

MESSAGES FROM MANAGEMENT

Board of Directors Chairman Letter

Dear Partners and Colleagues,

In 2017, Russian Railways delivered against its key objectives, meeting financial and operating targets by demonstrating considerably higher freight turnover, and transit and container transportation. The Company's revenue exceeded RUB 1.69 trillion, with a record-high volume of handling operations of over 1,260 mt. Passenger transportation volumes also saw a strong rise as more than 1.1 bn passengers travelled with Russian Railways during the year.

The Russian Railways' 2017 investment programme exceeded RUB 470 bn. In line with the approved schedules, the Company implemented a number of large-scale projects, including development of railway infrastructure of the Moscow Transport Hub, expansion of the Baikal–Amur and Trans-Siberian main lines, improvement of infrastructure serving the ports on the Azov and Black Seas and the North-Western basin, and launch of train service on the new Prokhorovka–Zhuravka–Chertkovo–Bataysk line.

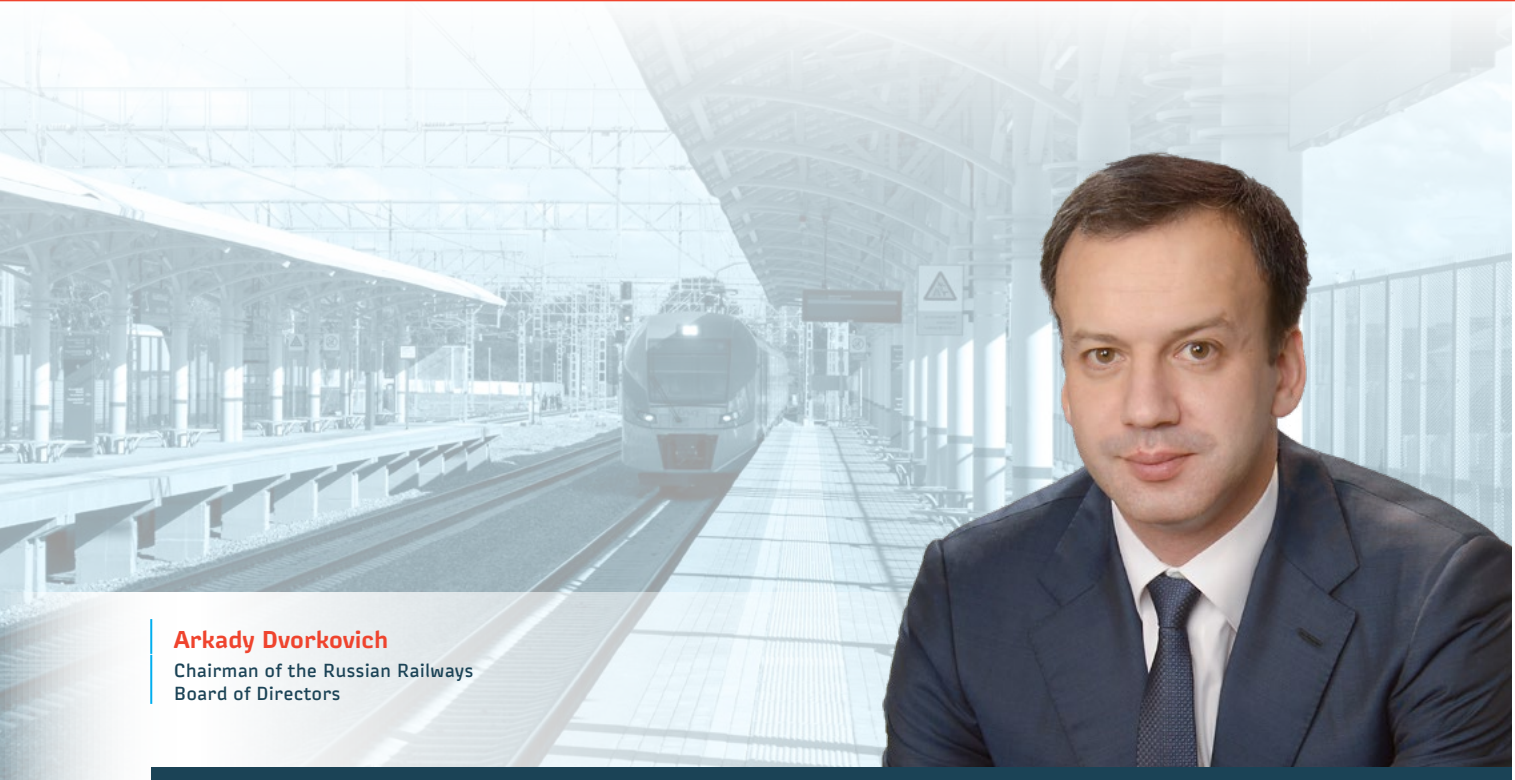
The reliability and consistent quality proven by a variety of projects under our belt are the cornerstone of success and competitive power of Russian Railways domestically and globally. One of the drivers behind the Company's solid performance has been effective coordination among the Board of Directors, its committees, and executive management.

The 2017 results came amid rapid changes in technologies, products and services that railways across Russia increasingly benefit from.

The new services offered to shippers and passengers, coupled with development and launch of new technologies, take railway services to a whole new level.

These tasks need to be given priority in the draft Long-Term Development Programme of Russian Railways until 2025.

In line with the Company's development goals outlined above, at the end of 2017, the Government of the Russian Federation approved its vision of long-term tariff regulation for railway services.

**Arkady Dvorkovich**

Chairman of the Russian Railways
Board of Directors

The Company's employees also remain a top priority. The railway industry provides jobs to over one million people. Today's generation of railway professionals stay true to the great traditions of the industry, above all the ability to think big and bring the most powerful ideas to life.

This is the only way to create a solid platform for even more ambitious projects going forward.