



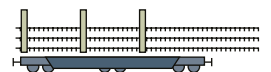
International Engineering and Transportation Construction

In 2015, Russian Railways continued implementing initiatives and projects that aim to strengthen the Company's competitiveness on the international passenger and freight transportation market as well as ensure the integration of the national railway network into the Eurasian transportation and logistics system. The Company fully met its contractual obligations as part of projects to develop railway infrastructure abroad and undertook measures to develop new and promising markets.

Key achievements of business unit in 2015

1

Russian Railways continued implementing measures to achieve the goals set forth in the Group's Development Strategy and Long-term Development Programme. Two major projects helped the Group to meet its objectives – the construction and modernisation of railway infrastructure in Serbia and the North Korean project Khasan-Rason. Most of the business unit's revenue was generated by income from the implementation of projects to build the Belgrade-Pancevo railway line and northern sections of the Corridor X Pan-European railway in Serbia. The business unit had revenue of RUB 5.3 bln in 2015, an increase of more than 380% from the results of the previous year.

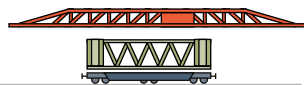




Business Unit

2

Interaction with countries of the Asian-Pacific Region intensified significantly, above all with China, North Korea and Mongolia, in the implementation of joint projects



3

The Russian Railways Group continued implementing infrastructure projects abroad in accordance with previously signed agreements and memorandums.



Activities of business unit

The international infrastructure projects being implemented by the Russian Railways Group may be roughly classified as follows:

- Complex projects that involve the design, construction and supply of the necessary equipment to maintain and operate the infrastructure facilities that are built. The main economic effect for the Russian Railways Group

from implementing projects is the ability to include such railway systems in logistics chains that operate using the Company's infrastructure on the East-West and North-South routes. Examples of such projects can be found in Armenia, Mongolia and North Korea.

- Construction projects in which companies of the Russian Railways

Group operate as contractors during the design and performance of construction work. The economic effect for the Russian Railways Group from implementing projects in this group is the profit generated from the work performed. A project in Serbia is an example of this.

International activities of Russian Railways and key international projects

Cooperation with CIS and Baltic States within the 1520 Domain

- The Russian Railways Group's participation in the Council of Rail Transport of CIS States helped to promote key issues concerning international passenger and freight transportation. The Council adopted a number of resolutions to update regulatory documents and signed several important agreements at its 62nd and 63rd sessions. In particular, at the 62nd session in May 2015 Russian Railways and Azerbaijan Railways signed a memorandum on cooperation that aims to expand the transit potential of the two countries and

increase transportation between Iran, Azerbaijan, Russia and Europe as part of the North-South international transport corridor.

- The intermodal logistics operator United Transportation and Logistics Company (UTLC), which was founded by Russian Railways, Belarusian Railway and NC Kazakhstan Temir Zholy, continued to develop its operations. The Company provides a full range of integrated transportation and logistics services in railway freight and intermodal transportation throughout the Eurasian

Economic Union with eventual entry to the markets of Europe and China. The main outcome of the Tenth International Rail Business Forum Strategic Partnership 1520 (3-5 June, Sochi) was the development of coordinated approaches to the development of the railway industry in the '1520 space'. A number of important agreements were signed.

- Armenian railway infrastructure was rebuilt and developed in full compliance with a concession agreement.

Cooperation with Asia-Pacific Region countries

The Company continued working jointly with its Chinese partner on the project to establish the Eurasian High-Speed Transportation Corridor from Moscow to Beijing for which the Moscow-Kazan section of the Moscow-Kazan-Yekaterinburg Mainline is to serve as a pilot stage.

On 8 May, the Ministry of Transportation of the Russian Federation, the National Development and Reform Commission of the People's Republic of China, Russian Railways and China Railway signed a memorandum on high-speed railway transportation. The memorandum

provisions govern the forms of cooperation and models for financing and investing in the Moscow-Kazan High-Speed Railway project.

On 18 June, High-Speed Rail Lines and a consortium of designers that won a tender