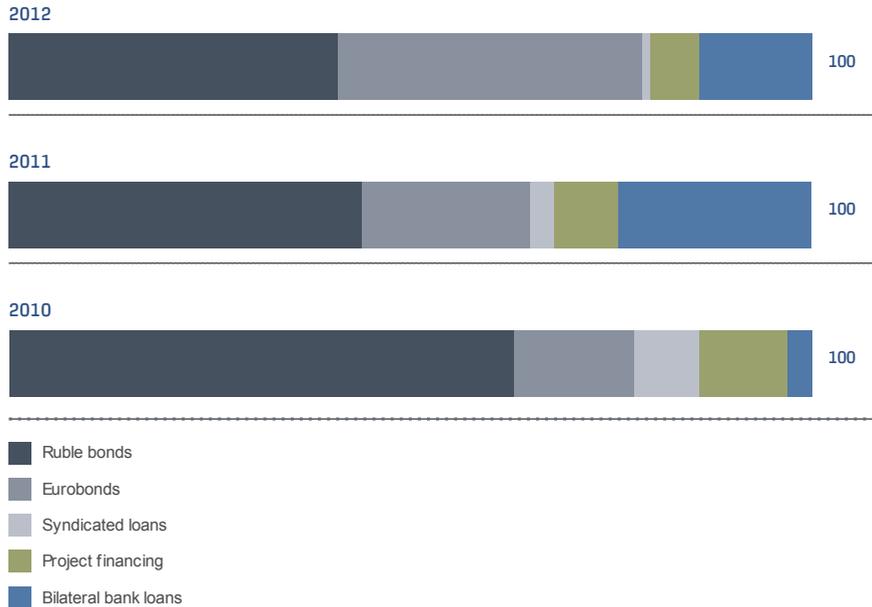


Loan Portfolio

As of late 2012, almost 80% of JSC “RZD” borrowings consisted of public instruments — bonds and Eurobonds. The share of bank funding (including project financing and syndicated loans) in the Company’s portfolio decreased from 35% in late 2011 to 21% in late 2012.

LOAN PORTFOLIO STRUCTURE, RUR BN



The size of the loan portfolio (the principal, taking into account exchange rate fluctuations) as of late 2012 was RUR 34.1 bln higher than its value in 2011, but this increase was merely technical: in late 2012, forward bridge-financing was used to finance the investment program until funds from the sale of 25% of JSC Freight One shares were received.

As a result, the average duration of the portfolio will increase gradually. The share of borrowings maturing in less than one year as of late 2012 stood at only 16%, which is two times below the indicator in the previous year. The share of ruble borrowings was maintained at 60-70%, since the ruble is the main currency in which the Company’s earnings are denominated. Both indicators meet the requirements of the loan structure determined by the management of JSC “RZD”.

In 2012, JSC “RZD” entered a number of landmark deals in the international and Russian capital markets. In the international capital market JSC “RZD” successfully placed two tranches of Eurobonds totaling US\$ 1.4 bln and RUR 37.5 bln. Each of the issues set new benchmarks for Russian issuers regarding cost and terms.

The dollar tranche with a 10-year maturity is the “longest” for Eurobonds in the Reg S format from Russia, and the cost of borrowing for JSC “RZD” is 5.7% per annum, which is the lowest in the history of Eurobonds placement by Russian corporations. At that time, the difference between the return on the placed Eurobonds of JSC “RZD” in US dollars and similar sovereign bonds of the RF for the first time reached a figure below 100 basis points, which confirmed the right timing for the placement and allowed a repositioning of the Company’s risk in the international capital markets.

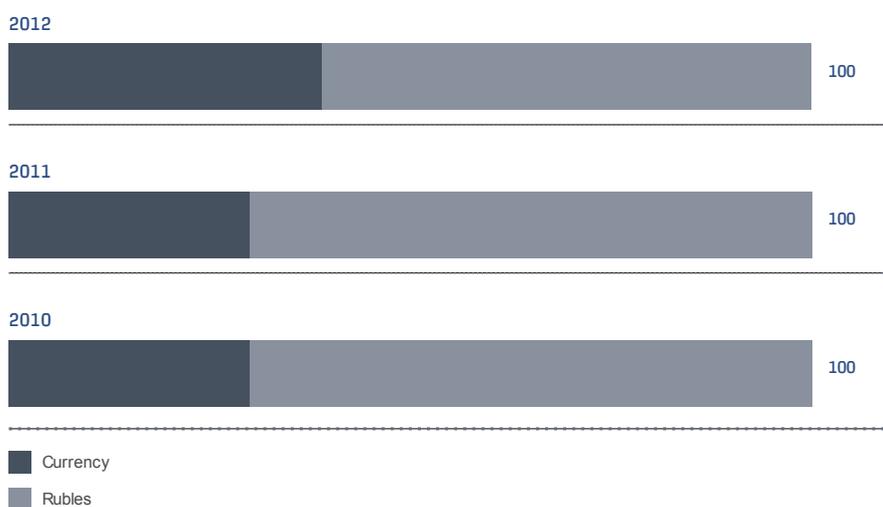
JSC “RZD” placed ruble-denominated Eurobonds in the Reg S format for the first time. This issue became not just “the longest” (7 years), but also the largest in terms of its volume among similar borrowings by Russian corporations. The yield after the placement of the primary and additional issues was 7.846% per annum, which is the lowest ever rate for 7-year Eurobonds denominated in rubles placed by Russian corporations on the international and domestic capital markets.

In July 2012, JSC “RZD” placed on the domestic market 10-year corporate ruble bonds with coupon payments tied to the Consumer Price Index (so-called “inflation bonds”).

EVOLUTION OF JSC "RZD" LOAN PORTFOLIO, RUR BLN.1 BY TERM



EVOLUTION OF JSC "RZD" LOAN PORTFOLIO, RUR BLN. BY CURRENCY *



*Information based on the management report of JSC "RZD" (including offers and excluding accrued interest)

The deal was unique for the Russian loan capital market: for the first time ever such bonds were issued by a corporate issuer without a government guarantee. The issue totaled RUR 10 bln, with a 20-year maturity and a 10-year period before offer.

A significant part of the inflation bonds of JSC "RZD" were purchased by the Russian Pension Fund, management companies and private pension funds, as well as Russian and foreign banks. Inflation-protected bonds are one of the target instruments in global practice for investments by pension funds that are interested in long-term securities with guaranteed return exceeding the inflation level.

The experience gained from the placement of inflation bonds paved the way for the issue of a new borrowing instrument in Russia — super-long corporate infrastructure inflation-protected bonds. In October of 2012, a meeting chaired by First Deputy Prime Minister of the Russian Federation, I.I. Shuvalov, was held. The results of joint efforts of JSC "RZD", Vnesheconombank, the Ministry of Economic Development and the Ministry of Finance of the Russian Federation led to the decision to make an investment in the Holding's projects totaling up to RUR 100 bln from the Russian Pension Fund for a period from 15 to 30 years at the rate of annual inflation, plus 1% per annum.

The cost of service and redemption of infrastructure bonds will be taken into account in the new formula of the long-term tariff of JSC "RZD" starting from 2014.

The new instrument will significantly improve the investment opportunities for both JSC "RZD" and the Russian Pension Fund. Some of the Holding's projects that cannot be funded through market sources and have been previously categorized as "non-recoupable" can now be realized through a preferential source of funding. When placing funds into infrastructure bonds of JSC "RZD", the Pension Fund will have an efficient mechanism for the long-term investing of retirement savings of citizens, which guarantees their protection from inflation.

The first tranche of infrastructure bonds with protection against inflation for 30 years was placed in June 2013: the net worth of the issue totaled RUR 25 bln, with a maturity period of 30 years at the rate of annual

inflation + 1% per annum. This was a record-setting achievement and, although this is not a market tool in its own right, it nevertheless, creates new market opportunities.