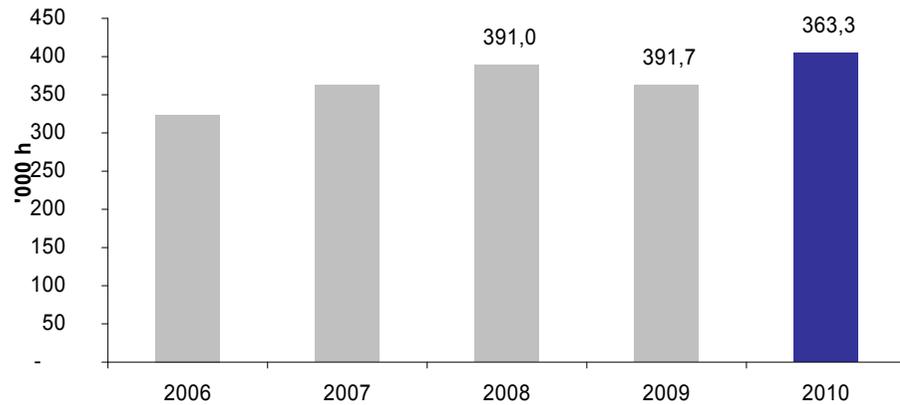
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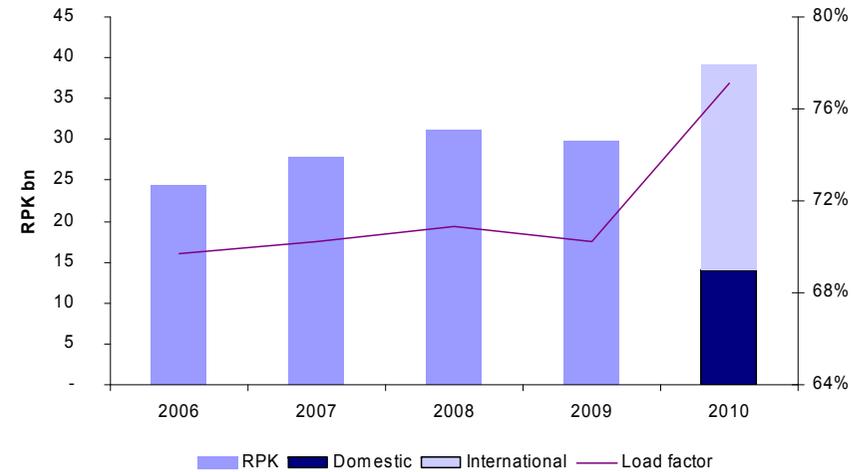
Appendix

Operations Snapshot

Flying hours

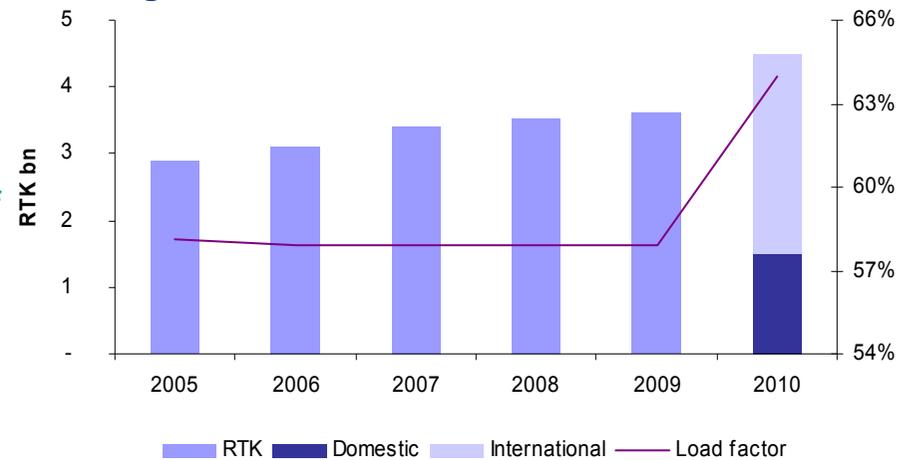


Passenger Turnover and Load Factor



- In 2005-2008 steady growth was recorded both in terms of the passenger and cargo turnover (CAGR 12% and 7% respectively)
- Late 2009 Aeroflot started rehabilitating in terms of operational indices and in 2010 demonstrated historical growth of all indices.
- Cargo traffic results also show high pace of growth, especially on the domestic market, due to reduction in inefficient planes

Cargo Turnover and Load Factor



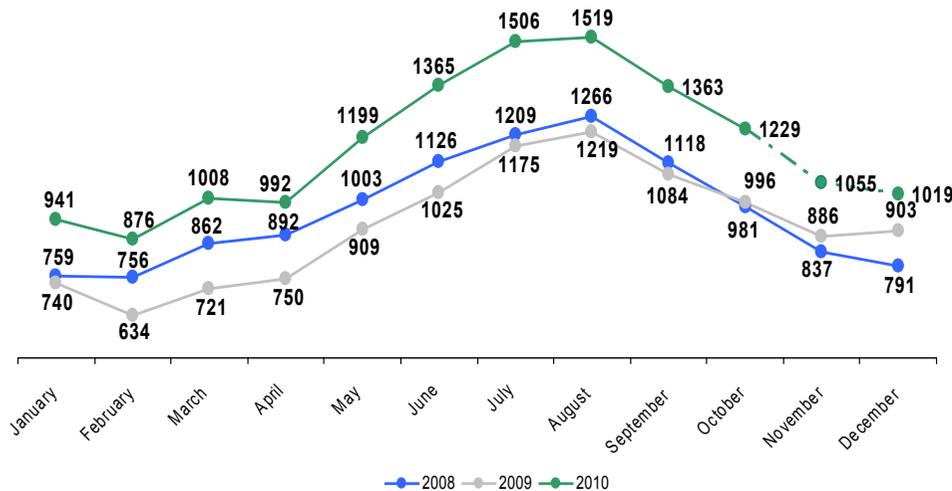
Performance indicators

Operating indicators	uom.	Group			Aeroflot		
		2009	2010	% change	2009	2010	% change
Passenger turnover	mln pkm	29 906	39 173	31	25 986	34 777	33.8
IAL		19 073	25 206	32	17 346	23 632	36
DAL		10 833	13 966	29	8 640	11 145	29
Available seat kilometers	mln skm	42 615	50 822	19	37 400	45 021	20
IAL		27 776	32 925	18.5	25 770	31 061	20.5
DAL		14 839	17 897	20.6	11 630	13 690	20
Tonne-kilometer	mln tkm	3 529	4 488	27	2 739	4 082	49
IAL		2 378	3 007	26.5	1 793	2 865	60
DAL		1 152	1 480	28.6	945	1 217	29
Passenger transportation	ths Pax	11 062	14 070	27	8 756	11 286	29
IAL		6 170	7 876	27.6	5 413	7 122	32
DAL		4 893	6 195	26.6	3 343	4 164	25
Cargo and Mail carriage	tn	148 950	170 583	15.5	86 762	163 404	88
IAL		107 451	121 448	13	51 285	121 074	136
DAL		41 501	49 135	18	35 478	42 330	19
Passenger load factor	%	70%	77%	+7 pp	69.5	77.2	7.8 pp
IAL		69%	76.6	+7.9 pp	67.3	76.1	8.8 pp
DAL		73%	78%	+5 pp	74.3	79.8	5.5
Flight hours	hours	363 275	405 982	11,8	286 278	327 054	14

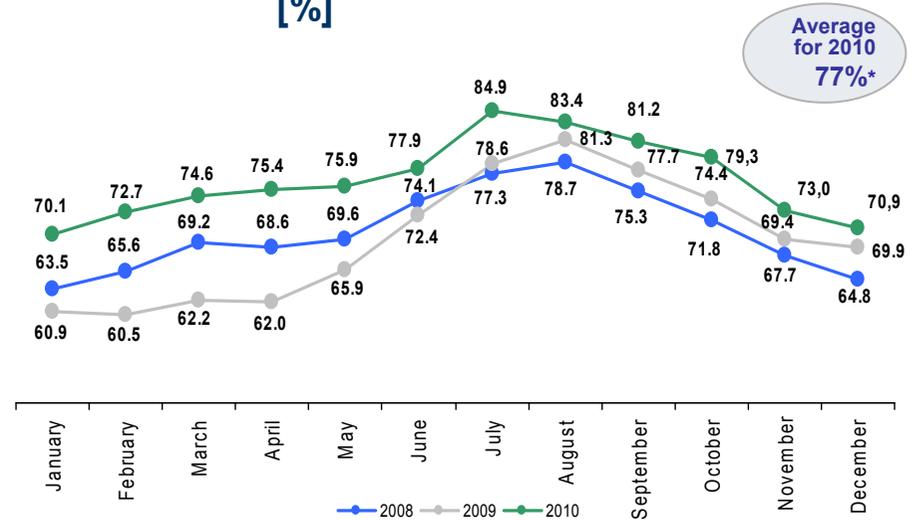
- During the crises year operating results reduction was not so dramatic
- Operating indicators in 2010 increased significantly compared to 2009.

Recovery of demand

**Group's passenger traffic
[ths Pax]**



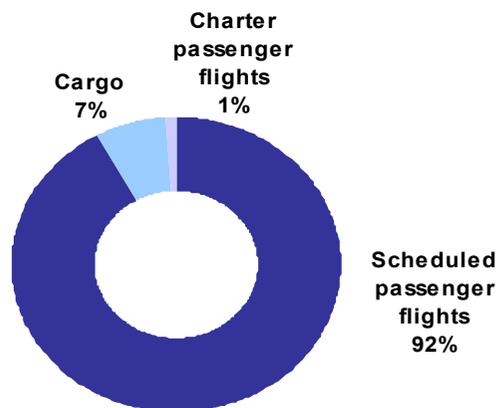
**Passenger load factor
[%]**



- Recovery of the demand accelerated and reached a record-breaking monthly volume of 1,519 ths PAX during 2010.
- The key operating efficiency indicator (passenger load factor) is achieving historical maximum values.
- The indicator reached 77% in 2010 and exceed the average target rate which was set at 75% for 2010.

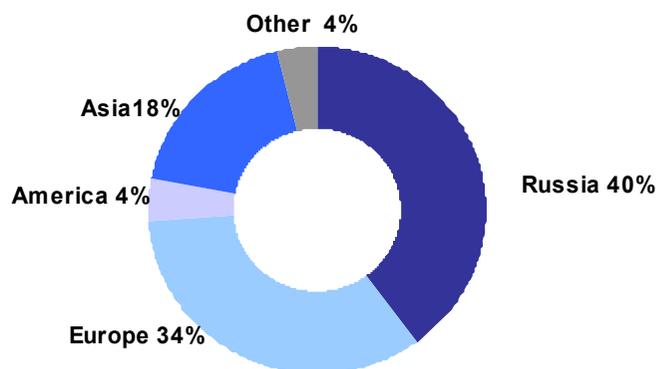
Route network

Traffic revenue breakdown 9M 2010

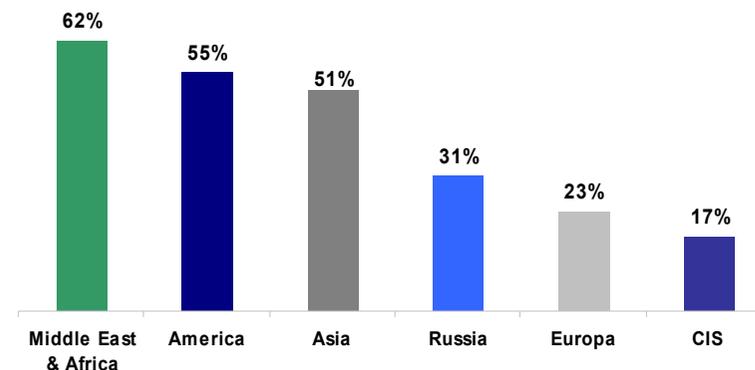


	Quantity of routes	Average quantity of flights
Domestic	27	15
International	76	7.7
Long-haul (LH)	23	5
Medium-haul (MH)	80	11

Traffic revenue breakdown by region 9M 2010



Increase of revenue over 9 M 2010 vs. 9M 2009



- Two major markets (Europe and Russia) have the greatest shares in the revenue structure.
- The Group increases frequency of flights on most profitable routes.
- The Group maintains permanent structural development and optimization of international and domestic routes.
- The share of regular flights is about 90% of all flights.
- In 9M 2010 the highest revenue growth is shown by the Middle East & Africa, America and Asia.

Winter schedule of the route network for the period of 2010/2011



In the winter schedule of 2010/2011 Aeroflot carry out flights to 103 points, 46 countries with average frequency of 9,3 flights per week;

New destinations launched: Punta Cana, Denpasar, Male, Goa, Phuket;

Flights on new directions, opened during summer 2010 will be continued: Kazan, Gelendzhik, Tel Aviv;

Code sharing flights in 61 points (38 overseas and 23 within Russia);

Regular cargo flights in 7 airports of the world: Han, Helsinki, Narita, Beijing, Shanghai, Hong Kong, Seoul.

Changes of flights quantity per week in the winter timetable 2010/2011 [+/-]



- Winter schedule operating from October implies growth of routes quantity across all regions.
- The quantity of flights on medium haul directions will increase by 129.
- Increasing by 15 flights is planned on long haul network.
- Less flights to Europe after cancellation of flights to Bratislava and Turin. Less frequencies to Berlin and Bucharest.

Group fleet as of 30.09.2010



Aircraft type	Aeroflot	Donavia	Nordavia	Total
Owned				
Antonov An-24			2	2
Ilyushin Il-86	2*			2
Ilyushin Il-96-300	6			6
Tupolev Tu-134			8	8
Tupolev Tu-154	4*	4		8
Total owned	12	4	10	26
Aircraft under finance lease				
Airbus A-319	4			4
Airbus A-320	1			1
Airbus A-321	16			16
Boeing 737		5	2	7
Total finance lease	21	5	2	28
Aircraft under operating lease				
Airbus A-319	11			11
Airbus A-320	32			32
Airbus A-330	10			10
Antonov An-24			3	3
Antonov An-26			1	1
Boeing B-737		5	13	18
Boeing B-767-300ER	11			11
Ilyushin Il-86		1		1
McDonnell Douglas MD-11**	3			3
Total Aircraft under operating lease	67	6	17	90
Total	100	15	29	144

Operation of this type of aircraft is terminated

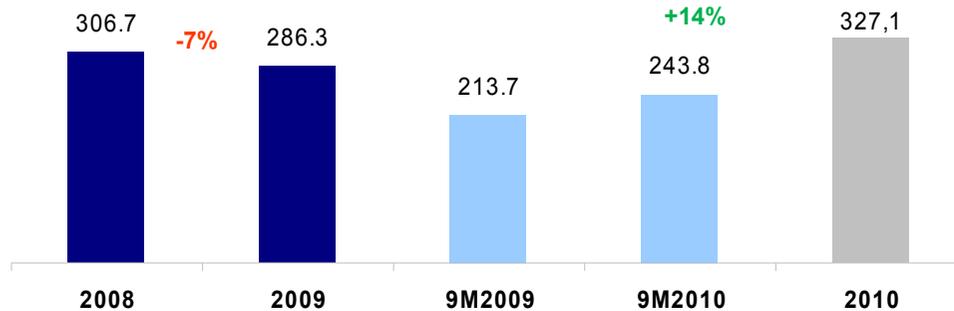
** Cargo aircraft

- Operating fleet of passenger planes primarily consists of modern fuel efficient aircrafts.
- Aeroflot operates one of the most modern and youngest passenger fleets in Europe. The average age of Aeroflot's passenger aircrafts is 5 years.
- At the end of the reporting period, 63% of the Group's fleet is under operating lease, 19% – under finance lease.

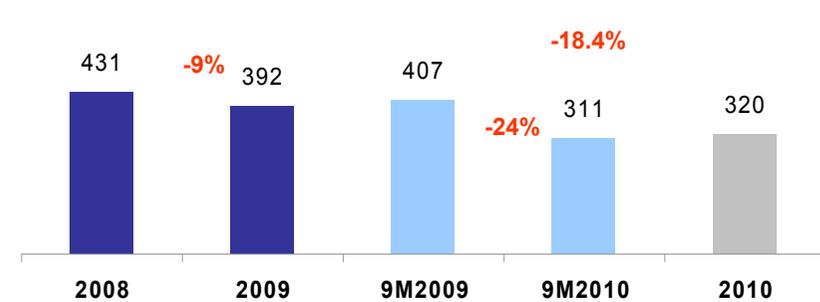
Aeroflot's fleet efficiency



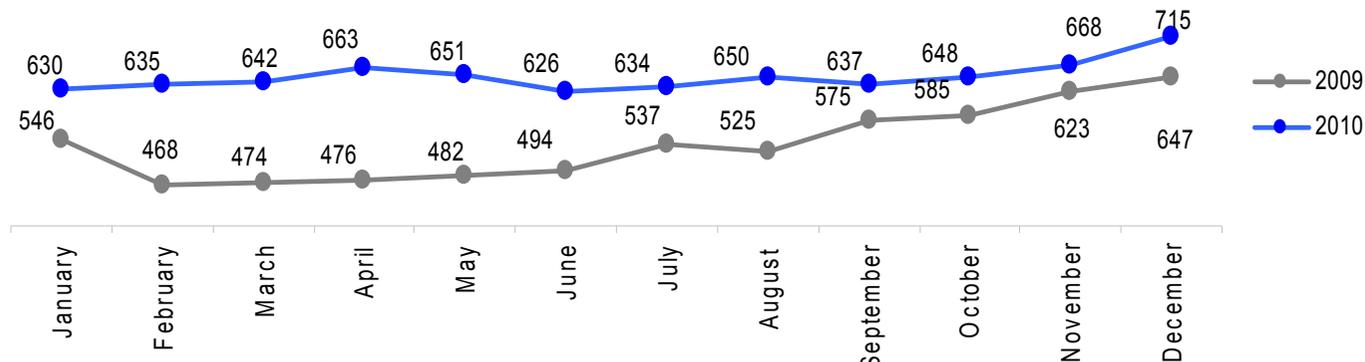
**Flying hours
[000]**



**Specific fuel consumption
[gr/tkm]**

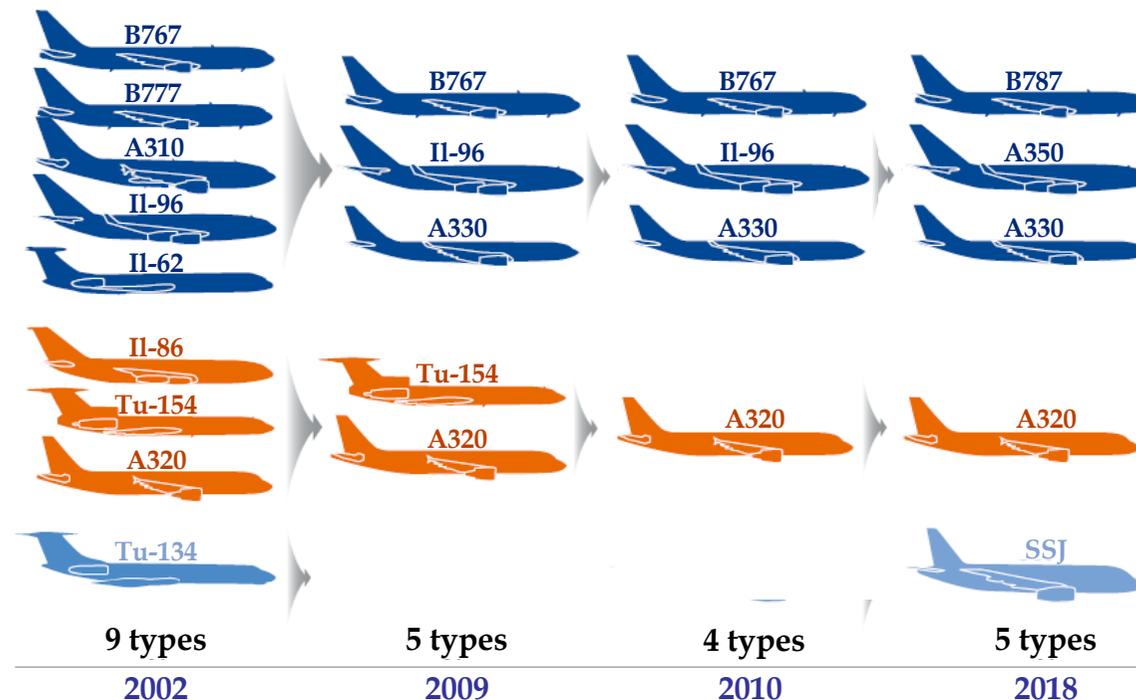


**Weighted Average Jet Kerosene Price
[\$/ton]**



- Despite the increase in flying hours and the passenger load factor the fuel consumption reduced.
- In 2009 fuel price increased by 18.5%.
- In 2010 the price rose with lower pace – by 13.5%.

Aeroflot's fleet modernization plan



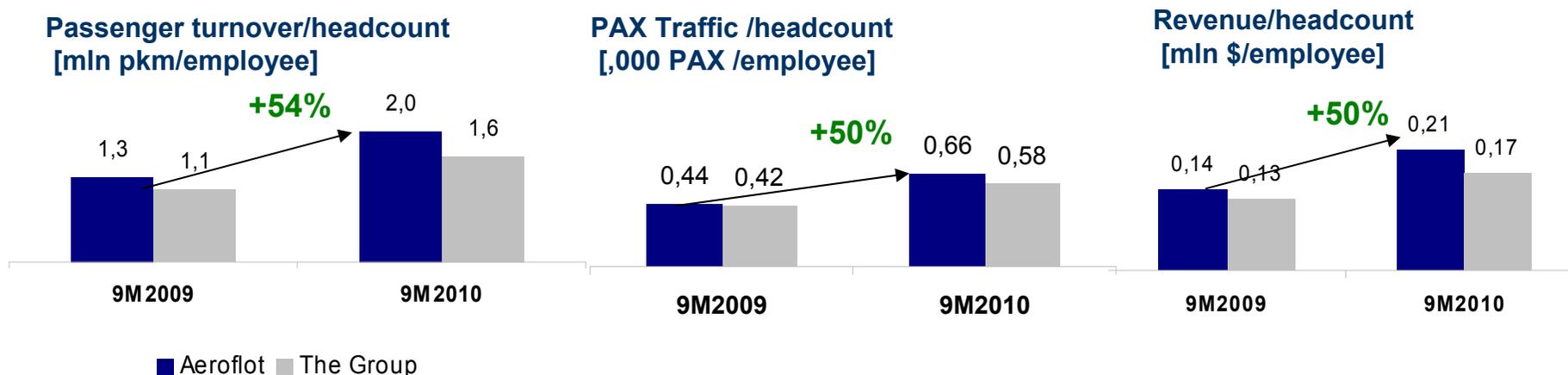
Aeroflot's Fleet change plans for 2011

Additions	Withdrawal
8 aircraft Airbus 320 (operating lease)	2 aircraft Boeing 767 (operating lease)
3 aircraft Airbus 330-300 (finance lease)	1 aircraft Tu 154
10 aircraft SSJ (finance lease)	2 aircraft Il-86
Total: 21 aircraft	Total: 4 aircraft

Headcount

Headcount of the Aeroflot Group

Aeroflot Group Companies	30.09.09	30.09.10	%,ch.
JSC Aeroflot	14 261	14 001	-1,8%
OJSC Donavia	1 507	1 470	-2,5%
CJSC Nordavia	1 605	1 344	- 6,3%
CJSC Sherotel	283	298	+5,3%
CJSC Jet Alliance	76	89	+17%
CJSC Aeromar	1 853	2 082	+12,4%
OJSC Terminal	329	721	+119%
OJSC IC Moskva	33	28	-15%
Total	19 947	20 035	+0,4%



- Headcount of the Group increased in 9 months 2010 by 0.4% due to Terminal D commissioning and increase of work volumes at Aeromar (catering).
- Staff reduction at Aeroflot was conducted by optimization of the administrative and executive personnel.
- Significant rise in labor efficiency.

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Key financial results of the Aeroflot Group for last 4 years

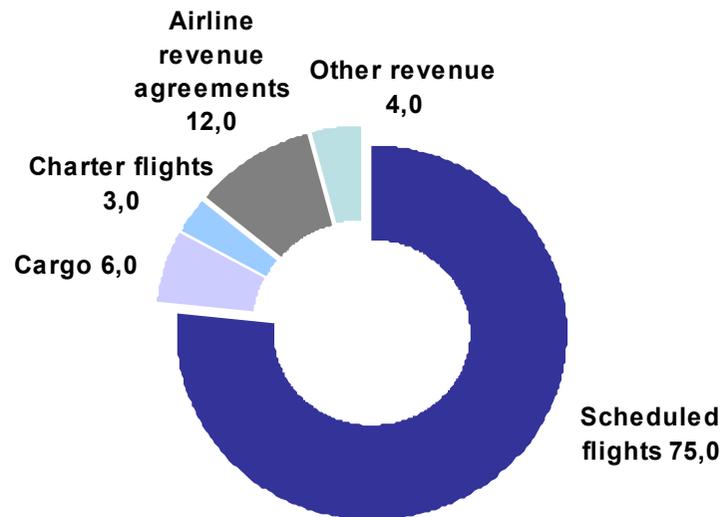


		2006	2007	% ch.	2008	2009	% ch.
Sales	(USD mln)	2,992	3,808	+27.3	4,603	3,346	-27%
Operating costs	(USD mln)	2,100	2,529	+20.4%	4,273	3,068	-28%
EBITDA	(USD mln)	474	753	+58.9	516	461	-10.6%
EBITDA margin		15.8%	19.8%	+4 pp	11%	14%	+3pp
Net profit	(USD mln)	258.1	313.4	+21.4	23.8	85.8	+261%
EPS	(US cents)	24.1	28.8	+19.5	4.0	8.1	+102.5%

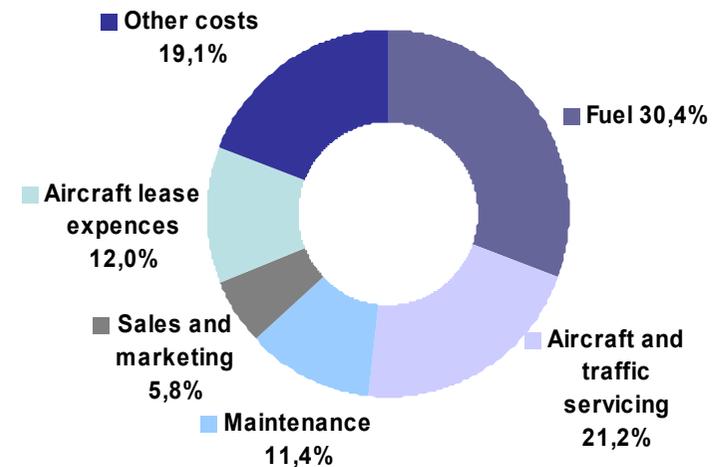
▪ Aeroflot shows a strong track record of resilience and profitability even in crisis

Revenue and Operating costs structure

Revenue structure 2009, %

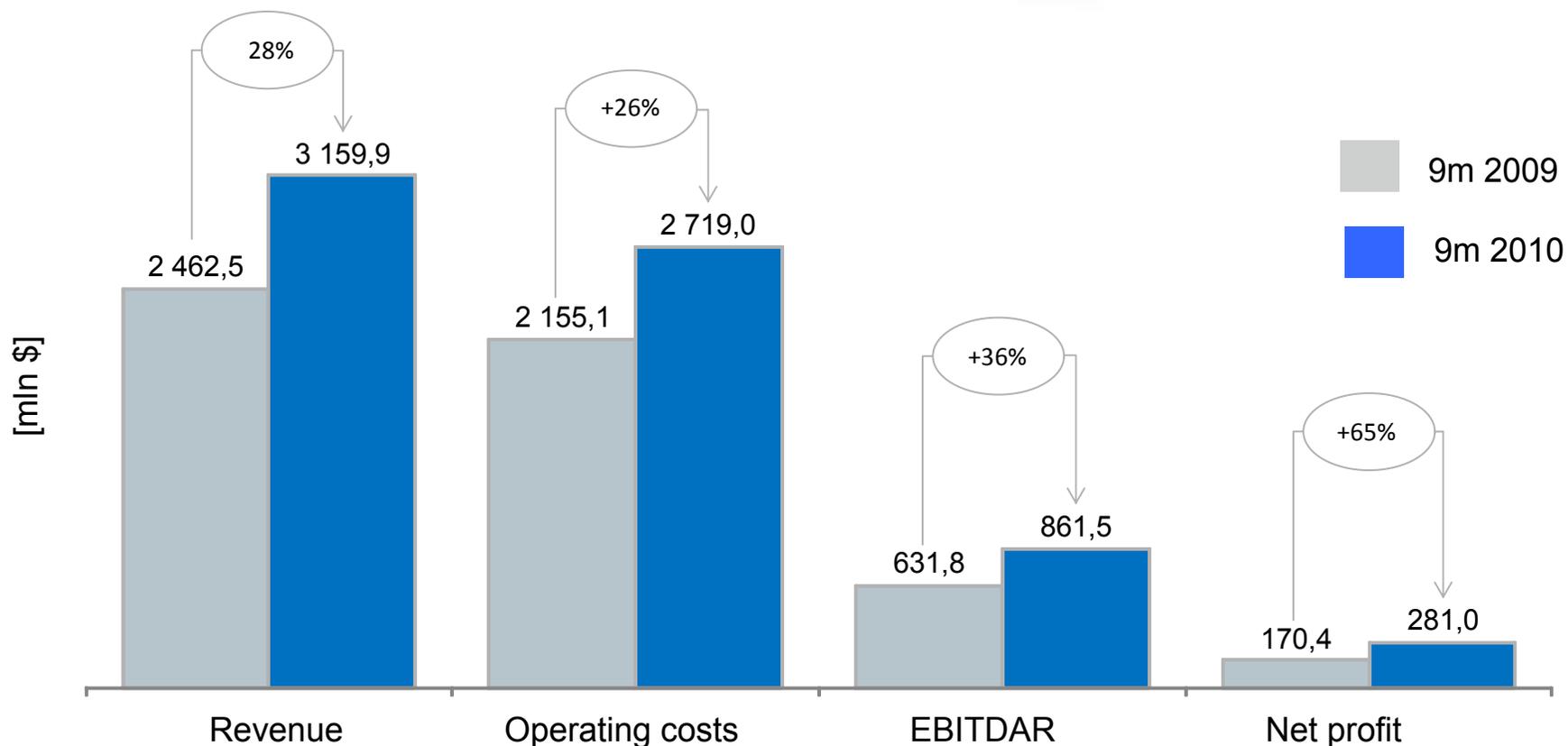


Operating costs structure 2009, %



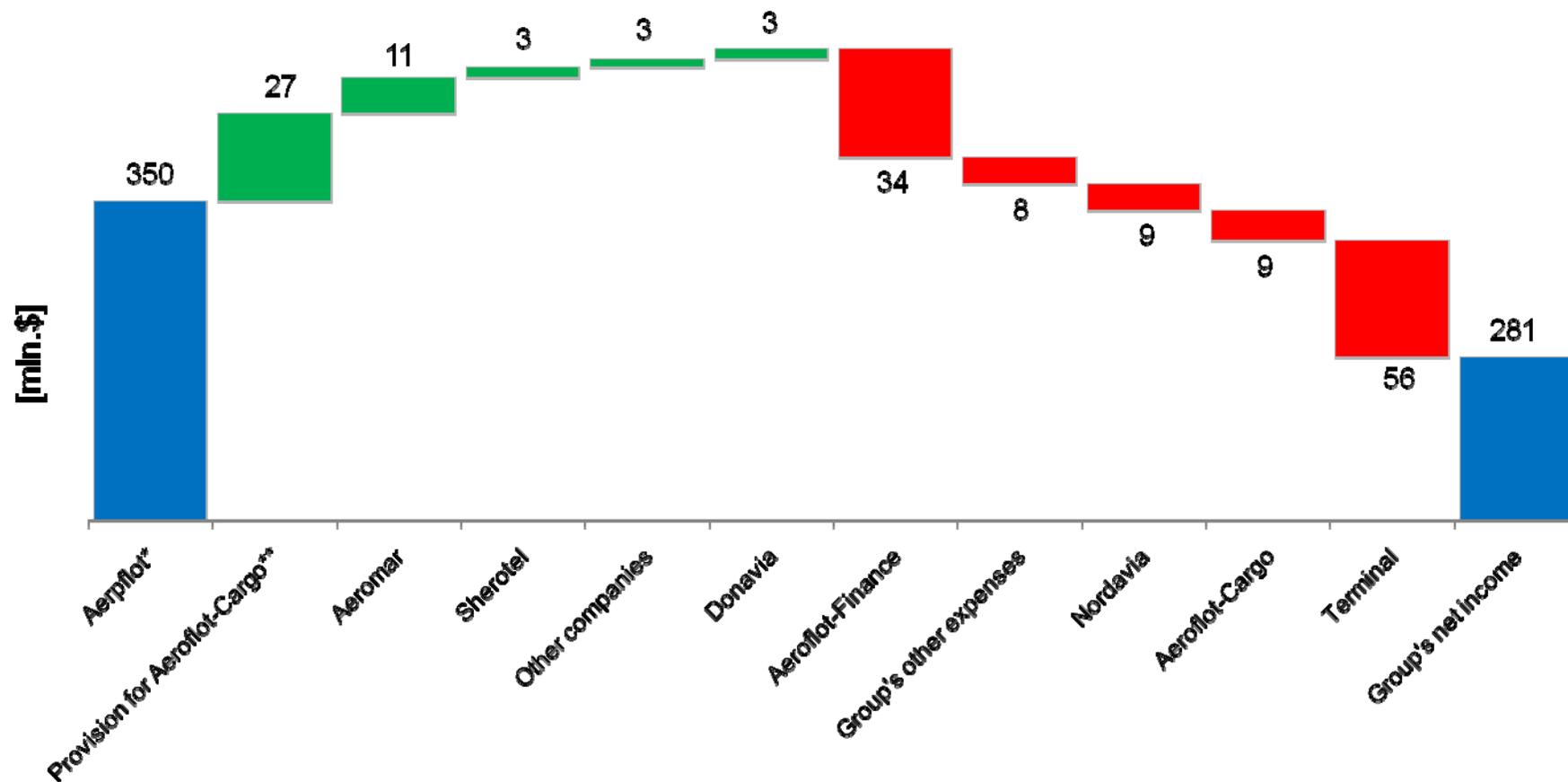
- Revenue from passengers transportation accounted for 78%
- Prime costs: fuel costs, aircraft and traffic servicing.

Main financial indicators of the Group in 9M 2010



- All performance indicators increased and recovery of demand accelerated in 9 months of 2010. Passenger load factor which is the key operating efficiency indicator reached a historical maximum.
- Group's revenue and operating costs increased at the same level by 26%
- EBITDAR grew by 36%.
- Group's net profit went up by 65%.

Group's 9M 2010 net profit structure



* Aeroflot Cargo reserve is included to the Aeroflot's net profit.

** Recovery of Aeroflot Cargo reserve.

*** Including interest expenses in amount of \$ 25 mln. on a loan from Aeroflot which eliminates on a Group level.

- Loss of the subsidiary Terminal had a significant impact on Group's net profit.
- The Terminal was set in operation in November 2009 and has not reached its full capacity.

Yields, 9M 2010

10%

RASK

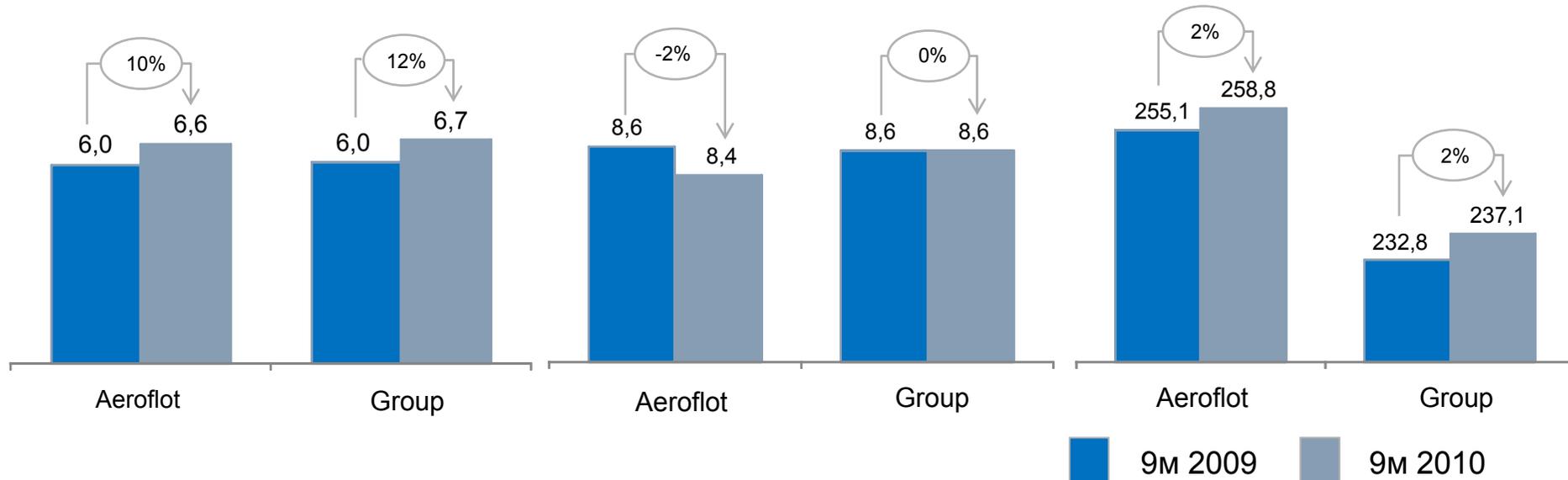
PAX revenue / ASK
[UScents]

Yield

PAX revenue / RPK
[UScents]

Passenger yield

PAX revenue / PAX
[USD]

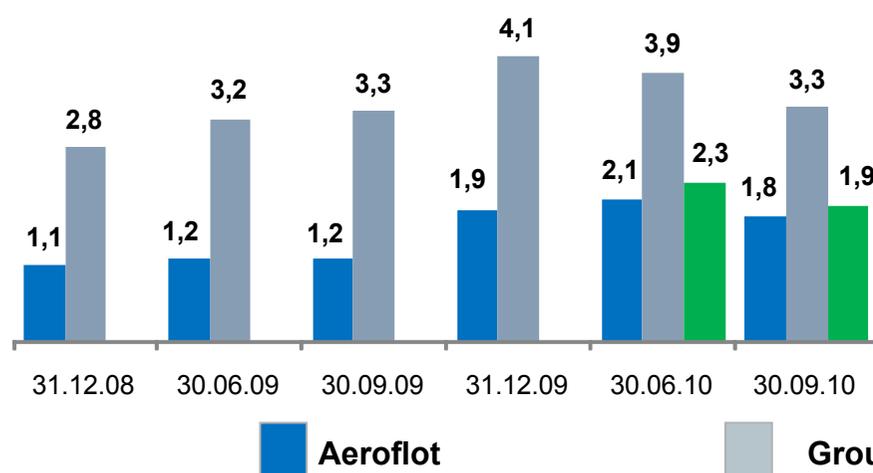


- RASK of Aeroflot and the Group increased by 10% and 12% respectively due to a significant increase in the traffic revenue because of the grown passenger load factor (+9 and +8.1 ppt respectively).
- Increase of the average flying range of Aeroflot and the Group by 4% and 3% respectively caused a slightly reduction of the Group 's yield (long haul flights are less profitable comparing to the others).

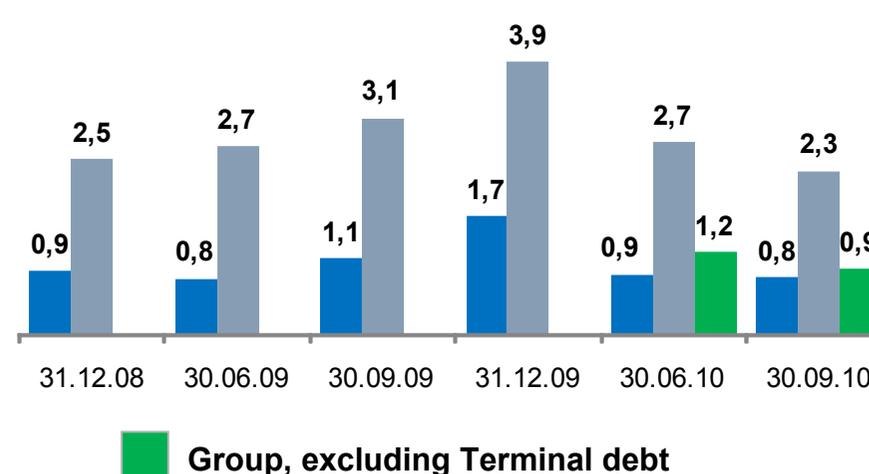
Debt structure

Indicator	Aeroflot			Aeroflot Group		
	30.09.10	31.12.09	Change	30.06.10	31.12.09	Change
Borrowings	409	82	+399%	1 351	976	+38%
Finance lease payable	626	702	-11%	650	735	-12%
Pension obligations	13	9	42%	13	9	43%
Custom Duties payable	114	179	-36%	121	187	-35%
Total Debt	1 162	972	+20%	2 136	1 907	+12%
Cash and ST Investments	640	95	+570%	645	132	+389%
Total Net Debt	522	876	-40%	1 490	1 775	-16%

Total Debt / EBITDA*



Net Debt / EBITDA*



* EBITDA annualized Operating profit + depreciation + custom duties expenses

- Total net debt of Aeroflot and the Group decreased by 40% and 16% respectively.
- Major part of the Group's debt is related to the recently built Terminal D.

9M 2010 results comparison with main competitors

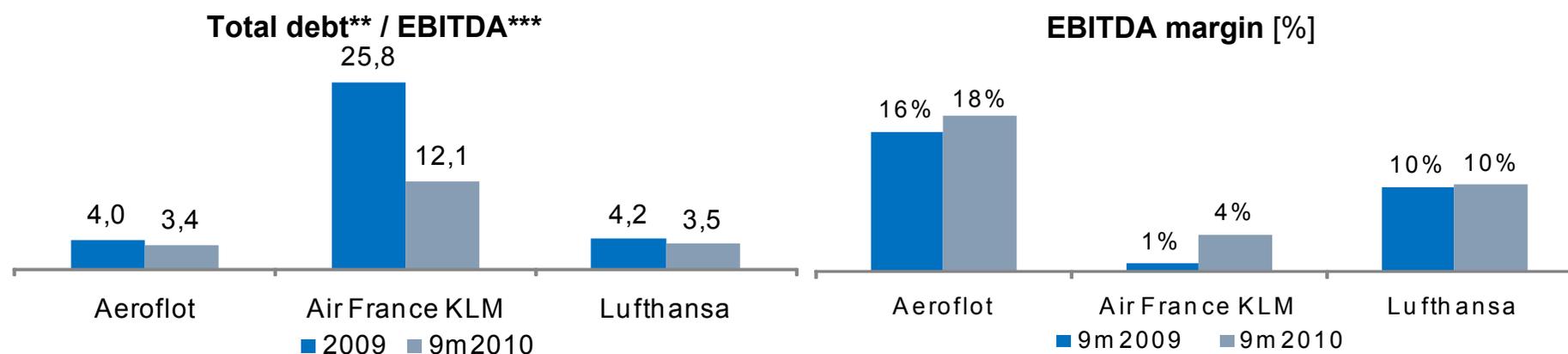


		9m2010	9m2009	%, change	9m2010	9m2009	%, change	9m2010	9m2009	%, change
Financial indicators										
Revenue	mln\$	3 160	2 462	28%	26 495	22 139	20%	22 828	21 609	6%
Net profit	mln\$	287	170	65%	646	50	1187%	356*	-1 450	+125%
EBITDA**	mln\$	578	403	43%	2 703	2 193	23%	984	193	409%
Total Debt***	mln\$	2 002	1 389	44%	10 053	10 268	-2%	14 870	15 008	-1%
Operating profit	mln.\$	441	307	43%	1 087	453	140%	-111	-1 492	+93%
Operational indicators										
Passenger load factor	%	78,0%	69,9%	12%	79,7%	78,0%	2%	81,8%	79,7%	3%
Passenger turnover (RPK)	bln	29,8	22,2	34%	138,4	118,3	17%	152,4	152,8	0%
ASK	bln	38,3	31,8	20%	173,8	151,6	15%	186,2	191,7	-3%

* Including changes in the valuation method of WAM shares on Euro 750 mln

** EBITDA (annualized) = Operating profit + Amortization

*** Including loans and financial lease obligations



•Group's EBITDA profitability is significantly higher compare to the main competitors. Total debt / EBITDA ratio remains at a relatively lower level

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2. Market position of the Group
3. Development plans
4. Operations
5. Financial results

Appendix

Aeroflot Group Structure



Aeroflot's share in subsidiaries and affiliated companies

Airlines	OJSC Donavia	100%	Strategic Investments	CJSC Aerofirst	66.66%
	CJSC Aeroflot-Plus	49%		Transnautic Aero	49%
	CJSC Nordavia	100%		CJSC Sherotel	100%
Ancillary Companies			Non-Commercial	Alt Rejser	100%
	OJSC Terminal	52.82%		Aeroflot Riga LLC	100%
	CJSC Aeromar *	51%		Social Programmes Foundation	100%
	CJSC TZK-Sheremetyevo**	31%		S.I.T.A.	0.65%
	CJSC ZAO Deit ***	50%		Aviabusiness HBS	100%
	Aeroflot-Finance LLC	100%		CJSC Transport Clearing Chamber	3.85%
	Aeroport Moskva LLC****	50%			
	OJSC IC Moskva	100%			
CJSC AeroMASH-AB*****	45%				

*- Catering

** - Refueling

*** - Business class Salon

**** - Cargo servicing

***** - Aviation Security

Terminal D profile

- Designed to provide better connections, lower waiting time and superior travel environment
- Construction was completed in **4Q 2009**
- Full-scale capacity to be achieved in **2011**
- Aeroflot owns **53%** of the project along with its partners VTB (**22%**) and VEB (**25%**). The stake of Aeroflot might be reduced in 2011
- State-of-the art terminal will be able to serve up to **12 mn** passengers a year, thus doubling capacity of the whole Sheremetyevo airport.
- The Terminal is a part of the South Terminal zone at the airport Sheremetyevo, total capacity is 25 mln PAX p.a.
- Opportunity to unify Aeroflot's and SkyTeam members' flights, which will trigger further network optimization
- Additional factor of increase in transit passengers flow
- Top-notch infrastructure and recreation facilities, including cafés and restaurants, Duty free shops, business lounges and own art gallery



- Traffic capacity of **5,016 PAX/h** in rush hour (arrival & departure)
- **172,000 sq. m** and **350,000 sq. m** of terminal and apron space, respectively
- **33** parking places for airplanes, incl. **22** jetways
- **159** check-in counters, **24** CUSS, **104** passport control booths
- **4,012** parking places
- **28 km** from the city centre

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