

Approved by:

By the Board of Directors
of the "TransContainer" OJSC
(proceedings No. __ dated " __ " ____
20__)

Chairperson of the Board of Directors

_____ (Zh.B. Rymzhanova)
(signature)

REGULATIONS
on formation and execution of the budget
of the "TransContainer" OJSC

I. General provisions

1.1. These regulations specifies procedures, formation terms, confirmations, approvals and corrections of the budget of the "TransContainer" OJSC (hereinafter referred to as Company), procedures and formation terms, confirmations and approvals of reports on budget adherence as well as participants in the process.

1.2. These regulations defines the terms as a date or period. In the latter case, the required action may be performed as long as the period lasts.

1.3. Responsibilities:

- for preparing a draft budget, correcting the budget, reports on budget adherence;
 - for ensuring that planned indicators are adhered to;
 - for carrying on economic activities without a budget approved in accordance with the applicable procedures;
 - for ensuring that the automated budget management system of the "Russian Railways" holding company (hereinafter referred to as the ABMS of the holding company) has budget versions, budget corrections, and reports on budget adherence approved by the Company's Board of Directors;
 - for specifying and confirming internal group operations (IGOs) by the Company and the subsidiaries and affiliates (S&A);
 - for ensuring consistency of budgets and budget corrections with the confirmed IGOs
- are assigned to the Company's General Director.

1.4. The General Director, under a resolution by the Company's Board of Directors, may be liable to disciplinary action in accordance with the Russian Federation legislation, the Company's Charter and the labour contract concluded with them:

- for delays in and/or low quality of the prepared draft budget, budget corrections, and reports on budget adherence;
- for failure to ensure that planned indicators are adhered to;
- for carrying on economic activities of the Company without a budget approved in accordance with the applicable procedures;
- for failure to ensure that the ABMS of the holding company has budget versions, budget corrections, and reports on budget adherence approved by the Company's Board of Directors;
- for delays in specifying and confirming the IGOs by the Company and the S&A;
- for failure to ensure consistency of budgets and budget corrections with the confirmed IGOs.

1.5. The Company's budget, its corrections, and reports on budget adherence shall be approved by the Company's Board of Directors.

1.6. Deviations in procedures and terms defined to prepare and approve the documents stipulated in the regulations shall not be accepted unless these deviations are approved with an appropriate resolution of the Company's Board of Directors.

1.7. Hard copies of the Company's budgets, budget corrections and reports on adherence to budgets shall be signed by the Company's duly authorised officers, bound and certified with the Company's seal, and shall have a note on the title page about their approval by the Board of Directors (specifying the number and date of meeting proceedings by the Board of Directors) and a signature put by the Chairperson of the Board of Directors.

1.8. The General Director of the Board of Directors shall ensure that the original of the approved budgets, their corrections and substantiating documents as well as reports on Company budget adherence are stored for five (5) years upon the approval by the Company's Board of Directors.

II. Procedures for confirmation of planned internal group operations

2.1. In preparing budget drafts and a budget correction the Company shall specify and confirm planned internal group operations of the "Russian Railways" holding company (hereinafter referred to as IGO) with the subsidiaries and affiliates of the "Russian Railways" OJSC (hereinafter referred to as S&A) as well

as IGOs regarding the branches and management subdivisions of the "Russian Railways" OJSC.

2.2. The IGOs shall be confirmed in the ABMS of the holding company.

2.3. Proper confirmation procedures of the Company's IGOs and the settlement of differences occurring regarding the IGO confirmation shall be ensured by the "Russian Railways" OJSC's Department of Economics (hereinafter referred to as CDE).

2.4. IGOs shall be confirmed regarding the following operations: selling products (works/services); granting/securing loans; investing financial assets; realising fixed and intangible assets; account balance of debt as of the start and end of the target period. Regarding the operations of products (works/services) realisation, in addition to value parameters, quantitative parameters shall also be confirmed.

2.5. The procedure for confirming IGOs by the Company shall be as follows:

2.5.1. If the Company is included in the ambit of consolidation (hereinafter referred to as Ambit of Consolidation) unifying the specification of consolidated budgets and a consolidated financial plan of the "Russian Railways" holding company:

2.5.1.1. From 15 August to 10 September of the year preceding the target year, the Company shall ensure:

- specification and confirmation of IGOs with the S&A included in the Ambit of Consolidation;
- specification of IGOs regarding the branches and management subdivisions of the "Russian Railways" OJSC.

The IGOs shall be specified and confirmed for four years (expected actual for the year preceding the target year and a plan for three years).

The information that the Company is included in the Ambit of Consolidation as well as the information on the S&A included in the Ambit of Consolidation shall be submitted to the General Director of the Subsidiary and Affiliate Management Department of "Russian Railways" OJSC (hereinafter referred to as CS&AMD) in writing.

2.5.1.2. The confirmation of IGOs sent by the counteragent shall be substantiated in the holding company's ABMS by completing similar IGO parameters (quantitative and value ones) whereupon further changes to the parameters of the confirmed IGO are automatically blocked in the ABMS of the holding company.

2.5.1.3. The S&A, including the Company, may act both as recipient (acquirer) of services (products, works) (hereinafter referred to as Recipient) and

seller of services (products, works) (hereinafter referred to as Provider). The IGO confirmation process shall be initiated by the Recipient.

2.5.1.4. From 15 to 25 August of the year preceding the target year, the Recipient shall specify an IGO in the ABMS of the holding company and send it to be confirmed regarding each Provider as well as the branches and management subdivisions of the "Russian Railways" OJSC. The Recipient shall complete IGO quantitative and value parameters as well as type of product, work, service in accordance with sales budgets indicators of the Provider as well as branches and management subdivisions of the "Russian Railways" OJSC.

2.5.1.5. The Provider, within 3 workdays as from receiving IGOs specified and sent by the Recipient to the ABMS of the holding company for confirmation:

- shall complete similar IGO parameters if they agree with the Recipient's data;
- shall complete new IGO parameters if they do not agree with the data sent by the Recipient.

2.5.1.6. If the Recipient does not send specific IGOs in accordance with cl. 2.5.1.4, the Provider, from 26 August to 5 September of the year preceding the target one, shall specify these IGOs in the ABMS of the holding company and send them to be confirmed by the Recipient as well specify IGOs regarding the branches and management subdivisions of the "Russian Railways" OJSC. The Recipient, within 3 workdays as from receiving IGOs specified and sent by the Provider to the ABMS of the holding company for confirmation:

- shall complete similar IGO parameters if they agree with the Provider's data;
- shall complete new IGO parameters if they do not agree with the data sent by the Provider.

2.5.1.7. After the IGOs are specified and confirmed in accordance with cl. 2.5.1.1-2.5.1.6 the Company shall specify reports on the IGOs in the ABMS of the holding company and on their basis, before 10 September of the year preceding the target year, complete data collection forms (in accordance with the Regulations on formation of the consolidated financial plan and investment program of "Russian Railways" holding company).

2.5.2. If the Company is not included in the Ambit of Consolidation the IGOs shall be confirmed in accordance with the procedures stipulated in cl. 2.6 of the regulations.

2.6. The IGOs formed in the "first" budget version shall be specified (corrected) and confirmed from 15 to 31 September of the year preceding the target year. It is understand that:

- if the Company is included in the Ambit of Consolidation it shall correct the IGOs confirmed by the S&A earlier and specified regarding the branches and

management subdivisions of the "Russian Railways" OJSC in accordance with cl. 2.5.1.1-2.5.1.6;

- if the Company is not included in the Ambit of Consolidation it shall specify IGOs and have them confirmed by all the S&A as well as by the branches and management subdivisions of the "Russian Railways" OJSC.

IGO shall be specified (corrected) and confirmed for two years (expected actual for the year preceding the target year and a plan for one year). The IGO confirmation process shall be initiated by the Recipient with the Recipient acted by both the S&A and the branches and management subdivisions of the "Russian Railways" OJSC.

The procedure for specifying (correcting) and confirming IGOs formed in the "first" budget version shall be as follows:

2.6.1. From 15 to 21 September of the year preceding the target year, the Recipient shall specify (correct) IGOs in the ABMS of the holding company and send them to be confirmed regarding each Provider with the Provider acted by both the S&A and the branches and management subdivisions of the "Russian Railways" OJSC. The Recipient shall complete (correct) IGO quantitative and value parameters as well as type of product, work, service in accordance with sales budgets indicators of the Provider.

2.6.2. The Provider, within 3 workdays as from receiving IGOs specified (corrected) and sent by the Recipient to the ABMS of the holding company for confirmation:

- shall complete similar IGO parameters if they agree with the Recipient's data;

- shall complete new IGO parameters if they do not agree with the data sent by the Recipient.

2.6.3. If in accordance with cl. 2.6.1, the Recipient does not send specific IGOs the Provider, from 22 to 28 September of the year preceding the target year, shall specify (correct) these IGOs in the ABMS of the holding company and send them for confirmation.

2.6.4. The Recipient, within 3 workdays as from receiving IGOs specified (corrected) and sent by the Provider to the ABMS of the holding company for confirmation in accordance with cl. 2.6.3:

- shall complete similar IGO parameters if they agree with the Provider's data;

- shall complete new IGO parameters if they do not agree with the data sent by the Provider.

2.6.5. If at this stage, the IGOs are not confirmed by the counteragents for three times the CDE shall receive information on the differences through the ABMS of the holding company.

2.6.6. The differences between the S&A that occurred in the IGO confirmation process shall be resolved as follows:

2.6.6.1. From 1 to 10 October of the year preceding the target year, the CDE shall resolve the differences between the S&A that occurred in the IGO confirmation process.

2.6.6.2. In the settlement process of the differences on internal group operations between the S&A the materiality criterion shall account for 5 mil roubles.

2.6.6.3. If the IGO discrepancies are more than 5 mil roubles the CDE may confirm the IGO in accordance with both the Provider's data and Recipient's data or if the joint IGO decision between the S&A is formulated through the CDE the latter may reopen the IGOs in the ABMS of the holding company for confirmation by the counteragents.

2.6.6.4. After all the differences are resolved the Company shall formulate reports on the IGO confirmation in the ABMS of the holding company to be approved by the General Director of the Company.

2.6.6.5. The IGO discrepancies of less than 5 mil roubles shall be automatically resolved in the preparation for the formation of the holding company's consolidated budgets (the smaller IGO sum shall be taken into account).

2.7. If the budget is revised in accordance with comments passed in its confirmation process by members of the Company's Board of Directors, the CS&AMD, and other involved subdivisions of the "Russian Railway" OJSC and if deviations in IGO account for more than 5 mil roubles the Company shall correct the IGOs and reconfirm them with the counteragents. The IGOs shall be reconfirmed within the term stipulated in cl. 3.10.

After the IGOs are reconfirmed the Company shall formulate reports on the IGO confirmation in the ABMS of the holding company to be approved by the General Director of the Company.

2.8. The period of IGO confirmation in the ABMS of the holding company shall be closed by the CDE on 10 October of the year preceding the target year.

2.9. If a necessity arises of correcting IGOs when the Company's budget is confirmed by members of Board of Directors, the CS&AMD, and other involved subdivisions of the "Russian Railway" OJSC the period of IGO confirmation for the Company in the ABMS of the holding company may be temporarily opened by the CDE.

2.10. In case of budget corrections, if deviations between the corrected IGOs and those in the approved budget version account for less than 5 mil roubles the Company shall reconfirm the IGO with the counteragents.

Furthermore, if IGOs to be confirmed are submitted by other "Russian Railways" OJSC S&A revising their budgets that significantly influence the Company's final budget indicators the General Director shall ensure that in accordance with the reconfirmed IGO parameters, the budget correction is submitted for consideration to members of Board of Directors, the CS&AMD, and other involved subdivisions of the "Russian Railway" OJSC in accordance with the procedure stipulated in Section 4 of the regulations. In this case, the materiality criterion shall be specified by the "Russian Railways" OJSC subdivisions in the regular course of business upon the Company's request.

III. Budget formation procedure

3.1. The Company's budget shall be formulated based on main activities defined by the Board of Directors, development strategy approved by the Board of Directors, target indicators stipulated in the development strategy as well as on preliminary and updated scenario conditions, and other resolutions by the Board of Directors regarding the budget formation, and approved by the Company's Board of Directors.

3.2. The budget format and an explanatory note appended to it shall be approved by the Company's Board of Directors.

3.3. Preliminary scenario conditions for the budget formation (predictive indices of cost elements, indexation parameters of railway tariffs, currency rates, and other conditions based on the Company's specific activities) shall be submitted to the Company by the CDE before August 15 of the year preceding the target one, and updated scenario conditions before September 15 of the year preceding the target year.

3.4. If the Company is included in the Ambit of Consolidation the Company's General Director shall ensure before 10 September of the year preceding the target year that a "zero" budget version is formulated, sent to the involved subdivisions of the "Russian Railways" OJSC through the ABMS of the holding company, and based on the version, data collection forms are completed (in accordance with the Regulations on formation of the consolidated financial plan and investment program of "Russian Railways" holding company). The "zero" budget version shall comprise data for four years (expected actual for the year preceding the target year and a plan for three years with the first year plan in the quarterly breakdown).

3.5. If a notification is received from the Department of Corporate Finances (hereinafter referred to as CF) or the CS&AMD indicating a necessity of correcting data collection forms (in accordance with the Regulations on formation of the consolidated financial plan and investment program of "Russian Railways" holding

company), of correspondingly revising the "zero" budget version in the ABMS of the holding company, and of the budget revision confirmation by the CS&AMD, the General Director, within 1 workday as from receiving this notification, shall ensure that the "zero" budget version is corrected, sent to the involved subdivisions of the "Russian Railways" OJSC through the ABMS of the holding company, and based on the version, data collection forms are completed anew.

3.6. The General Director shall ensure that a "first" budget version is formulated and sent for confirmation to members of the Board of Directors as well as to the CS&AMD, and other involved subdivisions of the "Russian Railways" OJSC through the ABMS of the holding company within the following terms:

- within 1 workday after correcting the "zero" budget version in accordance with cl. 3.5 but no later than 15 September of the year preceding the target year – if the Company is simultaneously included in the List of the "Russian Railways" OJSC S&A, on which the Board of Directors of the "Russian Railways" OJSC passes resolutions in accordance with clause 71, sub-clause 23, paragraph 1 of the "Russian Railways" OJSC Charter (hereinafter referred to as the List of the "Russian Railways" OJSC Board of Directors), and in the Ambit of Consolidation. The "first" budget version shall be formulated based on the "zero" budget version;

- before 15 September of the year preceding the target year – if the Company is included in the List of the "Russian Railways" OJSC Board of Directors but not included in the Ambit of Consolidation;

- before 15 October of the year preceding the target year – if the Company is not included in the List of the "Russian Railways" OJSC Board of Directors but included in the Ambit of Consolidation. The "first" version of the Company's budget shall be formulated based on the "zero" budget version;

- before 15 October of the year preceding the target year – if the Company is not included in the List of the "Russian Railways" OJSC Board of Directors or in the Ambit of Consolidation.

3.7. The "first" budget version shall comprise data for:

- four years (expected actual for the year preceding the target year and a plan for three years with the first year plan in the quarterly breakdown) – if the Company is included in the List of the "Russian Railways" OJSC Board of Directors;

- two years (expected actual for the year preceding the target year and a plan for one years with the first year plan in the quarterly breakdown) or, if the Company's Board of Directors passes a specific resolution, for a longer target period – if the Company is not included in the List of the "Russian Railways" OJSC Board of Directors.

3.8. Sending the "first" budget version for confirmation the Company shall send the IGO confirmation reports (scanned pdf versions approved by the Company's General Director in accordance with cl. 2.7) to the involved subdivisions of the "Russian Railways" OJSC through the ABMS of the holding company.

3.9. The General Director shall receive statements regarding all comments on "first" budget version the from all members of the Board of Directors and from the CS&AMD within 15 workdays as from sending it for confirmation. The CS&AMD shall verify the fact in the ABMS of the holding company that the budget is sent for revision. If there are no comments on the draft budget the operations shall continue in accordance with the procedures stipulated in cl. 3.13.

3.10. The General Director, within 5 workdays as from receiving comments from the Board of Directors and CS&AMD, shall ensure in accordance with cl. 3.9 that they are addressed and a revised draft budget and explanatory note with details of addressing the comments (budget clauses and sections that are revised or explanations unless the comments are addressed) are submitted to the Board of Directors as well as to the CS&AMD, and other involved subdivisions of the "Russian Railways" OJSC through the ABMS of the holding company.

3.11. If the revised draft budget is sent for confirmation, in case of IGO correction in accordance with cl. 2.7, the General Director shall send revised IGO confirmation reports (scanned pdf versions approved by the Company's General Director) to the involved subdivisions of the "Russian Railways" OJSC through the ABMS of the holding company.

3.12. The finalisation and confirmation of the Company's revised draft budget by the Board of Directors, CS&AMD, and other involved subdivisions of the "Russian Railways" OJSC shall be performed by the Company in the regular course of business within 5 workdays as from submitting the budget in accordance with cl. 3.10.

3.13. If all comments on the draft budget passed by the Board of Directors, CS&AMD, and other involved subdivisions of the "Russian Railways" OJSC are addressed and the Company's budget is confirmed by all members of the Board of Directors and other involved subdivisions of the "Russian Railways" OJSC in the ABMS of the holding company, if necessary, the General Director shall assist the CS&AMD to in submitting the draft budget to the Budget Committee of the "Russian Railways" OJSC for consideration.

If the comments on the Company's draft budget from the involved subdivisions of the "Russian Railways" OJSC are impossible to address in the regular course of

business the Company's draft budget shall be submitted to the Budget Committee of the "Russian Railways" OJSC for consideration.

The General Director shall receive a written notification from the CS&AMD that the draft budget shall be submitted to the Budget Committee of the "Russian Railways" OJSC for consideration.

If necessary, on the basis of the appropriate letter from the CS&AMD, the Company's General Director shall be present at the meeting of the Budget Committee of the "Russian Railways" OJSC and speak on the Company's draft budget for the forthcoming period.

3.14. Within 2 workdays after the Budget Committee of the "Russian Railways" OJSC passes a resolution on the draft budget, the General Director shall receive a final statement from the CS&AMD including, but not limited to, the information on its necessary consideration by the Company's Board of Directors or by the Board of Directors of the "Russian Railways" OJSC. The CS&AMD shall verify the fact in the ABMS of the holding company that the draft budget is confirmed by the Budget Committee of the "Russian Railways" OJSC.

3.15. If the Company is not included in the List of the "Russian Railways" OJSC Board of Directors, within 2 workdays as from receiving the information in accordance with cl. 3.14., the General Director shall initiate a meeting of the Company's Board of Directors in order to approve a budget for the forthcoming period.

3.16. If the Company is included in the List of the "Russian Railways" OJSC Board of Directors the draft budget, prior to the approval by the Company's Board of Directors, the draft budget shall receive preliminary consideration by the Board of Directors of the "Russian Railways" OJSC. In this case, cl. 3.15. in the regulations shall not be applicable and budget approval procedures shall be arranged as follows:

3.16.1. Within 2 workdays as from receiving the information on the necessary budget consideration by the Board of Directors of the "Russian Railways" OJSC, in accordance with cl. 3.14, the General Director shall prepare and submit a complete draft budget to the CS&AMD in the format approved by the Board of Directors of the "Russian Railways" OJSC as well as a report and report presentation on paper and electronic media.

3.16.2. Based on the meeting of the Board of Directors of the "Russian Railways" OJSC, the Company's General Director shall receive a written notification from the CS&AMD on the resolution passed there.

3.16.3. Within 2 workdays as from receiving the information in accordance with cl. 3.16.2., the Company's General Director shall initiate a meeting of the Company's Board of Directors in order to approve the Company's budget.

3.17. If the Company is not included in the List of the "Russian Railways" OJSC Board of Directors the budget shall be approved by the Company's Board of Directors prior to the target year. If the Company is included in the List of the "Russian Railways" OJSC Board of Directors the budget shall be approved by the Company's Board of Directors within 18 workdays as from receiving the information in accordance with cl. 3.16.2.

3.18. Within 3 workdays as from approving the Company's budget by the Company's Board of Directors, the General Director shall submit the approved budget on an electronic medium to the members of the Board of Directors and one copy of the budget on paper and electronic media to the CS&AMD.

3.19. The paper medium copy shall be produced in accordance with requirements stipulated in cl. 1.7. of these regulations.

IV. Budget correction procedure

4.1. The Company's budget approved by the Board of Directors may be corrected. Corrections shall be applicable to first year indicators (in the quarterly breakdown).

4.2. The budget correction shall be referred to as any change to the approved budget indicators in accordance with procedures stipulated in these regulations.

4.3. Corrections to the Company's budget shall be applicable due to:

- significant changes in prices for material, technical, fuel, and energy resources;
- significant changes in corporate orders;
- significant changes in IGOs between the S&A;
- significant changes in sales performance for external counteragents;
- definition of the Company's new economic activities considerably influencing the Company's target indicators;
- other significant changes that are not provided for in the Company's budget and take place in the reporting period of the current year for reasons beyond the Company's control;
- specific resolutions passed by the Company's Board of Directors.

The materiality level shall be specified by the Company's Board of Directors, CS&AMD as well as other involved subdivisions of the "Russian Railway" OJSC responsible for the Company's budget confirmation.

4.4. Correction may be made no more than once in six months after finalizing accounting reports on RAS for the past period of the current year. In the past period of the current year (three, six months), a draft correction shall contain actual data (corrections in the forth quarter shall not be accepted).

4.5. The General Director shall submit a draft budget correction to the Board of Directors for confirmation as well as to the CS&AMD and other involved subdivisions of the "Russian Railway" OJSC through the ABMS of the holding company based on IGO corrections, in accordance with cl. 2.10 within 10 calendar days after the formation of a report on budget execution in the past period.

4.6. In accordance with cl. 4.5, within 10 workdays as from submitting the draft budget correction, the Company's General Director shall ensure that it is confirmed by members of the Board of Directors as well as by the CS&AMD, and other involved subdivisions of the "Russian Railways" OJSC through the ABMS of the holding company.

4.7. Based on the confirmation of the budget correction in accordance with cl. 4.6, the General Director shall receive a statement from the Board of Directors and CS&AMD within 1 workday that includes, but is not limited to, the information whether the budget correction is valid/invalid and whether the corrected budget (if the budget correction is accepted as valid) shall be submitted for consideration to the Budget Committee of the "Russian Railways" OJSC or Company's Board of Directors, and shall also submit a finalized document to them, including the submission through the ABMS of the holding company.

If the corrected budget is not submitted for consideration to the Budget Committee of the "Russian Railways" OJSC procedures shall proceed in accordance with cl. 4.10.

4.8. If necessary, the Company's General Director shall assist the CS&AMD in submitting the budget correction finalized in accordance with cl. 4.6. for consideration to the Budget Committee of the "Russian Railways" OJSC.

If necessary, on the basis of the appropriate letter from the CS&AMD, the Company's General Director shall be present at the meeting of the Budget Committee of the "Russian Railways" OJSC and speak on the Company's budget correction for the forthcoming period.

4.9. Within 1 workday after the Budget Committee of the "Russian Railways" OJSC passes a resolution on the draft budget correction, the Company's General Director shall receive a final statement from the CS&AMD including, but not limited to, the information whether the corrected budget shall be submitted for consideration to the Company's Board of Directors or to the Board of Directors of the "Russian Railways" OJSC. The CS&AMD shall verify the fact in the ABMS of the holding company that the budget correction is confirmed by the Budget Committee of the "Russian Railways" OJSC.

4.10. If the Company is not included in the List of the "Russian Railways" OJSC Board of Directors, within 2 workdays as from receiving the information in accordance with cl. 4.7. or cl. 4.9, the General Director shall initiate a meeting of

the Company's Board of Directors in order to approve the budget correction for the forthcoming period.

4.11. If the Company is included in the List of the "Russian Railways" OJSC Board of Directors the draft budget, prior to the approval by the Company's Board of Directors, the draft budget correction shall receive preliminary consideration by the Board of Directors of the "Russian Railways" OJSC.

In this case, cl. 4.10. in the regulations shall not be applicable and budget approval procedures shall be arranged as follows:

4.11.1. Within 2 workdays as from receiving the information that the budget correction shall be considered by the Board of Directors of the "Russian Railways" OJSC, the General Director shall prepare a complete draft correction of the Company's budget and submit it to the CS&AMD in the format specified by the Board of Directors of the "Russian Railways" OJSC as well as a report and report presentation on paper and electronic media.

4.11.2. Based on the meeting of the Board of Directors of the "Russian Railways" OJSC, the Company's General Director shall receive a written notification from the CS&AMD on the resolution passed there.

4.11.3. Within 2 workdays as from receiving the information in accordance with cl. 4.11.2., the Company's General Director shall initiate a meeting of the Company's Board of Directors in order to approve the correction to the Company's budget for the forthcoming period.

4.12. If the Company is not included in the List of the "Russian Railways" OJSC Board of Directors the budget correction shall be approved by the Company's Board of Directors prior to the target year. If the Company is included in the List of the "Russian Railways" OJSC Board of Directors the budget correction shall be approved by the Company's Board of Directors within 18 workdays as from receiving the information in accordance with cl. 4.11.2.

4.13. Within 3 workdays as from approving the Company's corrected budget by the Company's Board of Directors, the General Director shall submit the approved document on an electronic medium to the members of the Board of Directors and one copy of the budget on paper and electronic media to the CS&AMD.

4.14. The paper medium copy shall be produced in accordance with requirements stipulated in cl. 1.7. of these regulations.

V. Procedures for preparation of report on budget execution

5.1. Quarterly and at the end of the current year, the General Director shall submit a report on budget execution in the form approved by the Company's Board of Directors that shows absolute and relative planned and actual indicators for the

reporting period, and supplemented with an explanatory note that includes, but is not limited to, reasons for deviations of actual indicators from the planned ones, to the members of the Board of Directors (on paper and electronic media) as well as to the CS&AMD, and other involved subdivisions of the "Russian Railways" OJSC (on paper and electronic media as well as through the ABMS of the holding company).

5.2. Quarterly reports on budget execution shall be submitted within 40 calendar days after the termination of the first quarter, 6 and 9 months of the reporting year. Reports on budget execution for the year shall be submitted:

- if the Company is not included in the List of the "Russian Railways" OJSC Board of Directors, within 90 calendar days after the termination of the reporting year;

- if the Company is included in the List of the "Russian Railways" OJSC Board of Directors, no later than 10 March of the year following the reporting year.

5.3. In accordance with cl. 5.1., within 10 workdays as from submitting a budget execution report, the Company's General Director shall ensure that it is confirmed by members of the Board of Directors as well as by the CS&AMD, and other involved subdivisions of the

"Russian Railways" OJSC through the ABMS of the holding company. If members of the Board of Directors as well as by the CS&AMD, and other involved subdivisions

of the "Russian Railways" OJSC have comments on the report the Company's General Director shall ensure that the comments are rapidly addressed.

5.4. Based on the confirmation of the budget execution report, the Company's General Director shall receive statements from all members of the Company's Board of Directors and from the CS&AMD that the report is ready to be considered by the Company's Board of Directors.

5.5. Within 2 workdays as from receiving the information in accordance with cl. 5.4., the General Director shall initiate a meeting of the Company's Board of Directors in order to approve the report on the execution of the Company's budget.

5.6. If the Company is included in the List of the "Russian Railways" OJSC Board of Directors, prior to the approval by the Company's Board of Directors, the budget execution report for the past year shall receive preliminary consideration by the Budget Committee of the "Russian Railways" OJSC and by the Board of Directors of the "Russian Railways" OJSC. The General Director shall receive a written notification from the CS&AMD that the budget execution report for the past year shall be submitted to the Budget Committee of the "Russian Railways" OJSC and

to the Board of Directors of the "Russian Railways" OJSC for preliminary consideration.

In this case, cl. 5.5. in the regulations shall not be applicable and approval procedures for the budget execution report shall be arranged as follows:

5.6.1. Based on the confirmation of the budget execution report in accordance with cl. 5.3., the report shall be considered by the Budget Committee of the "Russian Railways" OJSC. If necessary, the Company's General Director shall assist the CS&AMD in submitting the budget execution report for consideration to the Budget Committee of the "Russian Railways" OJSC.

If necessary, on the basis of the appropriate letter from the CS&AMD, the Company's General Director shall be present at the meeting of the Budget Committee of the "Russian Railways" OJSC and speak on the report on the execution of the Company's budget for the past year.

5.6.2. Based on the meeting of the Budget Committee of the "Russian Railways" OJSC, the Company's General Director shall receive a written notification from the CS&AMD on the resolution passed there. The CS&AMD shall verify the fact in the ABMS of the holding company that the budget execution report is confirmed by the Budget Committee of the "Russian Railways" OJSC.

5.6.3. Within 2 workdays as from receiving the information that the budget execution report is confirmed by the Budget Committee of the "Russian Railways" OJSC in accordance with cl. 5.6.2, the General Director shall prepare a complete report on the execution of the Company's budget for the past year and submit it to the CS&AMD in the format approved by the Board of Directors of the "Russian Railways" OJSC as well as 2 copies of the oral report and oral report presentation on an electronic medium.

5.6.4. Based on the meeting of the Board of Directors of the "Russian Railways" OJSC, the Company's General Director shall receive a written notification from the CS&AMD on the resolution passed there.

5.6.5. Within 2 workdays as from receiving the information in accordance with cl. 5.6.4. of the regulations, the Company's General Director shall initiate a meeting of the Company's Board of Directors in order to approve the report on the execution of the Company's budget for the past year.

5.7. Within 3 workdays as from approving the report on the execution of the Company's budget by the Board of Directors, the Company's General Director shall submit the approved report on an electronic medium to the members of the Board of Directors and one copy of the report on paper and electronic media to the CS&AMD.

5.8. The paper medium copy shall be produced in accordance with requirements stipulated in cl. 1.7. of these Regulations.

VI Conclusion

In order to formulate actual values of the budget indicators in the automated mode, the Company's General Director shall ensure quarterly and at the end of the current year that the upload is performed from the Company's accounting systems to the ABMS of the holding company, of electronic data about actual economic turnover (cumulatively for the reporting period) and account balance as of the start and end of the reporting period, and is supplemented with turnover balance sheets as well as changes to the Company's chart of accounts for the reporting period in the pdf format.

* Note: If due to external reasons or a resolution by the management of the "Russian Railways" OJSC, the Company is not connected to the ABMS of the holding company budgets, budget corrections, and budget execution reports shall be submitted for confirmation to the involved subdivisions of the "Russian Railways" OJSC on paper and electronic media to the CS&AMD.