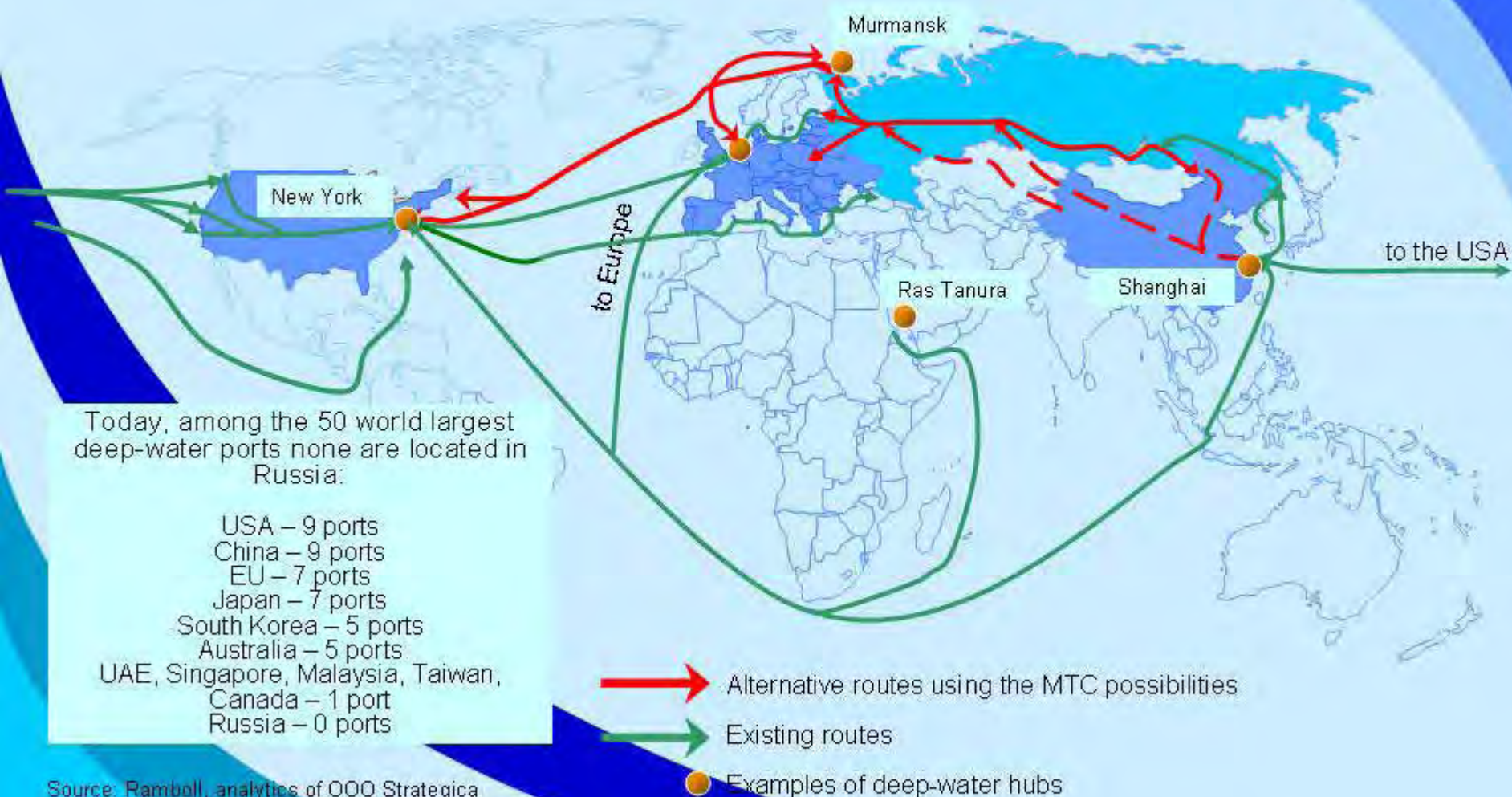


Development of international deep-water hub
based on the Murmansk Transport Complex

**Integrated development of
Murmansk Transport Complex (MTC)
Efficiency of the MTC facilities**

December 2008

In future, the port of Murmansk will be positioned as an international deep-water hub, which will become an integrated part of the global transportation and logistic system

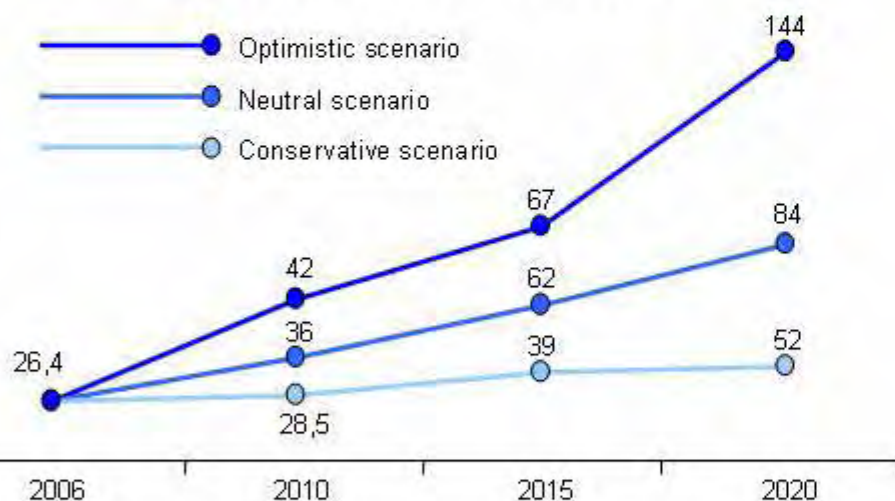


Source: Ramboll, analytics of OOO Strategica

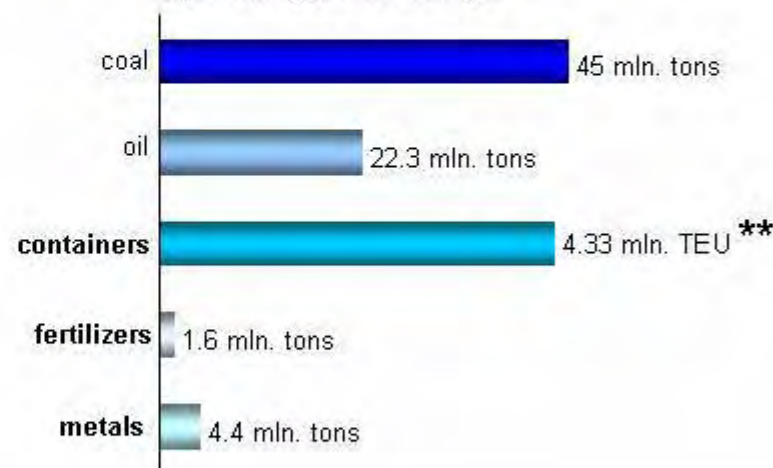
Murmansk Transport Complex has great prospects

by 2020 the MTC cargo traffic will double,
and in favorable circumstances it may grow 5 times!

MTC total cargo traffic forecast for the period until 2020, mln. tons



The MTC cargo traffic absolute growth by the type of cargo *



* For optimistic scenario

** TEU – equivalent twenty-foot container

Murmansk transportation hub development has been considered as an integrated strategic task

4

Sea transport development

- reconstruction of the MMTP 9.6 mln. tons coal terminal
- construction of a 20 mln. tons coal terminal on the West coast
- construction of a 1 mln TEU container terminal
- construction of a 35 mln. tons oil terminal
- construction of an environmentally safe bunkering facility



Development of logistic and warehousing infrastructure

- construction of a distribution and logistic complex;
- construction of a logistic center.

Development of railway transport

- construction of a new 28 km «Vykhodnoi-Lavna» railway branch
- construction of 10 new railway stations and depots
- reconstruction of the gridiron of tracks of 4 stations



Interindustry aspects

- equipping the frontier crossing point;
- external power supply for the transport complex;
- integrated navigation safety system;
- fire protection system;
- industrial safety;
- environmental assessment.

Road transport development

- developing the city road network of Murmansk
- "Kola" motor road reconstruction

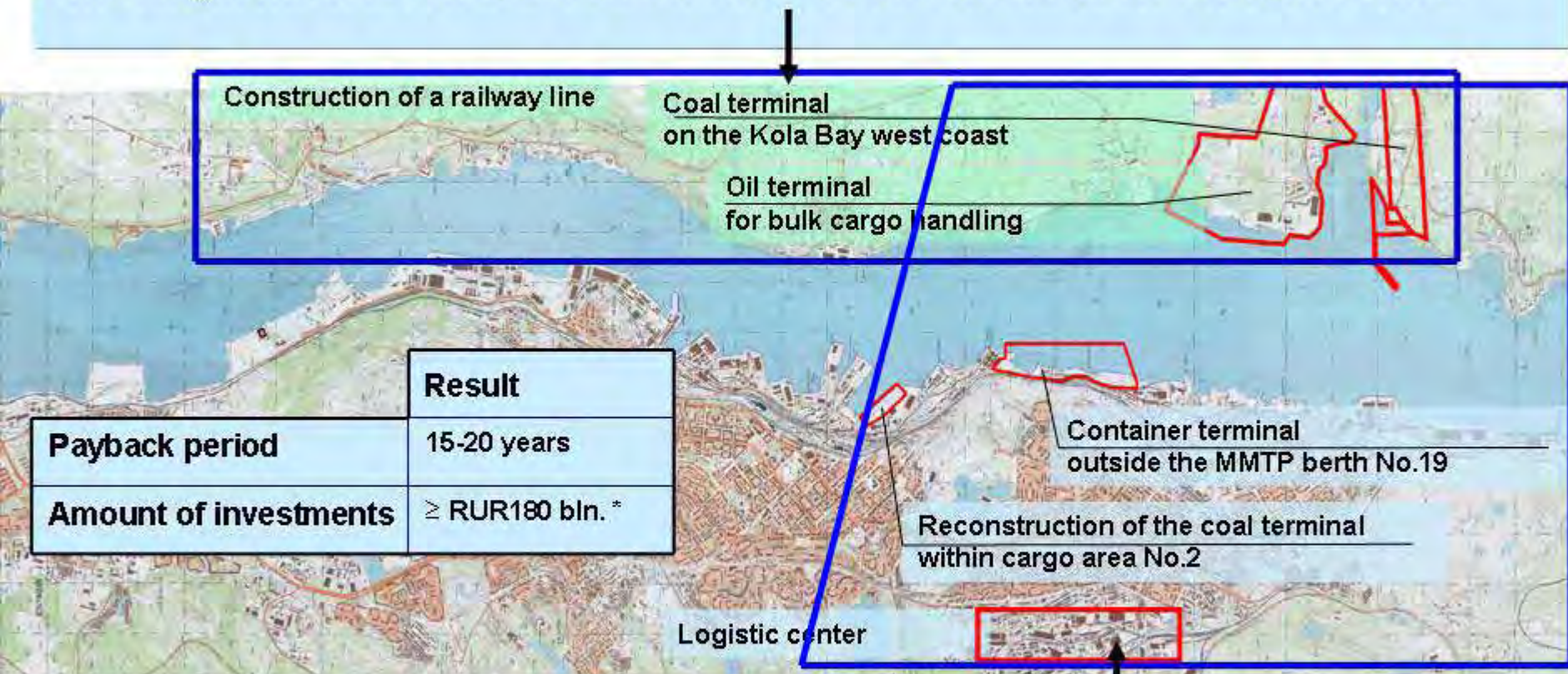
Air transport development

- Murmansk airport reconstruction

To develop the MTC, it has been proposed that the two public-private partnership (PPP) instruments should be used simultaneously

5

Borrowing from an Investment Fund or another PPP instrument for the construction



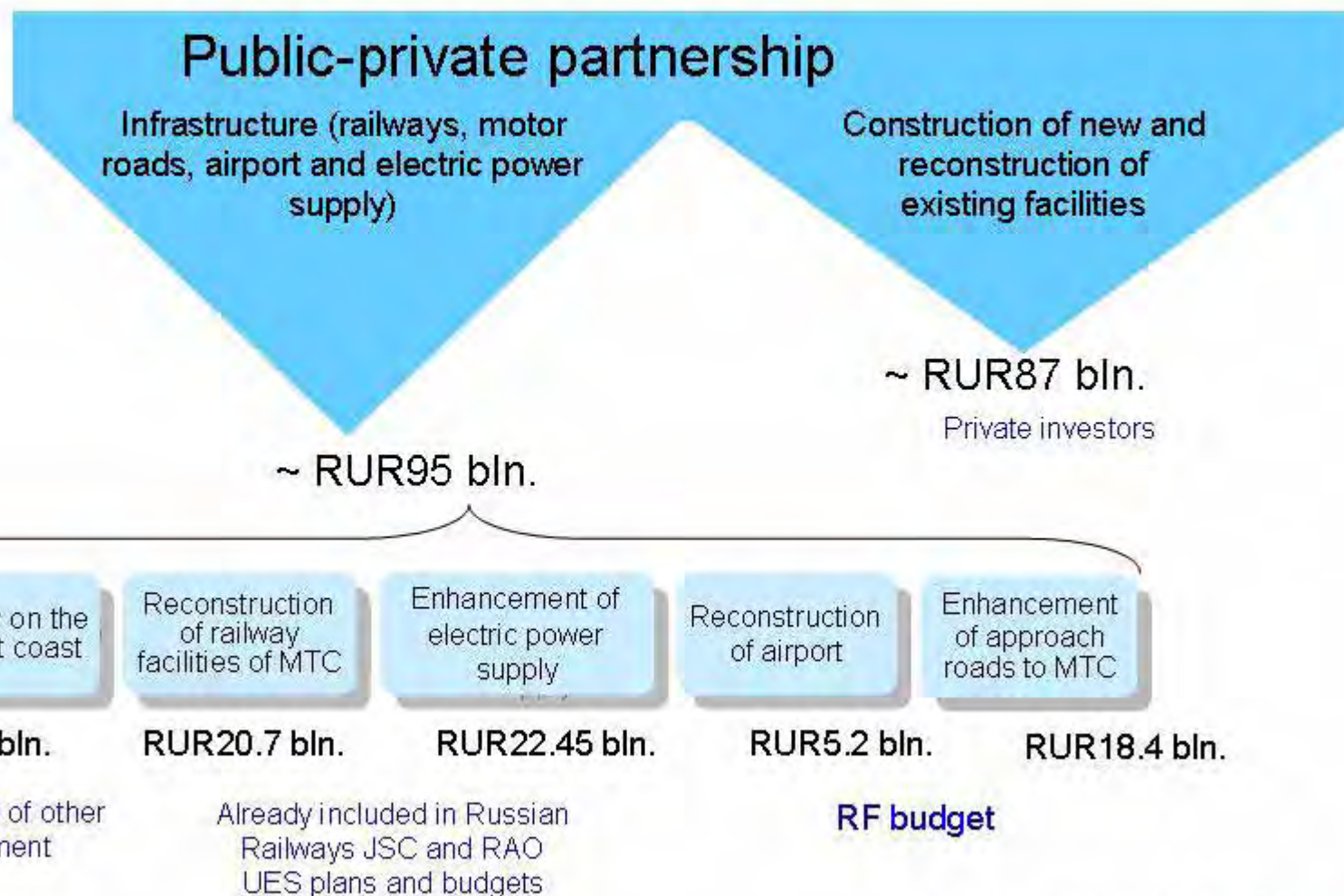
Setting up the Port Special Economic Zone (PSEZ)**

* at the year 2007 prices

** the initiative of the Murmansk Region Administration

Within 12 years, the amount of investments into the MTC development will exceed RUR180 bln. at 2007 prices *

6



* RUR309 bln. – adjusted for price indexation

Vykhodnoi – Lavna branch railway construction project on the Kola Bay West coast

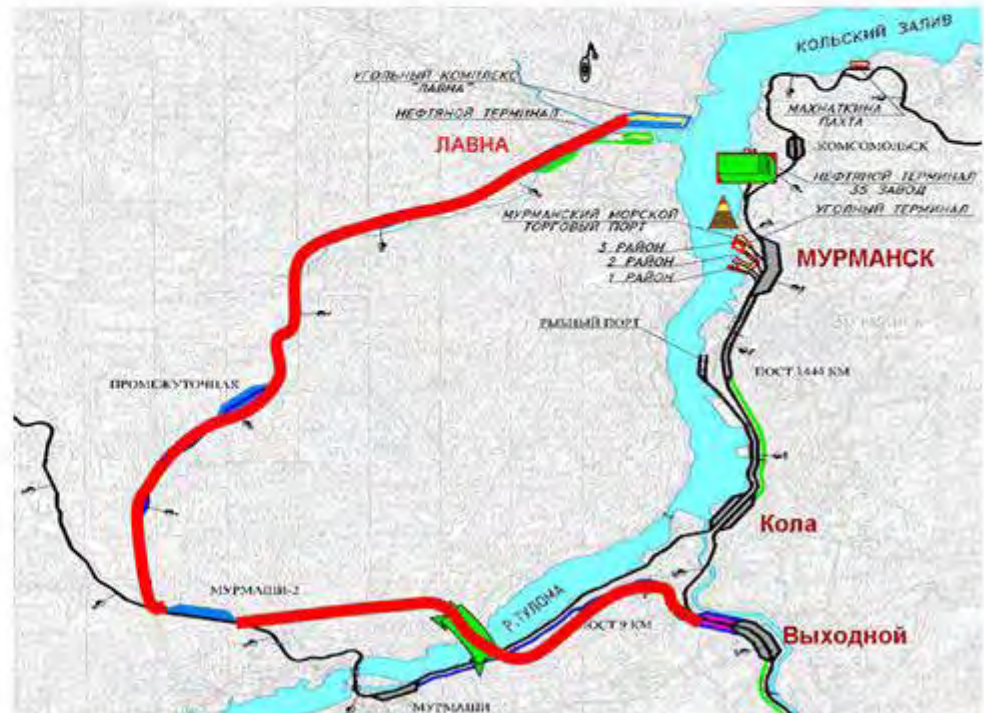
7

The purpose of this project is to support the development of Murmansk Transport Complex on the West coast of the Kola Bay

Designed capacity: over 30 mln. tons per year
Construction period: 9 years
Construction cost (at future prices): RUR44.17 bln.

For detailed results of financial modeling see the Report on Vykhodnoi – Lavna branch railway construction project on the Kola Bay West coast in Book.5 SEZ MTC-6-51.5

Project payback period: 17 years
Internal rate of return: 14.34
Net discounted income (at 11% discount rate):
RUR12.5 bln. (in 2035)
Accumulated budgetary cash flow during the period until 2035 – RUR1,092.98 bln.
Accumulated governmental support using the Investment Fund – RUR44.17 bln. (at future prices).
Budget efficiency index in 2035 – 7.15
Cumulative macroeconomic effect (at current prices): RUR1,981.36 bln. (in 2035)
Investment project macroeconomic efficiency index: 28.5 (in 2035)



The Kola Bay East coast Vykhodnoi – Kola – Murmansk – Mokhnatkina Pakhta branch railway reconstruction project

8

The purpose of this project is to increase the railway throughput capacity up to the level required for the development of Murmansk Transport Complex

Designed capacity : over 12 tons per year
Construction period : 9 years
Construction cost (at future prices): RUR32.2 bln.

For detailed results of financial modeling see the Report on the Kola Bay east coast Vykhodnoi – Kola – Murmansk – Mokhnatkina Pakhta branch railway reconstruction project in Book.6 SEZ MTC-6-51.6.

Project payback period : 12 years
Internal rate of return : 13.5
Net discounted income (at 6 % discount rate):
RUR23.7 bln. (2035)
Accumulated budgetary cash flow during the period
until 2035– RUR903.77 bln.
Accumulated governmental support using the
Investment Fund – RUR32.23 bln. (at future
prices).
Budget efficiency index in 2035 – 13.9
Cumulative macroeconomic effect (at current
prices): RUR1,663.27 bln. (in 2035)
Investment project macroeconomic efficiency
index: 33.3 (in 2035)



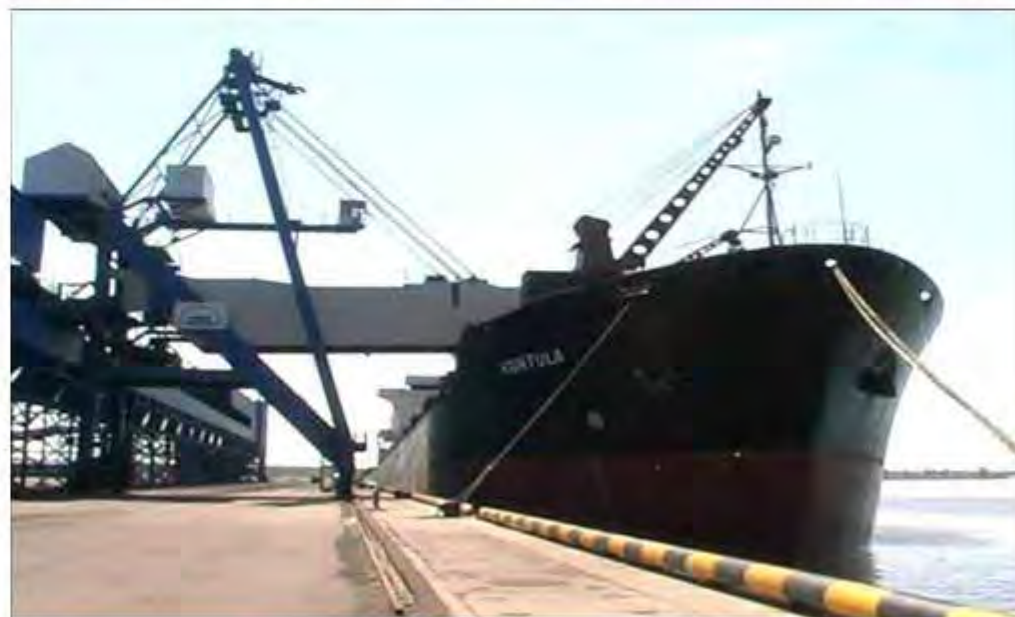
The Kola Bay East coast coal terminal reconstruction project

The purpose of this project is to enhance operational efficiency of the transshipment facilities of the MMTP 2nd cargo area by implementing the advanced coal transshipment technology

Designed capacity: 10 mln. tons per year
Construction period: 2 years
Construction cost (at future prices): RUR2.3 bln.

For detailed results of financial modeling see the Report on the MMTP cargo area 2 coal terminal upgrading in Book.1 SEZ MTC-6-51.1

Project payback period (at 9% discount rate):
4 years
Internal rate of return: 53.11%
Net discounted income (at 9% discounting rate):
RUR11.5 bln. (in 2035)
Accumulated budgetary cash flow: RUR98.84 bln. (in 2035)
Cumulative macroeconomic effect (at current prices): RUR191.59 bln. (in 2035)
Investment project macroeconomic efficiency index: 46.46 (in 2035)



The Kola Bay West coast oil and oil product transshipment terminal construction project

10

The purpose of this project is to satisfy the growing demand in transshipment of hydrocarbon materials exported through the Murmansk Transport Complex by building a modern, environmentally safe oil terminal on the West coast of the Kola Bay.

Designed capacity: 35 mln. tons per year
Construction period: 12.5 years
Construction cost (at future prices): RUR91.9 bln.

For detailed results of financial modeling see the Report on the Kola Bay west coast oil transshipment facility construction in Book.2 SEZ MTC-6-51.2.

Project payback period (at 11% discount rate): —
Internal rate of return: 7,63
Net discounted income (at 11% discount rate): -
RUR11.49 bln. (in 2035)
Accumulated budgetary cash flow: RUR382.75 bln. (in 2035)
Cumulative macroeconomic effect (at current prices): RUR775.29 bln. (in 2035)
Investment project macroeconomic efficiency index: 6.35 (in 2035)



The Kola Bay West coast coal transshipment terminal construction project

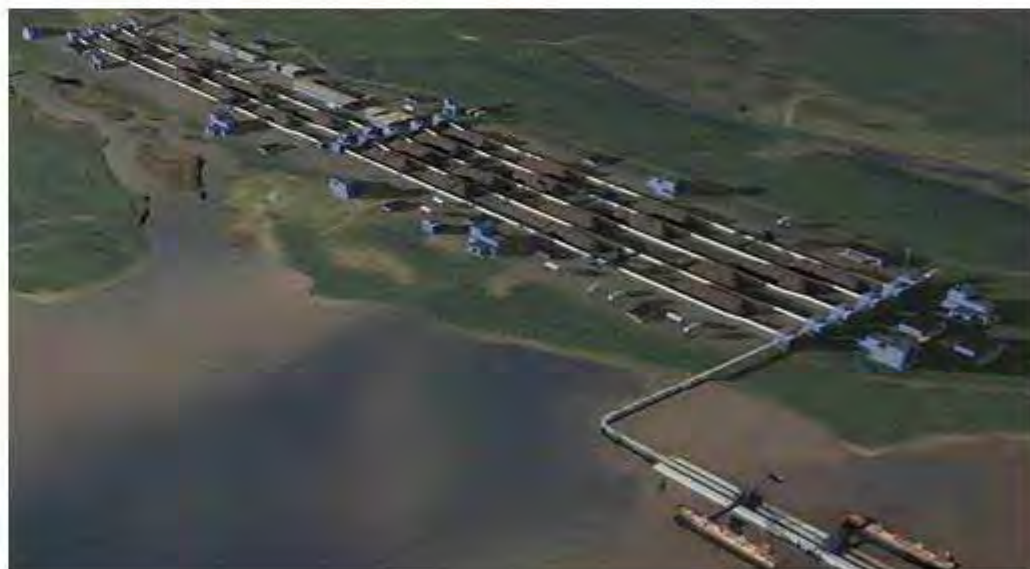
11

The purpose of this project is to satisfy the growing demand of the producing companies in transshipment capacities to export coal through the Murmansk Transport Complex by building an additional coal transshipment terminal

Designed capacity: 20 mln. tons per year
Construction period: 4-5 years
Construction cost (at future prices): RUR19.2 bln.

For detailed results of financial modeling see the Report on the Kola Bay west coast coal terminal construction in Book.3 SEZ MTC-6-51.3

Project payback period (at 11% discount rate):
26 years
Internal rate of return: 11.27
Net discounted income (at 11% discount rate):
RUR0.5 bln. (in 2035)
Accumulated budgetary cash flow: RUR152.5 bln.
(in 2035)
Cumulative macroeconomic effect (at current prices): RUR301.86 bln. (in 2035)
Investment project macroeconomic efficiency index: 9.51 (in 2035)



The Kola Bay East coast container terminal construction project

12

The purpose of this project is to use the Murmansk Transport Complex potential as a container port in conditions of growing turnover of container cargoes in the Russian Federation by building a modern container transshipment facilities

Designed capacity: 10 mln. tons per year
Construction period: 4.5 years
Construction cost (at future prices): RUR28.87 bln.

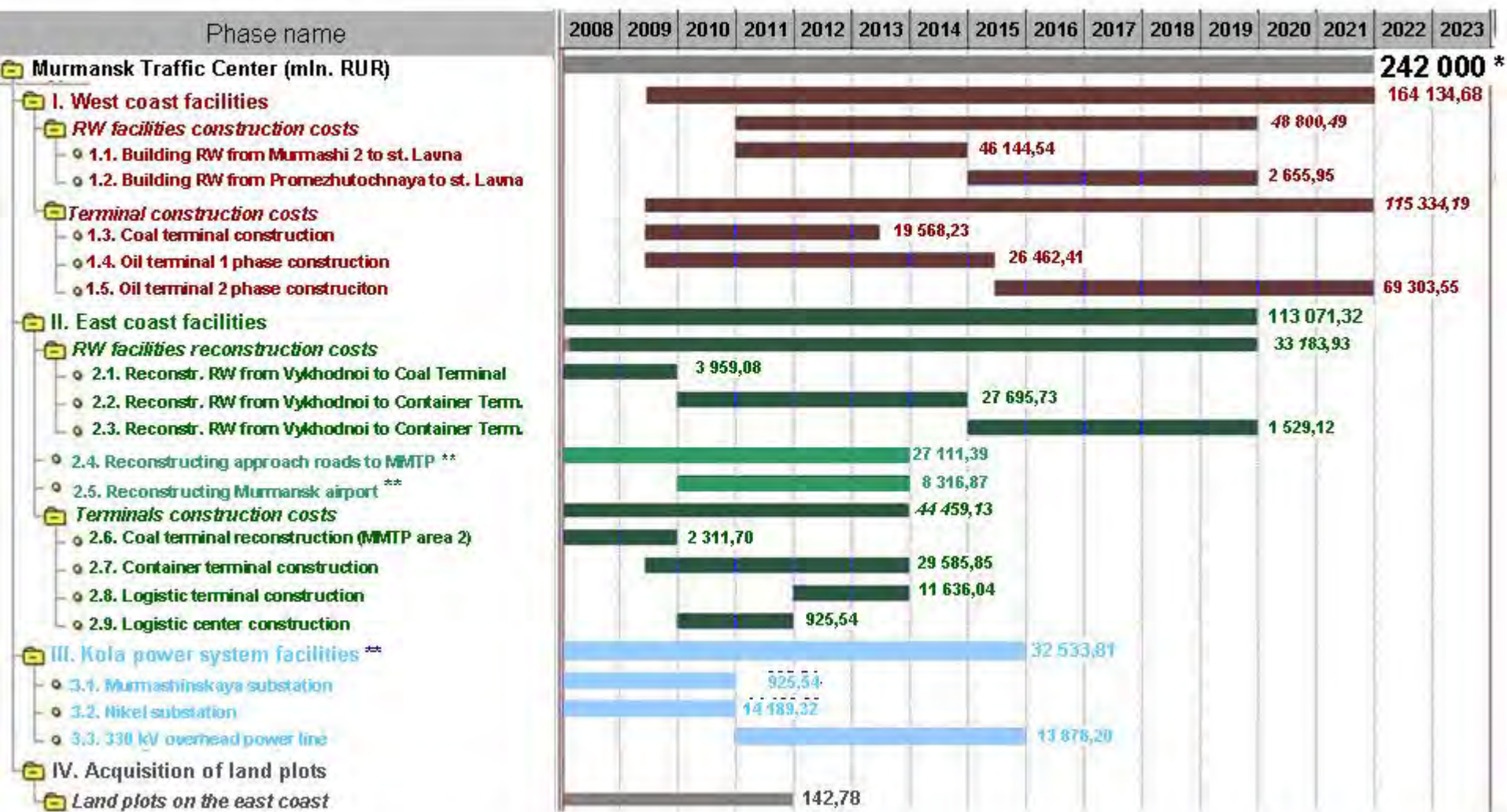
For detailed results of financial modeling see the Report on the Kola Bay east coast container terminal construction in Book.5 SEZ MTC-6-51.4

Project payback period (at 14% discount rate):
25 years
Internal rate of return: 14.49
Net discounted income (at 14% discount rate):
RUR0.88 bln. (in 2035)
Accumulated budgetary cash flow: RUR89.73 bln. (in 2035)
Cumulative macroeconomic effect (at current prices): RUR526.82 bln. (in 2035)
Investment project macroeconomic efficiency index: 11.44 (in 2035)



MTC most cost-consuming facilities – construction of the Murmashi 2 – Lavna Station railway and construction of the oil terminal (amounts of investments are given in current prices)

13



* excluding the facilities that were not included in the scope of project and Technical Specifications

** the facilities that were not included in the project in accordance with the Technical Specifications