

## Debt Policy

In 2012, JSC “RZD” received an award from the international financial publication Euroweek in the category “Most Impressive Corporate Issuer on Emerging Markets.” The Euroweek award was given not for any specific deal, but for overall performance and recognized the Company’s excellent reputation on the international capital markets.

### Landmark deals of JSC “RZD” in the capital markets:

► **International markets:**

The principal and additional issues of Eurobonds were placed with the record low yield of 4.05% per annum, valued at US\$ 1.4 bln and maturing in 2022. This is the lowest rate for 10-year Eurobonds in US dollars issued by companies in the CIS.

The volume of Eurobonds denominated in rubles totaled RUR 37.5 bln and was placed for 7 years at 8.3% per annum — this is the longest and largest issue on the Russian market of ruble-denominated Eurobonds in terms of maturity and value.

► **Russian market:**

The issue of bonds with coupon payments tied to the Consumer Price Index was issued for the first time in the history of JSC “RZD”. The net value of the issue was RUR 10 bln, with a maturity period of 20 years, and a period before offer of 10 years.

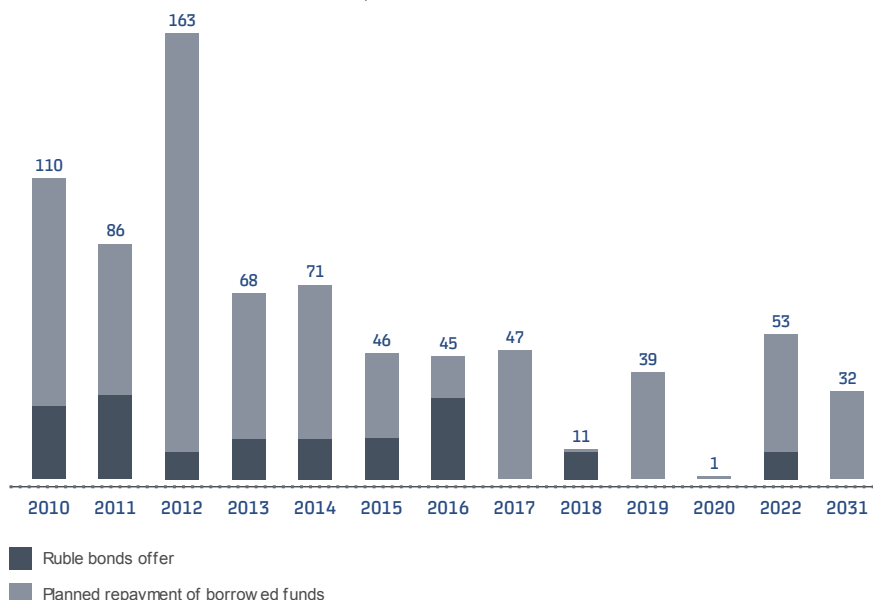
An important decision to issue “debut” infrastructure bonds of JSC “RZD” was made. A fundamentally new financial instrument for Russia, these provide the opportunity, on one hand, for secure investments of retirement savings of citizens and, on the other hand, for financing long-term investment projects of JSC “RZD”.

### From the point of view of loan capital management, RDZ management set the following limits for the loan burden and structure of the loan capital:

- Net debt/EBITDA — 2.5 maximum in the long term
- Volume of borrowings in foreign currency in the loan portfolio — 40% maximum (excluding hedging instruments)
- Short-term/long-term liabilities ratio — 20% to 80%

The first indicator is one of the key valuations of debt sustainability of companies, the second criterion reflects the structure of earnings and costs of RZD, and the third the long-term nature of investment projects implemented by the Company. The set limits ensure a balanced approach to the management of the Company’s loan portfolio and the much needed flexibility in order to manage current liquidity taking into account the specific nature of the Company’s business.

SCHEDULE FOR FULFILLING OBLIGATIONS, RUR BLN1



Planned repayment of borrowed currencies is given at the rate as of 31 December 2012.

The majority of bank loans repaid in 2012 are part of the bridge loan extended by VTB Bank in 2011 with the purpose of financing business operations of JSC “RZD” until the funds from JSC Freight One sale are received.