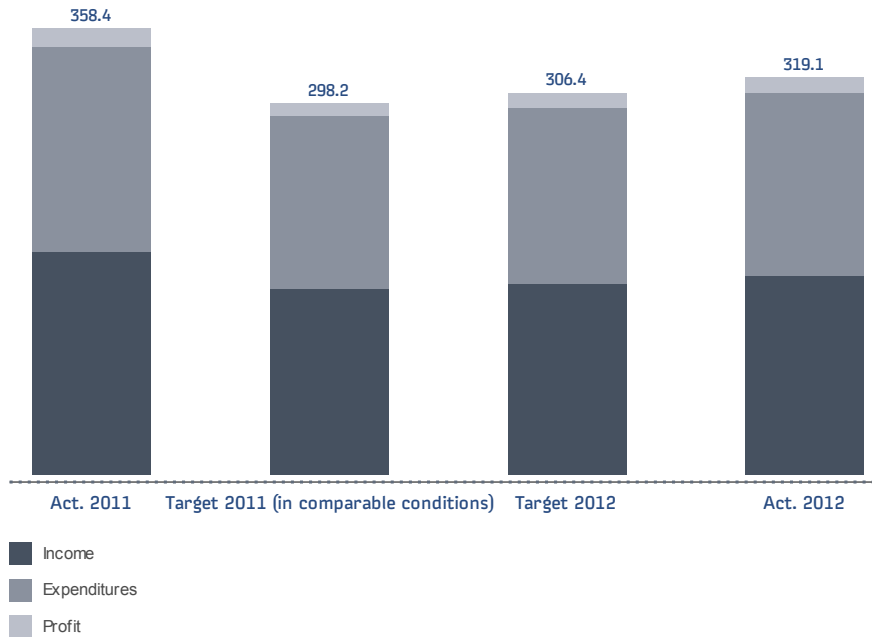


Other Activities

In 2012, Company's income from other activities amounted to 159.5 bln roubles, which is 6.3 bln roubles or 4.1% higher than the target approved for 2012. Profit from other activities amounted to 12.5 bln roubles, which is 0.5 bln roubles or 4.2% higher than the target approved for 2012.

DYNAMICS OF INCOME FROM OTHER ACTIVITIES, BLN ROUBLES



At the same time, it should be noted that 50% of gainful proceeds from other sales are from low-margin services that restrict profit growth opportunities in other activities:

- ▶ provision of traction rolling stock leasing services to JSC "FPC";
- ▶ provision of rolling stock leasing services to suburban passenger companies;
- ▶ provision of social services.

Besides, profit markup is restricted by imbalance of regulated service tariffs in Russian constituents: electric power transmission to outside consumers, housing and communal services.

In this regard, the company is engaged in assurance of operating efficiency as related to other activities in two directions:

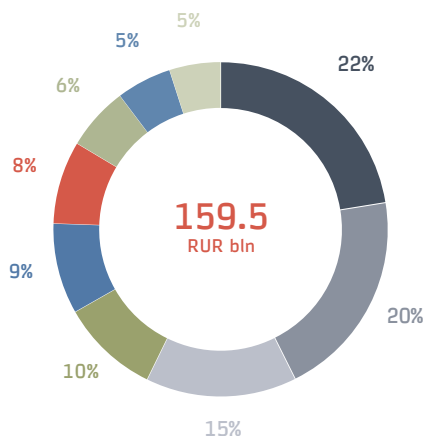
- ▶ reduction of expenditures on lowmargin businesses whose income growth is restricted by peculiarities of the passenger transportation market;
- ▶ use of additional reserves to enhance effectiveness of high-yield business segments.

Positive dynamics of other activities based on the results of 2012 is conditioned by the measures taken by the Company to increase gainful receipts from other activities.

Thanks to an effective tariff policy, income from provision of services to suburban passenger companies accrued 1.5 bln roubles or 5%, which, along with the measures taken to optimize car-repair capacities and effective management of the rolling stock fleet, enabled decrease of company's losses by 0.7 bln roubles or 16.5% year-on-year.

Under the conditions of comparability of other activities, company's income accrued 10.4 bln roubles or 7.0% year-on-year. Profit from other activities amounted to 12.5 bln roubles, which is 2.1 bln roubles or 20.2% higher year-on-year in comparable conditions.

STRUCTURE OF INCOME FROM OTHER ACTIVITIES IN 2012, BLN ROUBLES



- Services for FPC
- Services for the SPC
- Other
- Feasibility study
- Rolling stock repairs
- Property lease
- Social area
- Power transmission
- Scrap metal

Further decrease of the Company's loss from provision of services to suburban passenger companies will be ensured by further efficiency upgrading of the rolling stock maintenance and current repair organization structure.

In the context of reconstruction activities at railway stations of the Moscow hub and 14 regional railway stations, the company in general managed to increase income from real estate rental year-on-year (see the section "Management of the JSC 'RZD' property").

In order to prevent escalation of longdistance passenger transportation costs, the Company is implementing a wellbalanced tariff policy that implies lease and management of long-distance passenger locomotives based on the activities aimed at:

- ▶ application of the volumetric indicator "locomotives in operation of the fleet in use" in settlements for locomotive lease;
- ▶ change in rolling stock service processes, transition to the model of comprehensive service maintenance of the JSC "RZD" locomotive fleet;
- ▶ change in the locomotive fleet structure and provision of a new passenger traction rolling stock for the transportation process (EP20, EP1M, EP2K).

Company's management has taken active measures to enhance effectiveness of social services of the company and housing and communal enterprises, which enabled reduction of company's losses from this service by 0.5 bln roubles or 12.6% year-on-year.

A number of events aimed at assurance of effectiveness of power transmission to outside consumers, including with implementation of the project for introduction of electric power fiscal metering systems (EPFMS) and increase in the volume of power transmission to outside consumers ensured an increase in gainful proceeds by 0.5 bln roubles or 6% year-on-year (2011 — 8 bln roubles, 2012 — 8.5 bln roubles) and profit markup by 0.3 bln roubles or 99% (2011 — 0.3 bln roubles, 2012 — 0.6 bln roubles).

Growth of the private fleet of freight cars and resulting increase in the volume of current uncoupling repair by 17.5% enabled receipt of additional income from freight car repair by 3.8 bln roubles (2011 — 7.3 bln roubles, 2012 — 11.1 bln roubles).

Performance of comprehensive work with consignors as related to the engagement of construction cargo in railway transportation, including for the implementation of large infrastructure projects such as construction of pipeline systems across the Far East region and preparation of Olympic facilities that contributed to an increase of the volume of handling operations for clients ensured income gain by 0.7 bln roubles year-on-year as a part of provision of forwarding services to clients.

CONDITIONS OF COMPARABILITY OF OTHER ACTIVITIES

	Income	Profit
2011 (returns)	179.2	14.5
split-off of JSC "RZD" car repair business to affiliates of JSC "CRC-1,2,3" on July 1, 2011	-15.3	-0.5
implementation of a transaction for sale of passenger cars that earlier were under leasing to JSC "FPC" in 2011	-11.3	-2.4
dissolution of branches due to incorporation of S&A (FPD, Lyublinsky CMP)	-1.7	-0.3
other single transactions	-1.9	-0.9

2011 (in comparable conditions)	149.1	10.4
2012	159.5	12.5
2012/2011 variation (in comparable conditions), +/-	10.4	2.1
2012/2011 variation (in comparable conditions),%	107.0%	120.2 %

Development of comprehensive transport and logistic services in ports and attraction of new clients secured further income of 1.3 bln roubles year-on-year with the increment in profit amounting to 0.2 bln roubles.

Additional sales of scrap metal resulted in income growth by 0.5 bln roubles or 7.1% (2011 — 7.4 bln roubles, 2012 — 7.9 bln roubles).

Thus, in order to further enhance financial and economic stability of company's operation, it will continue taking active efforts to extend a range of bundled services, including improvement of technological and management processes to secure target performance of other activities.