

In addition to the Stabilisation Programme, which was taken into consideration in the cost budgeting process¹, to reduce operating expenses by 10% JSC FPC's Programme for the Reduction of Scope and

Costs of Consumed Services in 2016 and the Programme of Additional Measures, were both approved by FPC's Board of Directors on 7 October 2016 (Minutes No. 5).

The actual savings achieved under the programmes over the year totalled RUB 3.3 billion, or 105.0% of the target.

JSC FPC'S ADDITIONAL PROGRAMME FOR THE REDUCTION OF SCOPE AND COSTS OF CONSUMED SERVICES IN 2016, RUB BILLION

Activities	Plan	Actual	+/-	%
Organisational structure optimisation	0.07	0.1	0.03	144.7
Working with suppliers and contractors to achieve lower cost inflation for goods and services, and reduce the scope of consumed services	3.1	3.2	0.07	103.2
Total for activities	3.2	3.3	0.1	105.0

Average headcount and Optimisation Programme

Labour productivity in transport services was improved by 9.8% from 2015, and by 10.3% vs 2014.

The operations staff increased its productivity in terms of value by 17%, the production staff by 17.4%.

Overall, the average headcount across all business lines was reduced from 71,629 in 2014 to 63,109, or by 8,519 FTEs (-11.9%). Headcount was reduced by 7,390 FTEs for the production staff (-11.7%), and by 1,130 FTEs for the management staff (-13.2%).

Indicator	2014	2015	2016	2016/2015, %
Passenger turnover on trains made up by FPC, billion passenger-kilometres	87.5	81.1	85.1	97.2%
Total average headcount, FTEs	71,629	66,515	63,109	-8,519
Production headcount, FTEs	63,092	58,898	55,702	-7,390
Management headcount, FTEs	8,537	7,616	7,407	-1,130
Productivity of FTEs in transport services, thousand passenger-kilometres / FTE	1,327.8	1,334.5	1,465.0	110.3%
Productivity of operations FTEs, thousand RUB / FTE	2,591.3	2,724.7	3,188.3	123.0%
including production FTEs	2,941.9	3,077.0	3,612.3	122.8%

¹ Pursuant to Russian Government Directive No. 4750p-P13 dated 4 July 2016; paragraph 4 of Section II of the minutes of the 18 January 2016 Meeting at the Office of the Russian Prime Minister; and instruction of the Russian Government No. ISH-P13-2047 dated 11 April 2016.