

# Appendix

## Glossary and List of Abbreviations

Abbreviation	Description
<b>Carriage-kilometre performance</b>	An indicator based on the distance travelled by carriages as part of the train.
<b>RIC carriages</b>	Passenger carriages conforming to the requirements of the International Union of Railways (Regolamento Internazionale delle Carrozze) and used on railways within the European countries – members of the International Union of Railways. These carriages are suitable for 1,435 mm gauge.
<b>First-class carriage (Pullman car)</b>	A luxury sleeping carriage used for passenger transportation and providing adequate facilities for passengers. The Russian abbreviation SV dates back to the times before the 1917 Revolution and was originally used to denote carriages designated for the Emperor's entourage.
<b>Carrier's revenue shortfall</b>	The loss in the carrier's revenue resulting from state regulation of long-distance passenger fares for third-class sitting and sleeping carriages.
<b>Global prices</b>	Passenger fare in international trains which includes the ticket cost and seat reservation.
<b>Unaccompanied baggage</b>	An item accepted in the prescribed manner from an individual or a legal entity for transportation on a passenger, postal-baggage, or passenger-freight train.
<b>Deregulated segment</b>	A segment covering passenger transportation in first-class carriages and compartment carriages, as well as international passenger transportation. Fares in this segment are set by FPC.
<b>Natural monopoly</b>	A market situation where, due to technological characteristics of production (unit cost is significantly reduced as production volume increases), demand is more efficiently met in the absence of competition. At the same time, demand for products of a natural monopoly is less dependent on price fluctuations than demand for any other type of products, as products of a natural monopoly cannot be replaced with other products. FPC is a natural monopoly as it provides services pertaining to a natural monopoly.
<b>RZD infrastructure</b>	An integrated network of technological facilities which includes public railways and other structures, railway stations, power supply systems, communication networks, centralisation, blocking and signalling systems, information systems, traffic management system, and other buildings, structures, devices and equipment that ensure the functioning of this integrated network.



Abbreviation	Description
<b>KVR</b>	Overhaul with service life extension. Intended to extend the design life of a passenger carriage using refurbished bodies and bogies, as well as renovation of on-board equipment and installation of modern interiors.
<b>KR</b>	Overhaul. Intended to recover the good working condition and fully or nearly fully restore the capacity of a passenger carriage by replacing or restoring any of its components, including basic components.
<b>UIC</b>	International Union of Railways.
<b>Multimodal transportation</b>	Transportation of goods, passengers and baggage by two or more modes of transport. As a rule, multimodal transportation is carried out on the basis of a single transport document drawn up for the entire route.
<b>OSJD</b>	Organisation for Cooperation of Railways.
<b>Passenger turnover</b>	An indicator reflecting passenger traffic measured in passenger-kilometres. It is calculated by multiplying the number of passengers carried by the average distance covered.
<b>Loyalty Programme</b>	RZD Holding's RZD Bonus Programme enabling passengers to collect points for completed trips in FPC trains and carriages and exchange them for bonus trips.

## Disclaimer

This Annual Report of Federal Passenger Company (the "Company") for 2016 (the "Annual Report") has been prepared using the information available to the Company at the time of its preparation.

The Annual Report contains information about the results of the Company's activities in 2016, forecast data and forward-looking statements regarding the Company's intentions, opinions or current expectations regarding its operations, financial position, liquidity, growth prospects, and Strategy, as well as the development of the industry in which

the Company operates. Such forward-looking statements are inherently subject to risks and uncertainties as they deal with events and depend on circumstances that may not take place in the future.

The Company makes no direct or implied representations or guarantees and assumes no responsibility in the event of losses incurred by individuals or legal entities as a result of using the forward-looking statements contained in this Annual Report due to any reason, either directly or indirectly. These persons should not rely entirely on the forward-looking statements contained herein as they are

not the only possible scenario of future events.

The sum of the parts may not add up to the total due to rounding.

The Company accepts no obligation to revise or confirm expectations and estimates or to update publicly or revise the forward-looking statements made in this Annual Report whether as a result of new information, future events or otherwise, except to the extent required pursuant to applicable laws of the Russian Federation.