

Work with ratings agencies and investors

With the easing of geopolitical tensions and restoration of trust in the Russian economy among international investors in 2016, Standard & Poor's and Fitch revised their outlook on the sovereign credit rating of the Russian Federation from 'negative' to 'stable'. In accordance with the methodology of the agencies, the change in the sovereign rating automatically triggered similar actions for the ratings of a number of quasi-sovereign Russian issuers, including Russian

Railways.

As of the end of the year, the rating of Russian Railways corresponded to the rating of the Russian Federation and stood at BB+/Ba1/BBB- from Standard & Poor's, Moody's and Fitch, respectively, with a 'stable' outlook from Standard & Poor's and Fitch and a 'negative' outlook from Moody's. In their reports, the agencies once again provided a positive assessment of the quality of work of Russian Railways

based on the management of the loan

portfolio structure and noted the long repayment terms, moderate debt burden, stable financial indicators as well as sustainable access to debt capital, including foreign capital.

Credit ratings of the Russian Federation and Russian Railways as of the end of 2016

Issuer	Agency	Rating	Outlook
Russian Federation	Standard & Poor's	BB+	Stable
	Moody's	Ba1	Negative
	Fitch	BBB-	Stable
Russian Railways	Standard & Poor's	BB+	Stable
	Moody's	Ba1	Negative
	Fitch	BBB-	Stable

In 2016, Russian Railways continued a bilateral dialogue with Russian and foreign financial investors both in the format of bilateral meetings as well

as at industry-based conferences. The central event was the Company's road show in September devoted to its return to the international capital market

with the first Eurobond placement in two years. In addition, a traditional annual corporate investor's day was held in London in December 2016