

Legal disclaimer

This annual report (hereinafter referred to as the Annual Report) has been produced based on the information available to Open Joint Stock Company Russian Railways (hereinafter referred to as JSC RZD or the Company) and its affiliates (hereinafter referred to as the Group or RZD) as of the date of its publication.

The annual report of JSC RZD for 2016 discloses information to provide the shareholder represented by the Government of the Russian Federation, as well as government agencies, potential and actual investors, shippers, passengers and other stakeholders and information users with comprehensive and relevant data on the operations of JSC Russian Railways in 2016 and the Company's development trends.

The report complies with the following standards and regulatory documents:

- the Federal Law "On Joint-Stock Companies";
- Federal Law No. 39-FZ "On the Securities Market" dated 22 April 1996;
- Regulation No. 454-r on Information Disclosure by Issuers of Securities dated 30 December 2014;
- Order No. 228 of the Federal Agency for State Property Management dated 26 July 2005 "On the regulation of activities of the Federal Agency for State Property Management in the sphere of corporate management" (with recommendations for the Russian Federation to form a position concerning the approval of the annual report of the open joint stock company whose shares are held by the Russian Federation);
- Regulation No. 17/ps of the Federal Commission for the Securities Market dated 31 May 2002 "On the approval of a regulation on additional requirements for the procedure for preparing, convening and holding a general shareholders' meeting";

- the Corporate Governance Code approved by the Board of Directors of the Bank of Russia dated 21 March 2014.
- Resolution No. 1211 of the Government of the Russian Federation dated 10 November 2015 "On Amendments to the Approximate Structure of the Annual Report of a Joint-Stock Company Whose Shares are under Federal Ownership"
- Resolution No. 1214 of the Government of the Russian Federation dated 31 December 2010 "On Improving the Procedure for the Management of Open Joint-Stock Companies Whose Shares are under Federal Ownership and Federal State Enterprises"

This report is an overview of the condition and performance results of JSC RZD for the year ended 31 December 2016 as well as major trends that may have an impact on its future performance.

For the purposes of this document, the word "Company", pronoun "we" and its various forms refer to JSC RZD.

This report contains forward-looking statements that reflect expectations of the Company's management.

These forward-looking statements are not based on actual circumstances and include all the statements with regard to the Company's intentions, opinions or current expectations concerning its performance, financial standing, liquidity, growth prospects, strategy and the industry where JSC RZD operates. These forward-looking statements

are inherently characterised by risks and uncertainty factors as they relate to the events and depend on circumstances that may not occur in the future. Such terms as "assume", "consider", "expect", "forecast", "intend", "plan", "project", "review", "could" and other similar expressions and negative phrases are normally indicative of a predictive nature of a statement. These assumptions contain risks and uncertainties either expected or unexpected by the Company. Thus, future performance may be different from current expectations and users of this information may not rely in their assumptions solely on the information provided in the Annual Report. Apart from the official information on JSC RZD activities, this Annual Report contains information obtained from third parties. This information has been obtained from sources deemed reliable by JSC RZD. However, we do not guarantee that this information is accurate as it may be incomplete. JSC RZD does not guarantee that its or its industry's actual performance, scale or operating rates will match the performance, scale or operating rates expressed or implied in any forward-looking statements contained in this Annual Report or elsewhere. JSC RZD shall not be liable for any losses that may be sustained by any person as a result of this person's reliance on forward-looking statements. Unless otherwise expressly provided for in applicable laws, the Company does not assume any obligations with regard to the distribution or publication of any updates or changes in forward-looking statements that reflect any changes in expectations or new information as well as further events, conditions or circumstances.