

Work with ratings agencies, investors and analysts

For the year, Russian Railways' rating corresponded to the sovereign rating of the Russian Federation and stood at 'BB+'/'Ba1'/'BBB-' – from Standard & Poor's, Moody's and Fitch, respectively.

The ratings agencies Standard & Poor's, Moody's and Fitch downgraded the sovereign credit rating of the Russian Federation by one notch at the start of the year due to worsening forecasts concerning the macroeconomic situation in Russia. Moody's then downgraded the sovereign rating by another notch over the course of the year. In accordance with the agencies' methodologies, such actions automatically result in similar decisions on the ratings of a number of quasi-sovereign Russian issuers with the highest credit rating, including Russian Railways.

Thus, at the end of the year Russian Railways' rating corresponded to the sovereign rating of the Russian Federation and stood at 'BB+'/'Ba1'/'BBB-' according to Standard & Poor's, Moody's and Fitch, respectively, with a Stable outlook from Moody's and a negative outlook from the other two agencies. At the same time, in their reports the agencies maintained a positive assessment of the quality of work performed by Russian Railways to manage the structure of its loan portfolio, including its diversification, long-term maturity dates and moderate debt burden.

In addition to the main credit ratings, the agencies also assign quasi-sovereign issuers a standalone rating that reflects the assessment of the issuer's creditworthiness separately from the possible impact of any risks at the government level. In 2015, Standard & Poor's maintained its standalone rating of Russian Railways at 'BBB-' despite the downgrade in the Company's overall rating caused by the corresponding actions with respect to the rating of the Russian Federation, i.e. one notch higher than the Company's overall rating and sovereign rating.

Credit ratings of the Russian Federation and Russian Railways as of the end of 2015

Issuer	Agency	Rating	Outlook
Russian Federation	Standard & Poor's	BB+	negative
	Moody's	Ba1	stable
	Fitch	BBB-	negative
Russian Railways	Standard & Poor's	BB+	negative
	Moody's	Ba1	stable
	Fitch	BBB-	negative
Russian Railways standalone rating	Standard & Poor's	BBB-	n/a
	Moody's	Ba1	n/a
	Fitch	BBB-	n/a

Russian Railways did not borrow any debt capital on the international market in 2015.

Nevertheless, the Company maintains a constant dialogue with existing and potential investors in the Company's securities, which is a prerequisite for effective work on financial markets in the future.

One of the key events in interaction with the investor community in 2015 was the Company's Investor Day held in London on 10 December 2015.

The event was one of the largest in the history of Investor Day with investors from more than 20 international investment funds attending the Company's presentation, which was held with

Russian Railways President Oleg Belozеров attending in person.

Investors highly appreciated the Company president's participation and the ability to hold a direct dialogue with him.

Participation in investment meetings and conferences

Month	Organiser	Organiser
January	Euromoney	The Central and Eastern European Forum (Vienna)
March	Global Financial Conferences	Bonds & Loans Russia & CIS (Moscow)
April	Sberbank CIB	'Russia: the Inside Track' conference (Moscow)
June	Gazprombank	'Russian Capital Market: New Opportunities' seminar (Moscow)
June	Ministry of Economic Development of the Russian Federation	St Petersburg International Economic Forum (St Petersburg)
October	VTB Capital	'Russia Calling!' annual investment forum (Moscow)
December	Russian Railways	Investor Day (London)

Leasing

Russian Railways makes decisions to attract lease financing based on the general principles of the debt policy taking into account IFRS approaches for assessing the level of financial debt.

The Company is currently implementing a programme called 'Renovation of track maintenance equipment in 2012–2016' using the leasing mechanism.

Following an open competition in 2012, a long-term lease agreement was concluded with VEB Leasing for the supply of track maintenance equipment manufactured by

the Remputmash plant in Kaluga worth a total of RUB 90.6 bln including VAT in 2012–2016. The financing rate under the lease agreement was 11.4% p.a.

The track maintenance equipment supplied under the leasing agreement is being used for routine railway infrastructure maintenance work.

Track maintenance equipment worth a total of RUB 68.4 bln including VAT was leased in 2012–2015, including track machinery worth a total of RUB 19.7 bln including VAT in 2015.

As of 1 January 2015, Russian Railways had total lease obligations of RUB 42.3 bln including VAT.

A total of RUB 20.5 bln including VAT was spent on lease payments in the reporting year.

Total lease obligations with maturity prior to 2024 amounted to RUB 47.1 bln including VAT as of 31 December 2015.