

Board of Directors' Report

Structure of the Board of Directors



The Board of Directors is elected every year by JSC FPC's annual General Shareholders Meeting in accordance with the Company's Articles of Association and is composed of nine members.

The composition of the Board of Directors changed two times during 2016.

In March 2016, the extraordinary General Shareholders Meeting of JSC FPC decided on early termination of the mandate of all the Directors and elected the new Board, including six Directors elected for the first time: Petr Ivanov, Sergey Maltsev, Andrey Sergeev, Tamara Stebunova, Maxim Shneider, and Kirill Yankov.

In June 2016, Alla Saltykova, Deputy Executive Director of the not-for-profit foundation Forum Analytical Centre, was elected to JSC FPC's Board of Directors by the annual General Shareholders Meeting.

The mandates of Tamara Stebunova, member of JSC FPC's Board of Directors and Advisor to the President of Russian Railways, were terminated.

The Board of Directors, therefore, now has 2/3 of new members, and independent directors are all new.

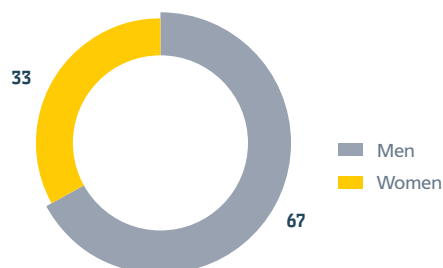
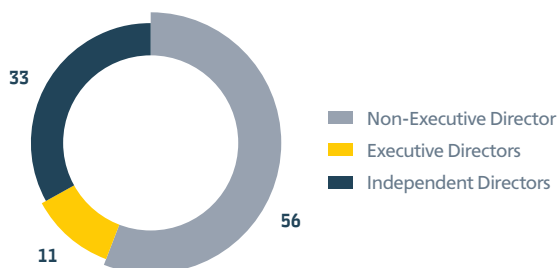
In March 2016, Sergey Maltsev, Senior Vice-President of Russian Railways, was elected Chairman of the Board of Directors, and Mikhail Akulov, Vice-President of Russian Railways, was elected Deputy Chairman of the Board by a unanimous vote of Directors.

BOARD OF DIRECTORS' MEMBERSHIP IN 2016

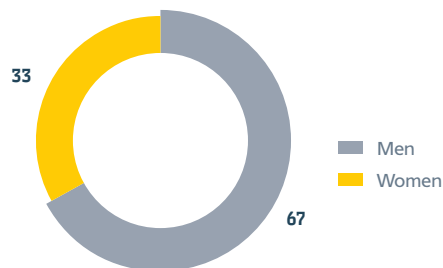
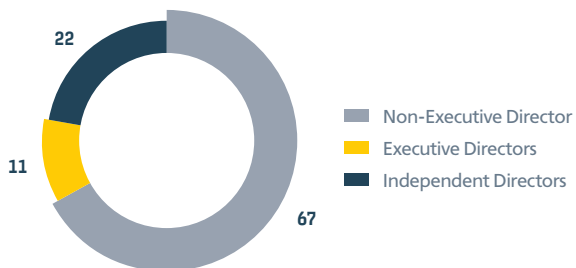
From 1 January 2016 to 14 March 2016	From 14 March 2016 to 30 June 2016	From 30 June 2016 to 31 December 2016
Mikhail Akulov	Mikhail Akulov	Mikhail Akulov
Olga Gnedkova	Olga Gnedkova	Olga Gnedkova
Irina Kostenets	Irina Kostenets	Irina Kostenets
Valery Reshetnikov	Sergey Maltsev	Sergey Maltsev
Gennady Verkhovykh	Petr Ivanov	Petr Ivanov
Valery Veremeev	Maxim Shneider	Maxim Shneider
Semyon Smolyak	Andrey Sergeev	Andrey Sergeev
Irina Shytkina	Kirill Yankov	Kirill Yankov
Yuri Saakyan	Tamara Stebunova	Alla Saltykova



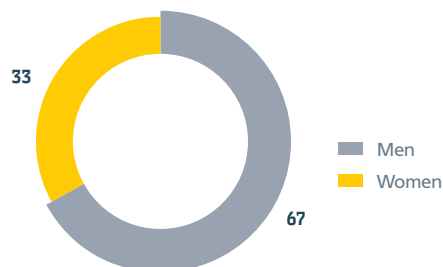
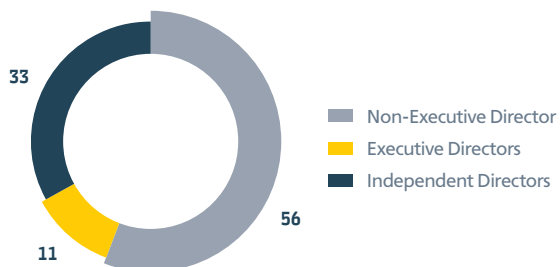
Structure of the Board of Directors from 1 January to 14 March 2016, %



Structure of the Board of Directors from 14 March to 30 June 2016, %



Structure of the Board of Directors from 30 June to 31 December 2016, %



JSC FPC's Board of Directors performs efficiently due to a balanced composition of members in terms of their age and gender: the Board includes three women and six men from different age groups, allowing the Board members to have a deep insight into agenda items.

Independent directors play an important role in the Board, and their fresh insight helps improve the quality of management

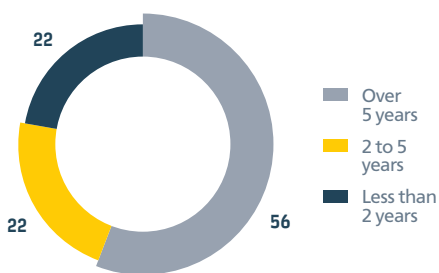
decisions. The Company generally meets the Code's recommendations as to members of the Board of Directors: the share of executive directors on the Board is less than 1/4, and the share of independent directors is 1/3.

To gain a prompt and efficient insight into FPC's production, financial and business operations, all new independent directors have had an introductory training

course under the Induction Programme for Newly Elected Members of JSC FPC's Board of Directors as approved by the Board in December 2015. As part of the introductory training, the Company organised office meetings with the General Director and Deputy General Directors and site visits to FPC's facilities (Moscow and Moscow-3 passenger carriage depots).

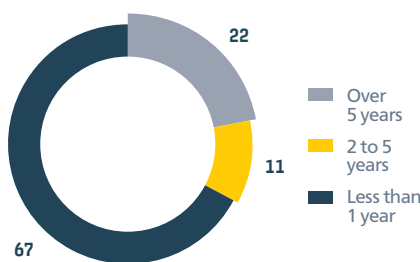
Length of service on the Board, %

Board of Directors' Membership from 1 January to 14 March 2016



Directors Mikhail Akulov and Olga Gnedkova have been on the Board since first elected by the founders' meeting in 2009.

Board of Directors' Membership from 14 March to 30 June 2016



Director Irina Kostenets has over three years' experience on JSC FPC's Board of Directors.

Board of Directors' Membership from 30 June to 31 December 2016

