

EXPLANATORY NOTE No 1

Re: Issue 2 (items 2.3-2.7, 2.9)

**“Recommendations of the Board of Directors re: Issue of the Agenda for the Extraordinary General Shareholders’ Meeting “Approval of Related Party Transactions”**

(Approval of entry into Supplementary Agreement No 4 to Contract of 31.12.2009 No 242 on Scheduled Types of Repair of Freight Cars between JSC TransContainer and JSC RZD (Directorate for Repair of Freight Cars))

For the purpose of carrying out of production operations on December 31, 2009 JSC TransContainer and JSC RZD, represented by its Central Directorate for Repair of Freight Cars – Branch of JSC RZD, entered into Contract on Scheduled Types of Repair of Freight Cars No 242 (hereinafter – “Contract”).

Central Directorate for Repair of Freight Cars (branch of JSC RZD) has 52 car-repair depots located on the whole territory of the Russian Federation. In view of the fact that flat cars owned by JSC TransContainer are cruising throughout the whole territory of the Russian Federation for the purpose of quick scheduled repair, decrease of expenses for sending cards to strictly designated car-repair plants, there is a need to conclude this transaction.

I. As of to-date, 3 supplementary agreements to the Contract have been concluded stipulating for amendment of sections “2. Price of the Contract and Settlements Procedure”, “3. Responsibility of Parties”, “5. Procedure for Delivery and Acceptance of Works”, “7. Liability of Parties”.

In accordance with a decision made by JSC RZD Holding Company since November 15, 2010 cost of works of capital, depot and uncoupling repair of freight cars has been increased by 10.6 %.

In view of which Directorate for Repair of Freight Cars has prepared draft Supplementary Agreement No 4 stipulating for amendments to the price list of repair works.

In accordance with paragraph 1 of Article 81 of the Federal Law On joint-stock companies, the Contract is a related party transaction (JSC RZD as the holder of 20% or more shares in the authorized capital of JSC TransContainer is a party to this transaction).

In accordance with paragraph 1 of Article 83 of the Federal Law On joint-stock companies, a decision on approval of a related party transaction should be adopted by the General meeting of shareholders or the Board of Directors of JSC TransContainer.

Previously the Contract and supplementary agreements thereto were approved in accordance with the requirements of the law of the Russian Federation by the Board of Directors of JSC TransContainer on December 16, 2009, April 21, 2010 and July 21, 2010 (Minutes No 11, No 17 and No 2 respectively).

As of 30.09.2010 price of the transaction for the whole period of validity of the Contract was 658.8 million rubles, which is 2.1% of value of assets of JSC TransContainer in accordance with the balance sheet as of the latest accounting date (value of assets of JSC TransContainer as of 30.09.2010 was 30,639,913,000

rubles). Due to the fact that price of the transaction in the course of its fulfillment exceeded 2% of the balance sheet value of assets of JSC TransContainer, the whole transaction shall be approved by the General Shareholders' Meeting of JSC TransContainer (the contract itself and all concluded supplementary agreements thereto).

On November 17, 2010 Board of Directors of JSC TransContainer made a decision on determination of total value of the Contract and on recommendations to the General Shareholders' meeting to approve conclusion of Contract of 31.12.2009 No 242 on Scheduled Types of Repair of Freight Cars and supplementary agreements thereto between JSC TransContainer and JSC RZD (Directorate for Repair of Freight Cars).

In view of the above it is proposed:

1. To approve entering into Contract of December 31, 2009 No. 242 on Scheduled Types of Repair of Freight Cars between JSC RZD (Central Directorate for Repair of Freight Cars) and JSC TransContainer, as a related party transaction, subject to the following terms and conditions:

**Parties of the Contract:** JSC TransContainer as a Customer and JSC RZD (Central Directorate for Repair of Freight Cars) as a Contractor.

**Subject Matter of the Contract:** The Customer shall instruct and make payment, and the Contractor shall undertake responsibilities to make scheduled types of repair (depot, capital) of freight cars possessed by the Customer on the right of ownership, leasehold or other legal basis (hereinafter – “freight cars”) in accordance with the schedule of delivery of freight cars for repair agreed by the Parties (Appendix no. 1) including, upon agreement of the parties, repair of sets of wheels with replacement of elements driven in the course of execution of scheduled types of repair.

Scheduled types of repair of freight cars, including repair of sets of wheels with replacement of elements, shall be made in the car repair depots (hereinafter – “Depot of Contractor”) and in the car wheel shops (hereinafter - “CWS of the Contractor”) of Central Directorate for Repair of Freight Cars – Branch of RZD. List of Depots of the Contractor and CWS of the Contractor is given in the list attached hereto (Appendix No 2), and agreed by the Parties considering range of cruising of freight cars of the Customer and production capacities of Depots of the Contractor.

The Contractor shall perform works on loading (unloading) of assemblies, details and sets of wheels of the Customer at the moment of their delivery for repair and at the moment of removal of irreparable parts and details, and shall organize their storage on the territory of the Depot.

**Contract Price:** Price of depot, capital repair of a freight car shall be determined based on its state on the basis of actually performed repair works. Price of repair works is determined in the Price List for Repair Works (Appendix No 3) with VAT at a rate of 18%.

**Term of the Contract:** The Contract shall become effective from the date of its execution by the Parties and shall remain valid until December 31, 2010, and as it

pertains to settlements until all settlements have been made, and as it pertains to the warranty until expiration of term of the warranty.

2. To approve entering into Supplementary Agreement No 1 to Contract of December 31, 2009 No 242 on Scheduled Types of Repair of Freight Cars between JSC TransContainer and JSC RZD (Central Directorate for Repair of Freight Cars), as a related party transaction, subject to the following terms and conditions:

**Parties of the Supplementary Agreement:** JSC TransContainer as the Customer and JSC RZD (Central Directorate for Repair of Freight Cars) as a Contractor.

**Subject Matter of the Supplementary Agreement:** to make relevant amendments to the contract on scheduled types of repair of freight cars to sections “2. Price of the Contract and Settlements Procedure”, “3. Responsibility of Parties”, “5. Procedure for Delivery and Acceptance of Works”, “7. Liability of Parties”.

**Term of the Supplementary Agreement:** Supplementary Agreement shall become effective from the date of its execution by the Parties.

3. To approve entering into Supplementary Agreement No 2 to Contract of December 31, 2009 No 242 on Scheduled Types of Repair of Freight Cars between JSC TransContainer and JSC RZD (Central Directorate for Repair of Freight Cars), as a related party transaction, subject to the following terms and conditions:

**Parties of the Supplementary Agreement:** JSC TransContainer as the Customer and JSC RZD (Central Directorate for Repair of Freight Cars) as a Contractor.

**Subject Matter of the Supplementary Agreement:** to add Appendix No 14 to the Contract – “Supplement to the Price List for Repair Works” (Appendix No 1 to this Supplementary Agreement).

**Term of the Supplementary Agreement:** Supplementary Agreement shall become effective from the date of its execution by the Parties.

4. To approve entering into Supplementary Agreement No 3 to Contract of December 31, 2009 No 242 on Scheduled Types of Repair of Freight Cars between JSC TransContainer and JSC RZD (Central Directorate for Repair of Freight Cars), as a related party transaction, subject to the following terms and conditions:

**Parties of the Supplementary Agreement:** JSC TransContainer as the Customer and JSC RZD (Central Directorate for Repair of Freight Cars) as a Contractor.

**Subject Matter of the Supplementary Agreement:** to amend Appendix No 14 “Supplement to the Price List for Repair Works” as reworded by Appendix No 1 to this Supplementary Agreement.

**Term of the Supplementary Agreement:** The Supplementary Agreement shall become effective from the date of its execution by the Parties and shall apply to the relations of the Parties existing since 01.06.2010 before it has come into effect.

5. To approve entering into Supplementary Agreement No 4 to Contract of December 31, 2009 No 242 on Scheduled Types of Repair of Freight Cars between JSC TransContainer and JSC RZD (Central Directorate for Repair of Freight Cars), as a related party transaction, subject to the following terms and conditions:

**Parties of the Supplementary Agreement:** JSC TransContainer as the Customer and JSC RZD (Central Directorate for Repair of Freight Cars) as a Contractor.

**Subject Matter of the Supplementary Agreement:**

Appendix No 3 to the Contract – “Price List for Repair Works performed in the course of scheduled types of repair of freight cars in accordance with “Regulations on depot repair of freight cars of gage of 1,520 mm ZV – 587”, “Regulations on capital repair of freight cars of gage of 1,520 mm ZV – 627” in car repair depot of Central Directorate for Repair of Freight cars – Branch of JSC RZD” to amend as reworded by the appendix to this Supplementary Agreement (Appendix No 1).

Appendix No 5 to the Contract – “Tentative list of repair works performed in the course of depot repair at car repair depot of Central Directorate for Repair of Freight Cars – Branch of JSC RZD (for advance payment)”, “Tentative list of repair works performed in the course of capital repair at car repair depot of Central Directorate for Repair of Freight Cars – Branch of JSC RZD (for advance payment) shall be amended as reworded by the appendix to this Supplementary Agreement (Appendix No 2).

Appendix No 10 to the Contract – “Fee for delivery/removal of 1 car to the railway lines of non-general use” shall be amended as reworded by the appendix to this Supplementary Agreement (Appendix No 3).

**Price of the Supplementary Agreement:** price of the supplementary agreement shall consist of the cost of actually rendered services (performed works) in the course of its execution in accordance with the price list (tariffs).

**Term of the Supplementary Agreement:** The Supplementary Agreement shall become effective from the date of its execution by the Parties. This Supplementary Agreement shall apply to the relations of the Parties existing since November 15, 2010.

II. In view of the fact that Contract of December 31, 2009 No 242 on Scheduled Types of Repair of Freight Cars between JSC RZD (Central Directorate for Repair of Freight Cars) and JSC TransContainer is valid until December 31, 2010, at the end of the year it is planned to enter into a supplementary agreement with a subject mater of extension of the term of the existing contract and change of requisites of Parties (if necessary).

This is also a related party transaction that requires approval of General Shareholders’ Meeting. Based on paragraph 6 of Article 83 of the Federal Law on Joint Stock Companies, this transaction may be approved by General Shareholders’ Meeting as a transaction that may be concluded by the Company in future.

Based on the above, it is proposed:

1. To approve entering into supplementary agreement on the extension of the term and change of bank requisites of the Parties, registered address, contact telephone numbers, fax number under Contract of 31.12.2009 No 242 on Scheduled Types of Repair of Freight Cars between JSC RZD (Directorate for Repair of Freight Cars) and JSC TransContainer, subject to the following terms and conditions:

**Parties of the Supplementary Agreement:** JSC TransContainer as the Customer and JSC RZD (Central Directorate for Repair of Freight Cars) as a Contractor.

**Subject Matter of the Transaction:** extension of the term, change of bank requisites of the Parties, registered address, postal address, contact telephone numbers, fax numbers of the Parties under Contract of December 31, 2009 No 242.

2. To establish that this decision in relation to paragraph 1 of this section shall be valid until the date of next annual General Shareholders' Meeting of JSC TransContainer.