

Cooperation with Public Authorities



In 2013, the Company obtained state support for investment projects in Kazan in the course of preparations for the 27th Summer Universiade in Kazan and for the XXII Olympic Winter Games and XI Paralympic Winter Games in Sochi. Also, both the government of the country and the government of Moscow made important decisions with regard to the development of the Moscow transport hub that required significant investments.

In 2013, Russian Railways carried out all its objectives for the implementation of projects related to commissions from the Russian Federation Government.

The volume of investments related to carrying out Russian Federation Government orders

RUB 46 bn

The volume of investments targeted at the construction of Olympic facilities in Sochi

RUB 38.8 bn

In order to implement the specified investment projects under conditions in which the Russian economy was undergoing adverse circumstances and in which there were legislative restrictions of tariff financing sources for investment programmes, the Company initiated discussions with the representatives of federal bodies of state authority on the possibility of non-tariff sources of financing. This issue was raised in the framework of the XII International Investment Forum "Sochi 2013" in the course of a meeting held by the Chairman of the Government of the Russian Federation, D.A. Medvedev, with the members of the Russian Union of Industrialists and Entrepreneurs on the issue of the business and investment climate in the regions.

Key issues in Russian Railways with relation to the bodies of state authority in 2013

- ▶ Conducting 27th Summer Universiade in Kazan and preparation for the Olympic Games in Sochi
- ▶ Development of the Moscow transport hub
- ▶ Discussion of non-tariff sources of financing for investment programmes
- ▶ Interaction with regional bodies of authority
- Development of the issue of spending the funds from the National Wealth
- ▶ Fund for the purposes of infrastructure project financing by the Government of Russia

The support of the President and the Government of the Russian Federation with regard to the transformation of Russian Railways to a transport-logistics company is of key significance. The approval of JSC Transcontainer's joining of the Combined Transport & Logistics Company (CTLC) was a confirmation of this. An agreement to this effect was signed at the St.Petersburg International Economic Forum in June 2013.

Within a year, on the initiative and with the active participation of Russian Railways, changes were twice introduced into the federal law on the federal budget for 2013 that resulted in the increase of the volume of financial support of the Company from the Federal Budget by more than three times. For the period of 2013, the total amount of funds allocated to Russian Railways from the federal budget was RUB 86.7 billion.

As the result of work carried out in regard to the law "On the Federal Budget for

2014 and for the Planned Period of 2015 and 2016”, the volume of financing of Russian Railways from the federal budget is expected to be RUB 75.4 billion.

In the reporting year, Russian Railways, along with the Russian Federation Government, negotiated the issue of financing methods for strategic long-term projects that were sunk for the Company at the expense of the National Wealth Fund (this includes such projects as the development of the railway infrastructure in the Far East of Russia). The intention is to use the Fund assets for Russian Railways's preferred shares that will be issued in the period from 2014 to 2016 in the amount of RUB 150 billion with a rate of return of 3% per annum and payment of dividends beginning from the sixth year of project implementation. This decision is unprecedented and underlines the high priority for the development of railway infrastructure.

In 2013, Russian Railways concluded 20 new mid-range agreements for interaction and cooperation for 2013-2016 with the regions whose cooperation agreements for 2012-2013 had expired. In total, the Company concluded mid-term agreements for interaction and cooperation with 76 regions.