

**Income Analysis**

Based on results of 2012, income from transportation activities amounted to 1,206.5 bln roubles with 97.4 bln roubles or 8.8% gain vs 2011. Income from freight transportation accounting for 90.3% of the entire transportation income amounted to 1,089.3 bln roubles. Compared to 2011, a share of income from freight transportation decreased by 0.1 p.p. (due to transfer of inventory stock cars to JSC "FPC").

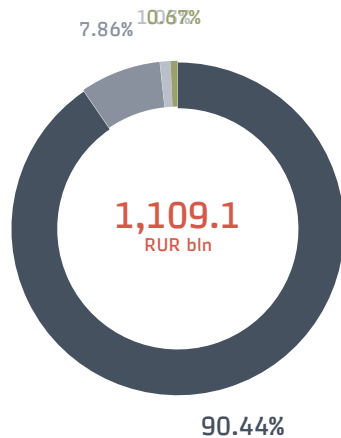
It should be noted that the structure of income from transportation activities of JSC "RZD" has dramatically changed over the stated period with industry reforms. Procedure for separate accounting of income, expenditures and financial results by activities, tariff components and aggregate activities was developed and adopted by decree No. 311 of the Russian Ministry of Transport dated December 31, 2010 in order to arrange separation of standalone businesses. 2010-2011 saw reforming of the passenger complex and commencement of economic activity as carriers: JSC "FPC" in long-distance passenger transportation and passenger suburban companies in suburban service. 2010-2012 also saw the following structural changes: 2010-2011 — gradual transfer of cars to JSC "Second Freight Company"; 2012 — commencement of operation of the fleet of engaged cars of JSC "RZD".

STRUCTURE OF INCOME FROM TRANSPORTATION ACTIVITIES IN 2012



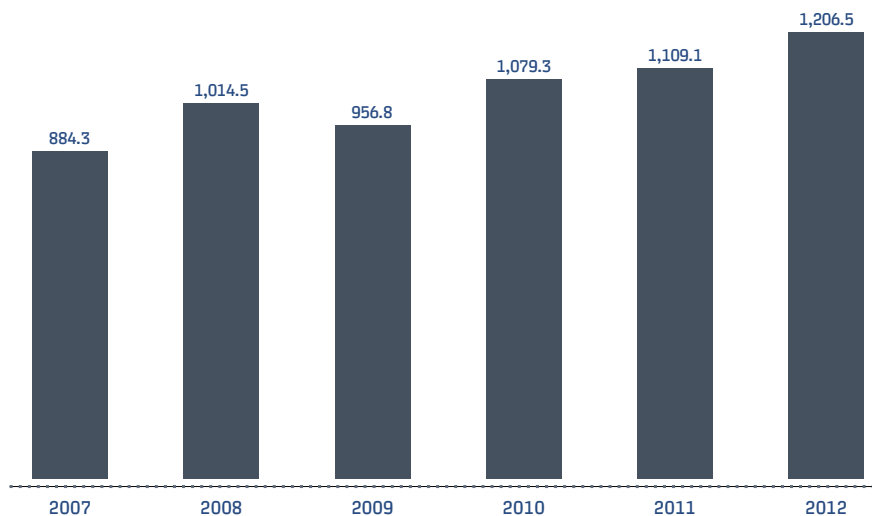
- Freight transportation
- Infrastructure services
- Locomotive hauling services
- Passenger transportation

STRUCTURE OF INCOME FROM TRANSPORTATION ACTIVITIES IN 2011



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## INCOME FROM TRANSPORTATION FOR 2007–2012



### Freight transportation

Income of JSC "RZD" from freight transportation in 2012 amounted to 1,089.3 bln roubles (+0.5 bln roubles or 100% on the target and +86.2 bln roubles or +8.6% on 2011).

Additional income year-on-year amounted to:

- ▶ 41.6 bln roubles due to an increase in freight turnover (without empty cars of other owners) — 4.4% up year-on-year;
- ▶ 44.6 bln roubles due to an increase in the average revenue rate, including:
  - ▶ gain in income by 55.7 bln roubles due to tariff adjustment by 6% in 2012;
  - ▶ loss of income by 5.5 bln roubles due to a revised procedure of income accounting by activities: 4.6 bln roubles carried over from freight transportation to infrastructure services (hire charge for containers/cars not owned by the carrier) and 0.9 bln roubles carried over to other activities (charge for transshipment, storage, forwarding and other port services);
  - ▶ loss of income by 7.6 bln roubles due to aggravation of the freight transportation structure in terms of the range with an increased share of low-income freight such as: mineral coal, construction cargo and decreased share of high-income freight: ferrous metals and other cargo;
  - ▶ gain in income by 2.0 bln roubles due to freight structure improvement with regard to transit traffic.

### Locomotive hauling services

In 2012, income from locomotive hauling services amounted to 12.4 bln roubles. Year-on-year growth is +8.6%.

### Infrastructure services

Income from infrastructure activities at year-end amounted to 96.7 bln roubles with 9.5 bln roubles or 10.9% gain vs 2011.

The main gain was with income from freight transportation (+5 bln roubles), including:

- ▶ due to increased traffic volume year-on-year and tariff adjustment, income accrued 0.4 bln roubles;
- ▶ due to the revised procedure of income accounting by activities (4.6 bln roubles carried over from freight transportation to provision of infrastructure services as related to hire charge for containers/cars not owned by the carrier).

In 2012, income from infrastructure services for long-distance and suburban passenger transportation accrued 4.5 bln roubles (+5.2%), including:

- ▶ due to tariff advance by 6%, income gain amounted to 5.2 bln roubles;
- ▶ due to a decreased volume of car-kilometer operations (-1.4%), reduced number of cars and cancellation of unprofitable trains by carriers (in the context of shortage of budget outlays), income lost 0.7 bln roubles.

### Passenger transportation

Income from long-distance passenger transportation<sup>1</sup> over the year amounted to 8.1 bln roubles, which is 0.7 bln roubles or +9.3% more than in 2011.

The key income driver was an increase in passenger turnover (+8.4%) on Sapsan and Allegro trains and application of a flexible tariff policy (ticket prices were not adjusted in 2012).

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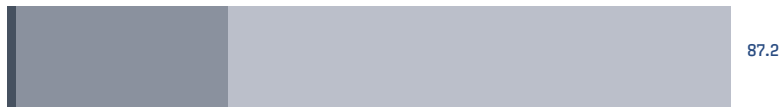
INFRASTRUCTURE SERVICES

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2012



2011



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- Freight transportation
  - Suburban service
  - Long-distance service