

## Development of International Intermodal Transportation and Passenger Traffic

JSC "Russian Railways" considers logistics as one of the most promising new types of business. The year 2012 saw a breakthrough in this direction. The acquisition of 75% of the French logistics operator Gefco S.A. from PSA Peugeot Citroën will build up Russian Railways' position in the European logistics market and accelerate the introduction of advanced logistics technologies. The experience and infrastructure of Gefco will intensively develop the JTLC and advance the formation of the East-West transit corridor across CES countries.

The projects to develop rail and intermodal freight transport implemented in cooperation with the partners from Kazakhstan, the Ukraine, Belarus, Finland, Slovakia, Germany, China and other countries will also contribute to the effective development of the new business areas of "Russian Railways".

In 2012, the regular rail-ferry line Ust-Luga — Baltiysk (Russia) — Sassnitz — Mukran (Germany) started operations. This led to the creation of a new transport corridor for intermodal transportation between Asia-Pacific countries and Europe by transit through Russia and the CIS countries. Two other rail-ferry hubs may be launched on the Black Sea and the Baltic Sea. These projects are being led by BlackSeaFerries (BSF), a subsidiary group of companies belonging to JSC "Russian Railways".

Another promising area of logistics activities is container traffic. "Russian Railways" is carrying out developments in this area jointly with the Finnish company VR Group Ltd. In September 2012 a plan was signed for regular piggyback traffic on the Russian-Finnish direct railway service, and a joint working group was set up to design the operational process and business model for piggyback transportation.

At the same time JSC "Russian Railways" subsidiaries ("Trans Eurasia Logistics", JSC "TransContainer" and others) have developed and partially put into operation some new container freight traffic lines from the Asia Pacific region to Europe and back on the Chongqing — Duisburg, Duisburg — Moscow, Shanghai — Duisburg) routes. The idea of launching regular container trains to Europe is being worked on.

In 2012, good results were achieved in international passenger traffic. For example, direct trains to Nice and Paris led to a 2.5 fold increase in passenger turnover on these routes despite the development of aviation and automotive road links.

The network of the Holding Company's representatives and missions abroad contributes to the performance of its new promising projects. In 2012, the tenth "Russian Railways" overseas representatives office was opened in the French Republic.

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- ▶ JSC "Russian Railways" was awarded the right to acquire the controlling stock of GEFCO, winning a competitive bid organized by PSA Peugeot Citroën
- ▶ On 5 November 2012 the contract for the sale of 75% of the company's shares was signed. The transaction value amounted to Euro 800 m
- ▶ On 27 November 2012 JSC "Russian Railways" and Peugeot SA reached an agreement governing their interaction as shareholders of the company GEFCO
- ▶ On 20 December 2012 JSC "Russian Railways" bought 75% shares of GEFCO S.A. from the French carmaker PSA Peugeot Citroën.