

BUSINESS PLAN
OF «UZBEKISTAN RAILWAYS»
JOINT-STOCK COMPANY
for 2020

Tashkent – 2020

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1. GLOSSARY

ADB	Asian Development Bank
ACS	Automated control system
FOCL	Fiber-optic communication line
TSS	Track superstructure
WD	Wagon depot
F&L	Fuel and lubricants
MMS	Man-made structures
PRC	People's Republic of China
MURS	Multiple unit rolling stock
IRTT	International Rail Transit Tariff
ETMT	Experimental track maintenance train
RWS	Railway workshops
TMT	Track maintenance trains
WSS	Washing and steaming station
WMD	Wagon maintenance point
SFD	Shelter forest distances
RRJ	Regional railway junction
RSP-14	14-Rail-welding train
CIW	Construction and installation works
CIS	Commonwealth of Independent States
STMT	Specialized track maintenance train
TS	Traction substation
LD	Locomotive depot
FS	Feasibility study
UFRD	Fund for Reconstruction and Development of Uzbekistan
EP-1	Power installation train No. 1
JICA	Japan International Cooperation Agency
KR-1, KR-2	Locomotive overalls
OPEC	Organization of the Petroleum Exporting Countries

P-8	Repair
KfW	Kreditanstalt fuer Wiederaufbau
KFAED	Kuwait Fund for Arab Economic Development
IBRD	International Bank for Development and Reconstruction
JSCB “UzPSB”	Uzpromstroybank Joint Stock Commercial Bank

2. RESUME

2.1. OVERVIEW

The State Joint-Stock company “Uzbekistan Railways” was established by the Decree of the President of the Republic of Uzbekistan dated November 7, 1994 No. UP-982 on the basis of line divisions, enterprises and organizations of the railway transport system located on the territory of the Republic of Uzbekistan.

By the Decree of the President of the Republic of Uzbekistan dated April 24, 2014 No. UP-4720 "On measures to introduce modern methods of corporate governance in joint-stock companies", the company was reorganized into an open joint-stock company, 100% of which is owned by the state, or JSC “Uzbekistan Railways”, hereinafter referred to as “Uzbekistan Railways” JSC.

The key objectives of the industry are determined as follows:

- creation of a unified railway transport network;
- continue electrification of the main sections of the railway;
- development of railway transport infrastructure, including the modernization of railways, as well as the transition to fiber-optic telecommunications systems;
- development of our own rolling stock repair base;
- restoration and renewal of rolling stock;

creation of alternative transport corridors that provide access to the world market and increase the export potential of the republic.

During the years of independence, a lot of work was done in Uzbekistan on the formation of new railways. The Navoi – Uchkuduk – Sultanuvaistog – Nukus railway was laid over the Kyzylkum dunes, and the Amu Darya-Osh combined railway and road bridge was built.

In November 2010, the construction of the Hairaton-Mazar-I-Sharif railway was completed in Afghanistan. As part of this project, a new railway line was laid, Khairaton Railway Station was upgraded, sidings were built, and a new railway freight yard (freight yard) was built at Noibabad Station. The total length of the line was 106 km, including 75 km of main roads.

In 2016, “Uzbekistan Railways” JSC implemented the following projects: "Construction of the Angren-Pop electrified railway line" and "Electrification of the Samarkand-Bukhara railway section with the organization of high-speed passenger train traffic". With the commissioning of the new railway lines, the open length of the main tracks of JSC “Uzbekistan Railways” was 4842.4 km.

In 2016, the construction of an electrified railway line "Angren-Pop", passing through the Kamchik mountain pass, with a length of 123.2 km, including 19.2 km of tunnels, was completed.

The Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated September 17, 2015 No. 269 "On additional measures for the implementation of the project" Construction of the electrified railway line "Angren - Pap" with electrification of the section "Pap - Kokand - Andijan" "approved the inclusion of electrification of the section Pap-Kokand-Andijan (186 km) as part of the project "Construction of the electrified railway" Angren-Pap.

In 2017, the electrification of the Karshi-Termez section with a length of 325 km was completed, as well as the construction of a new railway section Bukhara-Misken with a length of 357.3 km, in addition, 2 electric trains were purchased.

In 2018, a new 33.8 km Urgench-Khiva railway line was opened, and the construction of a new station was completed in Khiva. The electrification of the new section of Karshi-Kitab, the length of which is 124 km, has been completed.

The state of the railway infrastructure of JSC “Uzbekistan Railways”:

The total length of the railway network is – 7401.4 km, including:

main tracks 5242.6 km;

station tracks 1771.7 km;

access roads 387.4 km;

double-track 594, 1 km;

single-track 4123.8 km;

with a maximum speed of up to 160 km/h - 731.9 km;

with a maximum speed of up to 250 km/h - 243.5 km.

The total length of sections equipped with signaling systems is 4757 km, of them;

The total length of the electrified sections is 2,713.4 km.

The total length of sections by the automatic blocking system is 1476 km.

2.2. MISSION. GOAL OF THE BUSINESS PLAN

The business plan is designed for management and use in the work of the company's employees, as well as potential foreign investors.

One of the goals of the business plan is to consolidate information about the forecast parameters and the planned plans of the industry for 2020 for use by interested parties (ADB, JICA, UFRD and other similar potential investors).

In order to meet the needs of shippers in the carriage of goods and passengers by rail, it is necessary to take measures to provide the necessary rolling stock of the company.

To achieve this goal, the following priorities were identified:

- formation of an open and sustainable transport system as an infrastructure base in order to ensure the transport integrity, independence, security of the country, provide conditions for socio-economic growth and meet the needs for transportation;

- reconstruction, improvement and development of railway infrastructure;

- increase in production capacity for the repair and construction of rolling stock to meet the needs of the republic's industry in rolling stock;

- development of measures to increase the capacity and carrying capacity of the railway, as well as to increase the speed of movement and the level of service of passenger railway transport;

- develop a program of measures to improve the safety of train traffic on the railways;
- introduction of modern transport organization mechanisms.

3. ROLLING STOCK AND INFRASTRUCTURE

By the Decree of the President of the Republic of Uzbekistan dated 04.03.2015 No. UP-4707 "On the program of measures to ensure structural transformations, modernization and diversification of production for 2015-2019" and dated 06.03.2015 No. PP-2313 "On the program for the development and modernization of engineering and communication and road transport infrastructure for 2015-2019", the main directions, approaches and mechanisms in the field of further development and improvement of the railway network, increasing the production capacity of the industry, meeting the needs of enterprises and the population of the republic in the transportation of goods and passenger traffic have been determined.

3.1. LOCOMOTIVES

The locomotive led by the train is the symbol of the railway and the basis of its work. Railway transport is increasingly developed thanks to locomotives.

Locomotives are understood as moving trains, under the influence of which passengers and freight move along the rail tracks, transport vehicles designed to create a tractive effort. The main types of locomotives used on the railways of the republic include electric locomotives and diesel locomotives.

In order to ensure an uninterrupted and safe transportation process, the company implements projects for the renewal and modernization of rolling stock at its own expense, as well as with the involvement of credit funds from international financial institutions.

Locomotive operation management is considered one of the most important divisions of the Company, which has a fleet of traction locomotives and electric locomotives, providing all types of freight, passenger and suburban transportation, shunting work (Table 1).

Table 1 – Operational locomotive fleet

Type of locomotive	Operational fleet for 2019	Operational fleet for 2020 (forecast)
Mainline electric locomotives	110	115
Mainline diesel locomotives	95	82
Electrical sections	18	23
Shunting locomotives (TEM2 and ChME3)	164	175
Total	387	395

The locomotive is the main transport, without which it is impossible to carry out the transportation process. Modernization, renewal and replenishment of the locomotive fleet is considered to be one of the priority areas of modernization of “Uzbekistan Railways” JSC.

To ensure the sustainable operation of the company, a scheduled preventive system of maintenance and routine repair of locomotives and MVPS is carried out in eight depots, and at the UE “Uztemiryulmashtamir” plant, overhaul and restoration are carried out with an extension of the service life of locomotives.

In 2019, it is expected to carry out overhaul of locomotives in the volumes of KR-1, KR-2 - 79 sections.

In 2020, it is planned to carry out overhaul of locomotives with the volume of KR-1, KR-2 - 78 sections.

3.2. WAGONS

3.2.1. Freight Wagons

Wagons intended for various purposes make up the fleet of wagons, which is one of the most important parts of the railway rolling stock. Different types of wagons are used to transport freight and passengers.

A freight wagon is a unit of rolling stock that is classified into the following types: covered wagons, platforms, tank wagons, gondola wagons, etc. To carry out the transportation process, “Uzbekistan Railways” JSC has a fleet of freight Wagons in the amount of 22,263 units, including insulated Wagons.

The fleet of freight wagons includes universal wagons that transport goods in a wide range of categories, and specialized wagons for the transportation of only one type of freight.

- covered - for cargo requiring protection from weathering and mechanical damage;

- gondola cars - for bulk, stacked, bulky and piece goods that do not require protection from atmospheric influences;

- tanks - for liquid, gaseous and dusty cargo;

- platforms - for long, stacked, bulky, bulk and wheeled-tracked cargoes that do not require protection from atmospheric influences;
- isothermal - for perishable goods;
- hoppers - for mass bulk cargo;
- conveyors - for oversized and heavy cargo that cannot be transported in other wagons;
- dump cars (dump cars) - for transportation and automated unloading of mining and earth rocks.

Universal wagons are designed to carry a wide range of goods. Universal wagons include covered wagons with doors in the side walls of the body and loading hatches in the roof, gondola wagons with unloading hatches in the floor for unloading bulk cargo and with end double-leaf doors, platforms, general-purpose tanks with boilers of various diameters; isothermal cars.

Closed hopper wagons for transporting livestock, passenger wagons, cold-rolled steel, flour, cement, grain and mineral fertilizers to specialized freight wagons; open hopper wagons for transporting heated chunks and frozen coke; containers, passenger wagons, platforms for transporting rails 25 meters long; tank wagons for transporting viscous freight, milk, alcohol, wine products, acids, high-pressure liquefied gases, cement, soda ash, clay soil and other freight tanks are included. In addition, specialized freight Wagons also include industrial transport wagons and transporters.

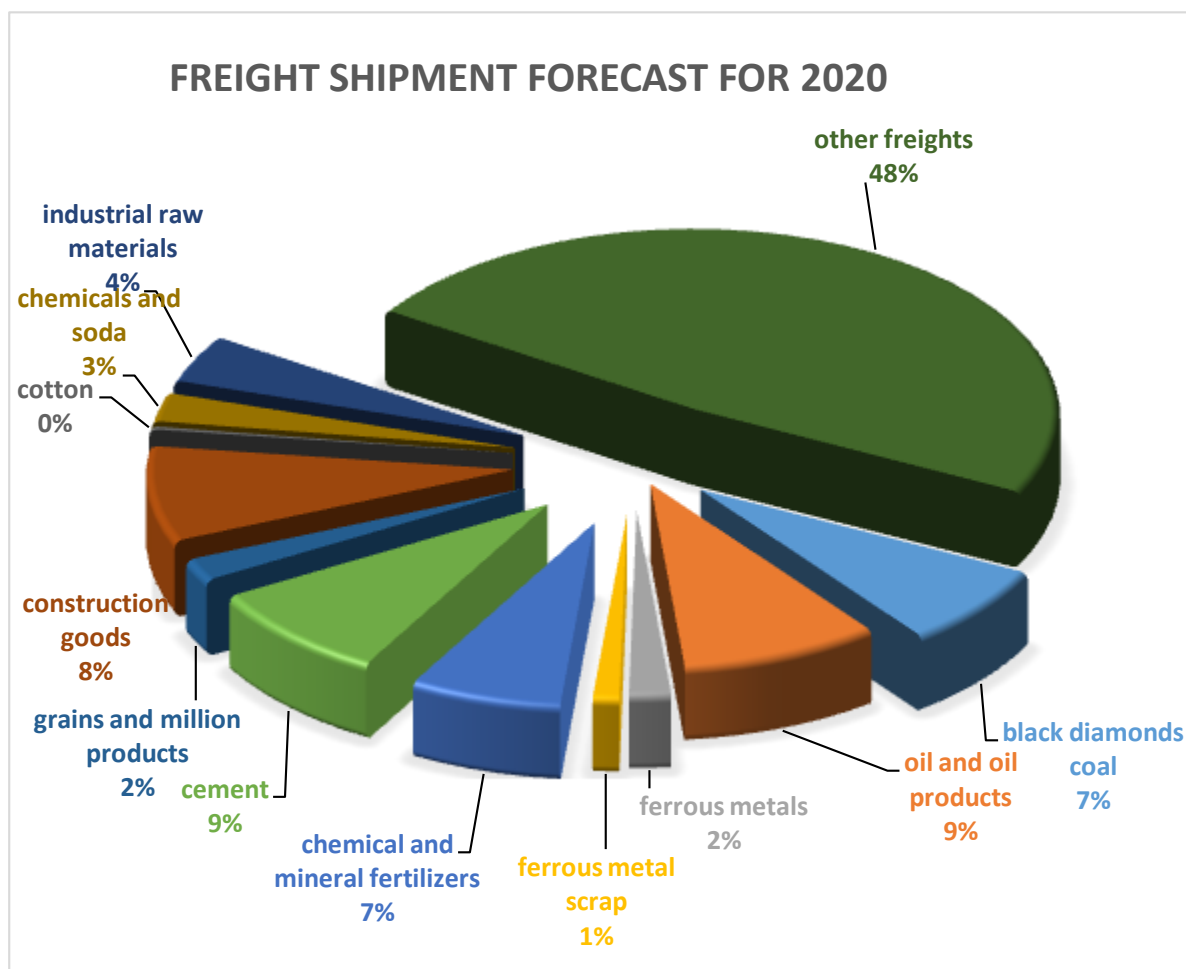
For the full and high-quality satisfaction of the needs of the industry and the population of the republic in the transportation of goods, ensuring the safety and timely delivery of goods, the level of organization and management of the transport process is crucial.

The volume of work on the shipment (loading) of goods in tons is determined on the basis of orders from shippers.

Dynamics of freight shipment volumes is given in the table 2.

Table 2. – Freight shipment

Indicators	2016	2017	2018	2019	Forecast for 2020
Freight shipment, million tons	67,58	67,9	68,2	70,2	71,06
Growth rate, %	100,0	100,5	100,1	101,5	101,2



To meet the needs of shippers in wagons, the company's factories continue to work on updating the rolling stock by building (manufacturing) new freight cars at the company's factories (DP "Foundry-Mechanical Plant" - covered and open wagons; DP "Andijan Mechanical Plant" - covered wagons and tanks for transportation of petroleum products). In 2020, the company's factories provide for the construction (manufacture) of 1,500 freight cars (Table 4).

Table 4 – Construction of freight wagons

Description	<i>units</i>	
	2019	2020
Boxcar	50	100
Gondola wagon	900	700
Tank-wagon	50	100
Dumpcar		50
Bitumen carrier wagons		50
Grain carrier wagons		200
Cement carrier hoppers	100	150
Mineral carrier hoppers	100	100
Hopper-batcher		50
TOTAL	1200	1500

3.2.3. Passenger Wagons

A passenger carriage is a unit of rolling stock designed to carry passengers. The passenger car is the main part of the passenger car fleet, which also includes auxiliary carriages of the passenger fleet: restaurant cars, baggage cars, mail cars.

Depending on the distance of transportation, passenger cars are:

- Long-distance travel, intended for the carriage of passengers over long distances (500-700 km and more). Such cars are either compartment or reserved seat. They are equipped with hard or soft sofas for sitting or lying down and for this reason are called hard or soft, respectively.
- Local communications designed to transport passengers over shorter distances (200-700 km), mainly during the day. These cars have comfortable seating.
- Suburban, designed to transport passengers over short distances in a relatively short time.
- Restaurant cars and bar cars are designed to organize meals for passengers along the route. Such cars have a hall, a kitchen, storerooms, refrigerators for storing food, compartments for service personnel and other departments.
- mail wagons are used for the transport of postal goods. These wagons consist of a hall for postal operations and a room for service personnel.

- baggage wagons are designed to carry luggage on passenger trains. They consist of warehouses with lifting and unloading mechanisms and premises for maintenance personnel.

The passenger fleet also has mail and baggage Wagons, which are used on railway lines to transport fewer passengers.

General-purpose passenger Wagons include laboratory Wagons, club Wagons, service and sanitary facilities, and other types of equipment. These Wagons are used for carrying out scientific and experimental, cultural and educational events, medical and sanitary needs, checking and monitoring the work of linear divisions of all branches of railway transport, and performing other tasks.

Table 5. – Operational stock of passenger wagons

Class/type/model	Quantity, units	Year of production
Class 1: Soft-seated car	46	1979-2014
Class 2: Compartment car	204	1978-2019
Class 3: Car with reserved seats	351	1977-2019
Class 4: Interregional car	79	1979-2019
Other (baggage, service)	42	1976-2019
Buffet car	30	1982-2019
TOTAL	752	

84 pairs of passenger trains depart weekly from the railway stations of the Republic. The main routes are daily high-speed train "Afrosiyob" on the route Tashkent - Samarkand, Tashkent - Bukhara, Tashkent - Shakhrisabz, Tashkent - Karshi, as well as trains running on the routes Tashkent - Termez, Tashkent - Urgench - Khiva, Tashkent - Shavat, Tashkent - Saryasiya, Tashkent-Bukhara, Tashkent-Alat, Tashkent - Kungrad, Tashkent - Andijan, Tashkent - Bukhara, Andijan-Bukhara, Andijan-Urgench, Andijan-Termez.

About 60 percent of suburban traffic is carried out in the Tashkent region: Tashkent - Khojikent (4 times a day), Tashkent-Khavast (2 times a day), Tashkent - Gulistan (1 time a day), Tashkent-Syrdarya (1 time a day), Tashkent-Bekabad (once a day), Tashkent-Irzharsk (once a day), Tashkent-Angren (once a day). In addition, suburban transportation is carried out on the routes Karshi-Kitab, Karshi-Bukhara, Termez-Saryasiya, Urgench-Pitnyak, Nukus-Kyrkyz, Navoi-Buzaubay.

In interstate traffic, 19 pairs of passenger trains run weekly on the route: Tashkent - Moscow - 2 times a week, Andijan - Moscow - 2 times a week, Tashkent - Ufa - 2

times a week, Tashkent - Saratov - 1 time a week, Tashkent - Novosibirsk - 2 times a week, Tashkent - Volgograd - 2 times a week, Tashkent - Kazan - 1 time a week, Samarkand-Astana - 1 time a week, Nukus-Beineu - every day.

In order to renew the passenger car fleet by the end of 2019, it is expected to increase the car fleet by purchasing 52 units of new cars (Table 6).

Table 6. – Construction of passenger wagons

Wagon type	Anticipated for 2019	Forecast for 2020
Compartment car	5	7
Car with reserved seats	35	35
Interregional car	7	7
Other wagons	5	6
TOTAL	52	55

4. REPAIR OF ROLLING STOCK

To restore the technical condition of freight cars at a given frequency, scheduled types of repairs and maintenance of rolling stock are carried out, repairs are carried out by locomotive and carriage depots, factories located in all regions of the republic:

1. Locomotive Depots (8 units)
2. UE “O’ztemiryolmashta’mir”
3. Wagon depots:
 - Wagon depots (6 units)
 - Wagon depots of JSC “O’zvagonta’mir” (3 units)
4. Subsidiary Enterprise “Casting and Mechanical Plant”
5. Subsidiary Enterprise “Andijan Mechanical Plant”

In order to increase the efficiency of the use of the company's freight cars and in order to meet the need for increasing traffic volumes, it is planned to implement measures to reduce the time of loading and unloading operations at the terminals and to reduce the time spent on repairs.

In order to maintain the car fleet in good condition, “Uzbekistan Railways” JSC carries out scheduled types of repairs at car repair enterprises, namely: overhaul with an extension of the service life by 5, 11 and 16 years. In 2020, it is planned to carry out depot repairs of freight cars in the amount of 5,080 cars, overhaul - 188 cars, overhaul repairs of freight cars with an extension of the service life - 2590 cars.

In addition to the planned types of repairs, operational activities are carried out, including technical maintenance (TO) and current uncoupling repair of cars (TR).

TO - a set of operations or an operation to maintain the operability or serviceability of a freight car in formed or transit trains, as well as an empty car in preparation for transportation, without uncoupling it from a train or group of cars;

TR - repairs carried out to ensure or restore the working capacity of the car with the replacement or restoration of individual components, uncoupling from the train or group of cars, transfer to a non-working fleet and delivery to specialized tracks.

Table 7 – Types of repair works performed by wagon depots

Wagon depot	Repair type			
	Depot repair (DR)	Overhaul (KR)	Overhaul with service life extension (KRP)	Operational Activities
Department of Wagon Facility				
Tashkent	+	+	+	+
Bukhara	+	+	+	+
Karshi	+	+	+	+
Kokand	+	+	+	+
Kungrad	+	+	–	+
Termez	+	–	–	+
JSC “O’zvagonta’mir”				
Havast	+	+	+	-
Andijan	+	+	+	-
Samarkand	+	+	+	-
Factories of the company				
Subsidiary Enterprise “Casting and Mechanical Plant”	+	+	+	-
Subsidiary Enterprise “Andijan Mechanical Plant”	+	+	+	-

Maintenance of freight and passenger cars is carried out by points of technical service (PTO), preparation of cars for loading, on a voyage, testing of trains at relevant points, ensuring safe passage on the guarantee sections of carriage depots.

By the end of 2019, it is expected to carry out overhaul repairs with the extension of the service life and modernization of freight cars in the amount of 1,500 units.

In 2020, it is planned to carry out refurbishment with the extension of the service life, modernization and re-equipment of freight cars in the amount of 1,445 units.

In accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 02/02/2016 No. 24 "On the Complex of Measures to Strengthen the Material and Technical Base, Modernize the Rolling Stock and Equip with Modern Engineering and Technical Means to Ensure the Safety of Train Traffic of the State Unitary Enterprise" Tashkent Metro "for the period 2016- 2019 "at the plant of the company JSC" Tashkent plant for the construction and repair of passenger cars ", work is underway to modernize the cars of the State Unitary Enterprise" Tashkent Metro "with an extension of the service life by 15 years. For 2019, it is expected to modernize 28 units of wagons.

Table 8. – Age composition of the inventory rolling stock of “Uzbekistan Railways”

Type	Below 10 years	10 to 20	20 to 30	Above 30 years	Total
Electric locomotives	39	12	34	25	110
Diesel locomotives		10		164	174
Shunt locomotives				196	196
Total locomotives	39	22	34	385	480

Table No. 9 presents the types of repair work produced by locomotive depot.

Table 9. – Types of repair works performed by locomotive depots

Locomotive depot and factory	Types of repair and maintenance of locomotives performed by “Uzbekistan Railways” JSC								
	Maintenance			Routine repair			Overhaul		Overhaul and recovery repair with the extension of service life
	TO-2	TO-3	TO-4	TR-1	TR-1r	TR-3	KR-1	KR-2	KRP
TCH-1 Uzbekistan	+	+	+	+	+	+	-	-	-
TCH-2 Kokand	+	+	+	+	+	+	-	-	-
TCH-2 Andijan	+	+	+	+	+	+	+	-	-
TCH-5 Tinchlik	+	+	+	+	+	-	-	-	-
TCH-6 Bukhara	+	+	+	+	+	-	-	-	-
TCH-7 Kungrad	+	+	+	+	+	-	-	-	-
TCH-8 Karshi	+	+	+	+	+	-	-	-	-
TCH-9 Termez	+	+	+	+	+	-	-	-	-
TCH-10 Urgench	+	+	+	+	+	-	-	-	-
Unitary Enterprise “O’ztemiryolmashtamir”	-	-	-	-	-	+	+	+	+

Note: + provided services (works) - not provided services

By the end of 2019, it is expected to carry out overhaul and refurbishment with the extension of the service life of locomotive sections in the amount of 26 sections, including electric locomotives - 8 sections, diesel locomotives - 18 sections.

For 2020, it is planned to carry out overhaul and refurbishment with the extension of the service life of locomotive sections in the amount of 35 sections, including electric locomotives - 10 sections, diesel locomotives - 25 sections.

5. TRACK AND TRACK FACILITIES

Track facilities are one of the main branches of railway transport, which includes the railway track with all its structures and facilities; subdivisions with production facilities, service and technical purpose, providing the current maintenance and repair of the track.

With the transition to a market economy, it became possible to use machine complexes in track works, which ensure a higher quality of operations and the preservation of the subsequent long-term stability of the track. Some of them are high-performance track machines of the Austrian company Plasser & Teurer: ballast cleaning machines RM-80, tamping and straightening machines "Duomatic" 08-32, ballast planer SSR-110, track stabilizer DGS-62, rail welding machines ART-500, track measuring car EM-120. From Geismar - freight railcars and a complex of machines for a single change of sleepers.

Thanks to the use of track machines for the rehabilitation and overhaul of the railway track, the productivity of the track facilities of UTY has increased. They are also used in the current maintenance of the track and in the construction of new lines. All these machines are self-propelled and do not require a traction unit (diesel locomotive) in the production of track works.

In 2003, on the basis of the rail welding enterprise RSP-14, a technological line was put into operation, equipped with equipment from "Geismar" (France), CJSC "Pskovelectrosvar" (Russia). With the launch of this line, the output of high-quality strings has significantly increased, which made it possible to accelerate the implementation of the planned volumes for welding and finishing of joints of rail strings.

The main task of the track management has been and remains to ensure the condition of the track, its structures and facilities, guaranteeing the uninterrupted and safe movement of trains at set speeds. The fulfillment of these tasks is carried out on the basis of systematic supervision and control of the state of track facilities with the identification and prevention of the causes that cause their malfunctions and disorders, the implementation in the required volumes according to the established technological sequence of repair works and current maintenance.

Track facilities are actively involved in the construction of new railway lines and sidings.

In 2015, a section was commissioned to organize high-speed passenger train traffic on the Samarkand-Karshi route.

In 2016, a section of the new electrified railway line Angren - Pap with a very difficult mountainous terrain was put into operation. High-speed passenger trains were opened on the electrified railway section Samarkand-Bukhara.

In 2017, the electrification of the Karshi-Termez section with a length of 325 km was completed, as well as the construction of a new railway section Bukhara-Misken with a length of 357.3 km, in addition, 2 Talgo electric trains were purchased for high-speed passenger trains.

In 2018, the project "Construction of a new Bukhara-Misken railway line" started in 2016 was completed.

In 2018, a new 33.8 km Urgench-Khiva railway line was opened, and the construction of a new station was completed in Khiva. The electrification of the new section of Karshi-Kitab, the length of which is 124 km, has been completed.

The construction of access roads to the Kandym gas processing plant and the Sherabad cement plant has been completed.

By the end of 2019, it is projected to rehabilitate the track - 180 km, lay a continuous track - 200 km, medium repair - 175 km, lifting repair - 170 km, replace 400 sets of turnouts, transfer bars - 300 sets.

The track management department includes track maintenance trains, shelter forest distances and road mechanical repair shops, the main function of which is to carry out major, medium and lifting repairs of the track, perform a complex of sand and snow protective measures, operate and repair track machines and mechanisms, as well as heavy machines/

In 2020, the Track Facilities Administration will have to perform the following types of work:

№	Description of works	Performing agency
1	Rehabilitation of the railway line (180 km), laying of a continuous welded track (200 km), construction of an electrified high-speed double-track ring railway. lines to Tashkent	OPMS-203-Tashkent, PMS-17 Bukhara, PMS-164 Kokand, PMS-166 Hairabad, PMS-214 Karshi, PMS-279 Kungrad
2	Routine maintenance and overhaul of sand and snow-protective plantations along the extended length of the railway lines	Shelter forest distances
3	Repair of track machines and mechanisms, as well as heavy machines	Track road workshops
4	A) Routine maintenance and repairs along the entire length of the railways of Uzbekistan and adjacent artificial structures and crossings; B) Medium (160 km) and lifting (150 km) repairs of the railway track; C) Change of turnouts - 100 sets; D) Change of transfer bars - 100 sets.	Track distances (18 units)
5.	Mechanization of track works and provision of equipment with high performance characteristics of enterprises that are part of the track management	Track Facility Department
6	Overhaul with the replacement of metal spans of bridges	Track Facility Department

6. POWER SUPPLY, SIGNALING AND COMMUNICATION FACILITIES

6.1. Power Supply

The Power Supply Department is one of the structural divisions of “Uzbekistan Railways” JSC, the main task of which is to ensure uninterrupted power supply of train traction, signaling, centralization and blocking devices, as well as consumers of the transportation process and transport infrastructure. The power supply system includes

traction and transformer substations, a contact network, automatic blocking power points, high-voltage and low-voltage cable and overhead power lines, etc.

The electrification of railway sections is one of the priority areas, due to the efficiency of electric traction compared to diesel traction.

The electrification of railway sections is one of the priorities for “Uzbekistan Railways” JSC.

Railroad electrification is the equipment of existing and newly built railways with a set of devices that ensure the use of electricity for traction of trains. In the course of electrification, the construction of traction substations and the construction of a traction network are carried out. In parallel, the installation of automatic blocking, signaling, communication, electrical interlocking, etc. lines is underway.

The introduction of electric traction helps to speed up the transportation process. Electric traction allows increasing the carrying and carrying capacity of railway lines by 2-2.5 times. Electric locomotives have practically no power limitations, because are powered centrally and are able to withstand overload for a long time. An important property of electric locomotives is the ability to generate and return electrical energy to the network during regenerative braking of the train.

One of the advantages of electric traction is the environmental factor: environmental pollution by combustion products is excluded. The electrification of the railway qualitatively changes the operational work of the road, improves the working and living conditions of railway workers, passenger service (noise decreases, the speed of movement increases, the level of comfort along the route increases, etc.).

The electrification of the railways of Uzbekistan began in 1971 on direct current. In 1983, at the same time on the sections Tashkent-Khavast and Tashkent-Khodjkent, the traction of trains was transferred from direct to alternating current.

As part of the implementation of measures to organize high-speed traffic on the Tashkent-Samarkand section, work was carried out to reconstruct the contact network to organize high-speed passenger trains.

In 2011-2013, high-speed passenger train traffic was organized on the Tashkent-Samarkand section, within the framework of which single-track electrified sections Yangier nova-Dashtabad (35 km), Gallaaral-Bulungur (41 km) and an even track of the Dashtabad-Jizzak section (60 km) were built. at a speed of 250 km/h, as well as the odd path of the Yangier new-Dashtabad section (35 km) at a speed of 160 km/h.

In 2014:

completed work on the reconstruction of the contact network as part of the organization of high-speed passenger trains on the Tashkent-Samarkand section (344 km);

the electrified section of Angren-Kul was put into operation;

construction work continued at its own expense on electrification projects in the Marakand-Karshi and Karshi-Termez sections.

In 2015:

the electrified railway section Marakand-Karshi with a length of 140 km was put into operation;

under the project “Electrification of the Karshi-Termez railway sections (325 km), construction and installation work on the overhead contact network was continued;

under the project "Construction of a new electrified railway Angren - Pap", an electrified section Kul-Orzu was put into operation;

under the project "Electrification of the Samarkand-Bukhara railway line with the organization of high-speed passenger trains", construction and installation work on the contact network has begun.

In 2016:

the electrified section Angren-Pap-Kokand-Andijan was put into operation;

the electrified section Marakand-Navoi-Bukhara was put into operation;

construction and installation works were carried out at their own expense under the electrification project of the Karshi-Termez section.

In 2017:

the electrified section of Karshi-Termez was put into operation;

completed construction and installation work of the 1st stage on the project for the construction of the Bukhara-Miskin railway line;

construction and installation works of the II stage of electrification of the Pap-Kokand-Andijan section were carried out.

In 2018:

construction and installation works were carried out on the project of electrification of the Pap-Namangan-Andijan section.

completed construction and installation work of the 1st stage of the electrification project of the Urgench-Khiva section.

the electrified section of Karshi-Kitab was put into operation.

In 2019:

construction and installation work was carried out on the project of electrification of the Pap-Namangan-Andijan section;

the Pap-Namangan electrified section was commissioned.

In 2020:

Construction and installation works on the project of electrification of the Pap-Namangan-Andijan section will be continued;

construction and installation work of the II stage will begin on the project for the construction of the Bukhara-Miskin railway line.

6.2. Signaling and Communication Control

Signaling and Communication Department is a structural subdivision of “Uzbekistan Railways” JSC, which ensures the serviceability of all technical means and signaling and communication devices while unconditionally ensuring traffic safety.

The safety of train traffic on railway sections is ensured by systems of automatic blocking, centralized control of switches and signals at stations, dispatching centralization. The automatic blocking system is designed to prevent (block) a train from entering a track section occupied by another train or within which the integrity of the rails is violated. Semi-automatic blocking systems are designed to prevent (block) a train from entering the section between stations. The main task of the centralized control of switches and signals at stations is to create conditions for the movement of trains within stations along certain non-intersecting routes. The operation of centralized dispatching systems is aimed at ensuring such a procedure for the passage of trains along the tracks and stations.

The company's signaling and communication department ensures the technical operation of automation, telemechanics and communication devices in accordance with the required quality and reliability standards. The company is working on the modernization of the existing signaling, centralization and blocking systems.

The introduction of high-tech microprocessor-based centralization systems (such as MPTS), along with the control of turnouts and signaling devices, will allow diagnosing the operation of all nodes, as well as monitoring the actions of operators or station attendants.

The introduction of microprocessor-based dispatching centralization devices, which makes it possible to control the train situation in real time and an electronic axle counting system (such as ESSO) at stations and tracks, will reliably ensure the safety of train traffic.

At present, the technical equipment of “Uzbekistan Railways” JSC with signaling and communication devices is characterized by the following indicators:

- 200 stations are equipped with electrical interlocking devices for switches and signals;
- 42 stations are equipped with microprocessor-based electrical interlocking devices for switches and signals;
- 98.1 km are equipped with electric rail system devices;
- 1302.2 km of track is equipped with auto-blocking devices for railway tracks;
- 3361.9 km of track is equipped with semi-automatic blocking devices;
- 4,835.3 km of track is equipped with track blocking devices;
- 2115.4 km of track is equipped with centralized dispatching devices.

In 2020, work is planned to modernize automatic blocking and electrical interlocking devices for new microprocessor interlocking systems using an electronic axle counting system at the electrified sections of Karshi-Kitab, Pap-Namangan-Andijan, Andijan-Savoy-Khanab.

To provide all types of communication, as well as for the operation of centralized dispatching devices, air and cable communication lines are used.

The telecommunication network is intended for:

- transfer of information between train drivers and dispatching apparatus to ensure safe and efficient train movement;
- transfer of data between stations in order to ensure efficient commercial operations and improve the quality of services to customers;
- ensuring effective communication between neighboring railways;

At present, in the system of “Uzbekistan Railways” JSC, 1,565 km of fiber-optic communication lines (FOCL) have been built and put into operation, including in the sections Keles- Bukhara (648 km), Marakand-Karshi (146 km), Karshi-Kumkurgan (281 km), Tukumachi-Angren (117 km), Angren-Pap-Kokand-Andijan (302 km). At the Keles-Bukhara, Marokand-Karshi, Tashguzar-Kumkurgan sections, transmission systems based on SDH technology have been installed. Upper level STM-4 based on Keymile UMUX-1500 equipment. Transmission systems based on MO optical multiplexers and SGM flexible multiplexing systems have been installed at the Angren-Pap-Kokand-Andijan sections. On the Kyzyl-Kuduk-Karauzyak and Urgench-Misken sections, the digital data transmission system IP Fone MCL, RISSA is operating.

In 2020, it is planned to modernize and reconstruct electrical interlocking systems at stations and automatic blocking on adjacent tracks to modern MPC systems, MPB with DC and modernization of trunk communication lines.

Construction of fiber-optic communication lines at the electrification sections of Guzar-Kitab, Bukhara-Misken. Pap-Namangan-Andijan, Andijan-Savai-Khanabad.

The introduction of fiber-optic communication lines will make it possible, on the basis of the most modern equipment, to radically change the organization of trunk and operational-technological communication, to increase the number of data transmission channels by hundreds of times.

7. INTERNATIONAL RELATIONS

International railway organizations play an important role in ensuring mutual relations and cooperation of the railway administrations of states in the development of agreed conditions for the carriage of passengers and goods, the operation of rolling stock and containers, the implementation of transportation work in international traffic, the implementation of technical policy and the exchange of experience. “Uzbekistan Railways” JSC is a member of several international railway organizations.

The Organisation for Railways Cooperation (OSJD) is an international organization established at the ministerial meeting on June 28, 1956 in Sofia (Republic of Bulgaria). OSJD members are transport ministries and central state bodies in charge of railway transport in 27 countries.

“Uzbekistan Railways” JSC since July 1, 2002 is a member of the organization for cooperation between railways.

The basis for the existence and operation of OSJD is the Regulations on the OSJD, which has the character of an international treaty. According to the Regulations on OSJD, other forms of participation in OSJD are also possible, namely as an observer for ministries or railways and as an affiliated enterprise for firms and organizations directly related to the activities of railways.

The following areas of activity are fixed in the Regulations on OSJD:

- development and improvement of international rail transport, primarily in the communication between Europe and Asia, including combined transport;
- formation of a coordinated transport policy in the field of international railway transportation, development of a strategy for the activity of railway transport and a strategy for the OSJD activity;

- improvement of International Transport Law (ICC), business management under the Agreement on International Passenger Traffic (SMPS), the Agreement on International Freight Traffic by Rail (SMGS) and other legal documents related to international rail transport;
- cooperation in solving problems related to economic, informational, scientific, technical and environmental aspects of railway transport;
- development of measures to increase the competitiveness of railway transport in relation to other types of transport;
- cooperation in the field of operation of railways and technical issues related to the further development of international rail transport;
- cooperation with international organizations dealing with rail transport, including combined transport.

Another international railway organization of which “Uzbekistan Railways” JSC is a member is the Council for Railway Transport of the Member States of the Commonwealth.

The Council on Railway Transport of the Commonwealth Member States and its executive body, the Council Directorate, were established by the Agreement of the Heads of Government of the CIS Member States on February 14, 1992 to ensure stable economic relations of the CIS Member States.

The main tasks of the Council include:

- coordination of the work of railway transport at the interstate level and the development of agreed principles for its activities;
- organization of joint operation of freight cars and containers.

The Council considers and resolves issues of operational activities of railways, joint use and technical maintenance of freight cars and containers, conditions for the carriage of passengers and goods, ensuring the safety of train traffic in international traffic, developing a system of accounting and mutual settlements for work and services performed, scientific and technical cooperation and other questions.

The Rail Transport Council pays primary attention to ensuring the technological unity of the railways.

The development of a timetable and a plan for the formation of trains in international traffic is carried out annually. Much attention is paid to the technical condition of freight cars.

A decision was made to preserve and develop the common information space. The Information and Computing Center of Railway Administrations has been created and is successfully operating.

On October 18, 2011, in St. Petersburg, by the decision of the Council of CIS Heads of Governments, the Concept for the Strategic Development of Railway Transport of the Commonwealth Member States until 2020 was approved. The implementation of the Concept will make it possible to systematically and consistently carry out the coordinated development of railway transport of the Commonwealth member states and will contribute to the organic integration of railways into the Eurasian transport system.

The members of the Council are the heads of the railway administrations of the CIS member states. In addition, the heads of the railway administrations of Bulgaria, Georgia, Latvia, Lithuania, Finland and Estonia take part in the work of the council.

8. THE CORRIDORS

International transport corridors are understood as a set of the most technically equipped main transport communications, as a rule, various types of transport connecting different countries and ensuring the transportation of passengers and goods in international traffic, in the directions of greatest concentration.

Currently, Uzbekistan's foreign trade cargo transportation is carried out along the following main transport corridors:

Corridor 1 - in the direction of the ports of the Baltic states (in transit through Kazakhstan and Russia) - Klaipeda (Lithuania), Riga, Liepaja, Ventspils (Latvia), Tallinn (Estonia);

Corridor 2 - in the direction of the EU countries, through Belarus and Ukraine (in transit through Kazakhstan and Russia) - border checkpoints Chop (Ukraine) and Brest (Belarus);

Corridor 3 - to the Ukrainian port of Ilyichevsk (in transit through Kazakhstan and Russia), with access to the Black Sea;

Corridor 4 - in the direction of the Transcaucasian corridor (in transit through Turkmenistan, Kazakhstan and Azerbaijan), with access to the Black Sea, which is known as the TRACECA corridor;

Corridor 5 - to the Iranian port of Bandar Abbas (in transit through Turkmenistan) with access to the Persian Gulf;

Corridor 6 – eastward through the Kazakh-Chinese border crossing (Dostyk/Alalshankou) to the eastern ports of China, as well as the Far Eastern ports of Nakhodka, Vladivostok, etc.

Promising corridors:

Corridor 7 - to Chinese ports (in transit through Kyrgyzstan) with access to the Yellow, East China and South China Seas.

Corridor 8 - in connection with the settlement of the Afghan problem, new prospects are opening up for the development of southern alternative transport corridors to the Iranian and Pakistani ports of Bandar Abbas, Chahbahar (IRI), Gwadar and Karachi (IRP) in transit through Afghanistan.

A major achievement in the development of international transport corridors was the commissioning on May 12, 1996, with the active participation of Uzbekistan, of the Tejen-Serakhs-Mashhad railway with a length of 320 km (with the rearrangement of wheelsets from 1520 mm to 1435 mm gauge at Serakhs station), which opened a new trans-Asian corridor for access of the Central Asian countries to the world market through the territories of Iran and Turkey. In the same year, in Serakhs, the leaders of Uzbekistan, Azerbaijan, Georgia and Turkmenistan signed the "Agreement on the coordination of the activities of railway transport" and the "Agreement on cooperation in the field of regulation of transit traffic between the participating countries."

With the completion in May 2005 of the construction in Iran of the Bafq-Mashhad railway on the Mashhad-Bandar-Abbas route (bypassing Tehran), the distance to the Bandar-Abbas port was reduced by more than 800 km.

In September 1998, in Baku on the initiative of Azerbaijan, Georgia and Uzbekistan, as well as with the support of the European Union, the International Conference "TRACECA - Restoration of the Historical Silk Road" was held. An important result of the Conference was the signing by the heads of 12 states, including Uzbekistan, of the "Basic multilateral agreement on international transport for the development of the Europe-Caucasus-Asia corridor", as well as the Technical Annexes to this Agreement on international rail transport, on international road transport, on international commercial shipping, customs procedures and document processing.

The transport corridor Europe-Caucasus-Asia (TRACECA) is a network of land and sea routes that run from Europe along the Black Sea through the Caucasus and the Caspian Sea to the republics of Central Asia. Considering the TRACECA route in the context of the development of trade relations between Europe and Asia and the location of the main commodity producers in Asia and consumers in Europe on the one hand, as well as the emergence of freight flows of possible large cargo-owner countries, on the other hand, one can come to the conclusion - delivery of goods to Europe by transport the TRACECA corridor looks very attractive. The distance along the main transoceanic direction from Yokohama to the largest Western European ports (Rotterdam, Hamburg, Antwerp, etc.) is more than 2 times longer than along the TRACECA route.

On June 18, 2003, in Tehran (Iran), the heads of state of the Republic of Uzbekistan, the Islamic Republic of Afghanistan and the Islamic Republic of Iran signed an "Agreement on the Creation of an International Trans-Afghan Transport Corridor", which makes it possible to reduce the distance of transportation of foreign trade goods of the republic to the ports of Iran by 1,500 km.

With the entry into force in March 2011 of the "Agreement between Pakistan and Uzbekistan on cooperation in the field of transport and transit of goods" and in case of stabilization of the situation in Afghanistan, new prospects open up for the use of the territory of Afghanistan for the transit of Uzbek goods, which favorably contributes to the diversification of routes for the transportation of foreign trade cargo in the direction of Iranian and Pakistani ports.

"Uzbekistan Railways" JSC also pays great attention to the formation of main railway communications in order to increase the transit potential of the country, as evidenced by the completion of the construction in 2016 of the Angren-Pap railway line 123.1 km long through the Kamchik railway tunnel 19.2 km long, in 2018, the Bukhara-Urgench-Khiva railway line with a length of 334 km.

Milestone for the entire Central Asian region is the construction and commissioned in November 2010 of the first in Afghanistan Hairaton-Mazar-i-Sharif railway with a length of 75 km. This project was implemented by «Uzbekistan Railways» JSC with the support of ADB.

April 25, 2011 entered into force "Agreement on the use of wagons between the railway administrations of Uzbekistan and Turkey", thanks to which the transportation of goods by rail in the direction of Turkey has become more attractive.

The railway transport route Baku-Tbilisi-Akhalkalaki-Kars is also considered relevant with the use of a through tariff along the entire route with access to the markets

of South and Central Europe, as well as through the Mediterranean port of Mersin to the countries of the Middle East.

In order to develop international trade, large-scale cooperation between regions, at the initiative of the Republic of Uzbekistan

April 25, 2011 in Ashgabat, an intergovernmental agreement was signed on the creation of a new transport corridor "Uzbekistan - Turkmenistan - Iran - Oman - Qatar". However, in 2013, Qatar withdrew from this agreement, and on August 6, 2014 in Muscat, an intergovernmental memorandum was signed on the implementation of the agreement on the creation of the Uzbekistan-Turkmenistan-Iran-Oman transport corridor.

This transport corridor will create a reliable connection for the transportation of passengers and goods between the countries of Central Asia and the ports of the Persian Gulf and the Oman Sea.

The successful implementation of this project will strengthen and expand mutually beneficial trade and economic cooperation between the participating countries, increase transit cargo flows, and provide them with a new communication outlet to world markets.

9. ENVIRONMENT

Environmental protection is understood as a system of measures aimed at conservation, rational use and restoration of living (flora and fauna) and inanimate (water, soil, air, climate) nature, prevention of direct and indirect negative impact of human economic activity on his health and the environment.

The main task of the society on environmental issues is to gradually reduce the actual indicators of negative impact on the environment to and below the established standards, improve technological processes and switch to resource-saving technologies, create and update the regulatory framework in the field of environmental protection.

The main feature of the railways is the round-the-clock operation of rolling stock and production facilities, which ensure uninterrupted transportation of goods and passengers. In such conditions, one of the most important tasks in the field of environmental protection is the reduction of emissions of harmful substances into the atmospheric air. For this, dust and gas cleaning equipment are installed at stationary sources, at which the percentage of cleaning is 85%. In addition, the company is working on the phased electrification of railways and the replacement of diesel locomotives with electric locomotives.

The electrification of railways is the main measure that allows to annually reduce emissions of pollutants into the air from diesel locomotives by more than two thousand tons annually. At the same time, the reduction of emissions into the atmosphere is ensured by transferring locomotives to electric traction, transferring to electric heating of trains, passenger trains, small stations due to the modernization of the existing rolling stock with a complete replacement of diesel engines and the acquisition of new modern locomotives.

To reduce harmful emissions into the atmosphere, the company provides for the implementation of a number of measures, including the phased replacement of large-capacity steam boilers with a transfer to more economical and modern water heating boilers.

In 2019, according to the developed measures, the society allocated funds in the amount of 290.33 million UZS for environmental protection, of which: for the protection of atmospheric air - 68.4 million UZS, water resources - 51.22 million UZS, land and mineral resources - 98.56 million UZS, flora and fauna - 72.15 million UZS.

In 2020, it is projected to allocate 296.0 million UZS for environmental protection measures, including: for the protection of atmospheric air - 70.0 million UZS, water resources - 53.0 million UZS, land and mineral resources - 100.0 million UZS, flora and fauna - 73.0 million UZS.

10. PRODUCTS AND SERVICES

10.1. International Standard ISO

Considering the importance of maintaining the quality of products and services at the level required by consumers and increasing the level of competitiveness of enterprises, the company's management pays special attention to the implementation of a quality management system in accordance with the international standard ISO 9001: 2015. At present, a quality management system has been introduced at 17 enterprises of "Uzbekistan Railways" JSC and operates in accordance with the requirements of the above standard.

In order to further improve the safety, quality and competitiveness of manufactured products, improve the technical regulation system and ensure international recognition of conformity assessment works, as well as expand the implementation of modern management systems, the Cabinet of Ministers of the Republic of Uzbekistan adopted Resolution No. 298 dated 19.10.2015 "On Approval of the National Development Program quality infrastructure for the period up to 2020 ". According to the implementation of this Resolution and the minutes of the meeting of the Presidium of the Cabinet of Ministers of the Republic of Uzbekistan No. 97-a dated 05.12.2015, a network schedule for the implementation of quality management systems at the enterprises of "Uzbekistan Railways" JSC was developed and approved in accordance with the international standard ISO 9001: 2015, approved by the chairman of the board A.Zh. Ramatov and General Director of the Agency "Uzstandart" A.K. Kurbanov. According to the above network schedule, the Sogdiana Trans DP, UzXCMG JV LLC and SMP-406 introduced a quality management system in accordance with the international standard ISO 9001: 2015 and received national and international certificates. The implementation of the quality management system in accordance with the international standard ISO 9001: 2015 in the teaching staff of Alty-arik has begun.

According to the approved Action Plan for the further functioning of the quality management system of "Uzbekistan Railways" JSC, monitoring of the implementation of the decisions of the minutes of the meeting on the analysis by the management of the quality management system of the company and updating of documented information, assessment of consumer satisfaction by conducting a survey among consumers of services of JSC "Uzbekistan Railways". In 2020, it is planned to conduct a re-certification audit in connection with the expiration of the validity of the certificate of conformity.

10.2. Freight and Passenger Transportation Services.

10.2.1. Freight Transportation

The transportation of goods is the main function of transport, which consists in the movement of goods, which is necessary for the continuation and completion of the process of production of industrial and agricultural products in the sphere of circulation, as well as meeting the needs of the population.

On the railways of the Republic of Uzbekistan, the transportation of goods is carried out in accordance with the rules for the carriage of goods - a regulatory legal act approved in accordance with the charter of the railway of the Republic of Uzbekistan, and containing mandatory conditions for the railway, its enterprises, consignors, consignees, owners of access roads with taking into account their peculiarities in order to ensure traffic safety, safety of goods and rolling stock, as well as environmental safety.

The volume of transport work of railway transport characterizes the indicator of its work in freight traffic - freight turnover.

Freight turnover characterizes the size of the transportation work, taking into account the distance of transportation of goods and is determined as the sum of the products of the transported volume of goods by the corresponding distance of their transportation.

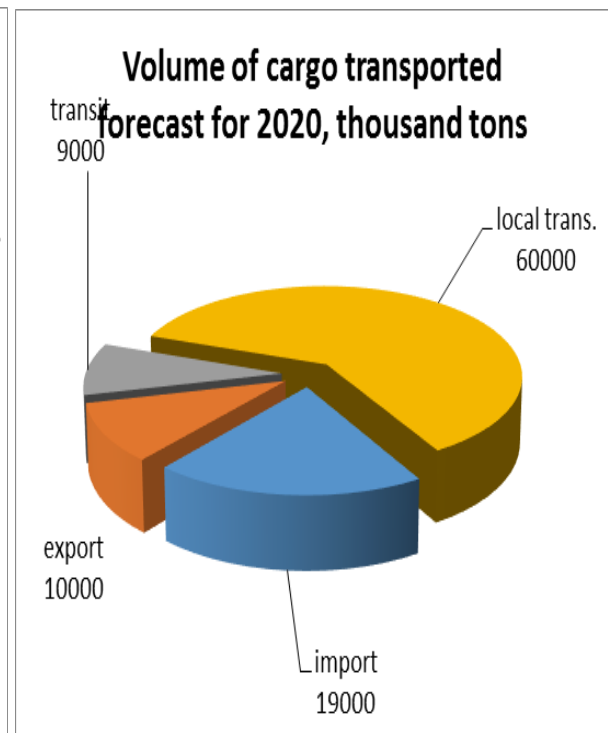
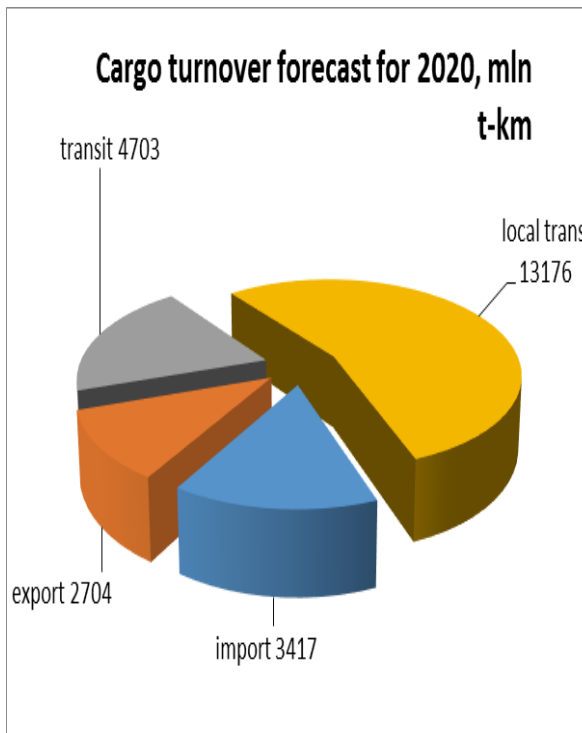
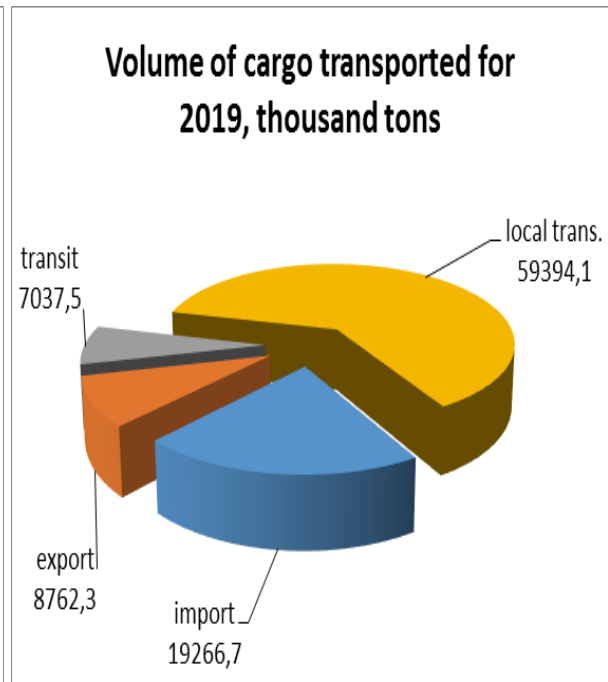
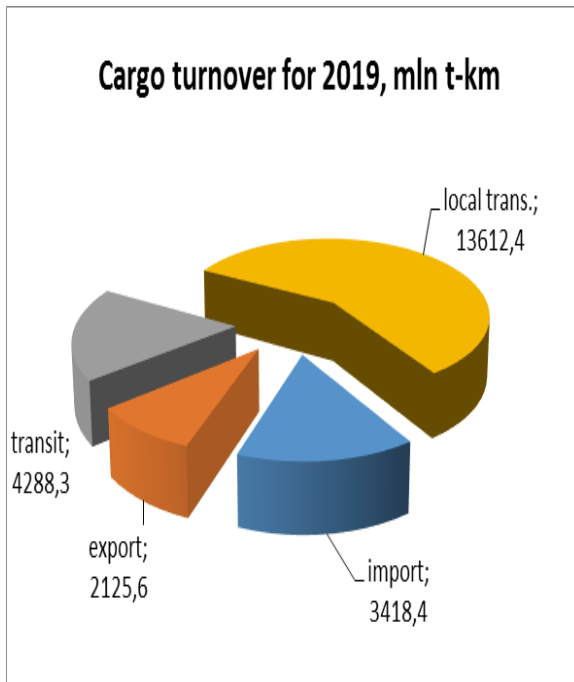
Freight turnover is calculated by the formula

$$\sum P \cdot L = P_1 \cdot L_1 + P_2 \cdot L_2 + P_3 \cdot L_3 + \dots + P_n \cdot L_n$$

where: P – weight of cargo, L – shipping distance

Freight turnover indicators are used to determine the need for material and technical resources of the railway (required fleets of freight cars, locomotives, electricity, fuel, materials, labor, etc.).

For 2019, the freight turnover is expected to be completed by 23.4 billion tons km, to transport 93.4 million tons of freight and send 70.2 million tons of freight.



10.2.2. Railway Freight Tariffs

According to the Law of the Republic of Uzbekistan dated 04.24. No. 398-I "On natural monopolies", the use of the railway infrastructure belongs to the sphere of activity of natural monopoly entities and is regulated by the state. Article 5 of this Law regulates the price regulation of the activities of natural monopoly entities by determining (setting) prices (tariffs) or their maximum level.

In accordance with Article 8 of the Law "On Railway Transport", railway communications are divided into the following types:

internal communications – transportation of goods within the Republic of Uzbekistan;

international communications – transportation of goods between the Republic of Uzbekistan and other states.

According to Article 13 of the Law "On Railway Transport", tariffs for the carriage of goods by rail are established by the state administration body for rail transport in the manner determined by the Cabinet of Ministers of the Republic of Uzbekistan, taking into account the interests of shippers.

When transporting goods in domestic traffic, the carriage charge is levied at the rates of the Price List 10-01 approved by "Uzbekistan Railways" JSC and agreed with the Ministry of Finance of the Republic of Uzbekistan.

According to the decree of the Cabinet of Ministers of the Republic of Uzbekistan

"On measures to further improve the procedure for declaring (approving) and establishing regulated prices (tariffs) for goods (works, services)" dated October 28, 2010 No. 239, "Uzbekistan Railways" JSC submits calculations to the Ministry of Finance for consideration and approval of an increase effective coefficients for the carriage of goods in domestic traffic.

In this regard, it is advisable to reduce the level of state regulation of tariffs for the carriage of goods in domestic traffic with the introduction of market regulation mechanisms that take into account market conditions.

Free price regulation of tariffs for the transportation of goods in domestic traffic (except for the transportation of strategic goods) will have a positive effect on the financial activities of "Uzbekistan Railways" JSC and will increase its investment attractiveness.

When transporting goods in international traffic by railways of "Uzbekistan Railways" JSC, the carriage charge is calculated according to the Tariff Policy of the Railways of the Republic of Uzbekistan for the carriage of goods in international traffic (TP "Uzbekistan Railways" JSC).

The rates of TP "Uzbekistan Railways" JSC for the carriage of goods in international traffic are based on the rates of the Tariff Policy of the Railways of the member states of the Commonwealth of Independent States for the carriage of goods in international traffic, which is an international treaty of an interdepartmental nature and operates within the framework of the Tariff Agreement of the railway administrations (Railways) of the member states of the Commonwealth Independent States of February 17, 1993. The Tariff Agreement includes 14 states (Republic of Azerbaijan, Republic of Armenia, Republic of Belarus, Georgia, Republic of Kazakhstan, Republic of

Kyrgyzstan, Republic of Latvia, Republic of Moldova, Russian Federation, Republic of Tajikistan, Turkmenistan, Republic of Uzbekistan, Ukraine, Republic of Estonia).

The rates of the CIS TP are based on the rates of the International Railway Tariff (ITT), which is an integral part of the ITT Agreement. Currently, the ITT Agreement includes 15 states (Republic of Azerbaijan, Republic of Belarus, Georgia, Republic of Kazakhstan, Kyrgyz Republic, Republic of Latvia, Republic of Lithuania, Republic of Estonia, Republic of Moldova, Mongolia, Russian Federation, Republic of Tajikistan, Republic of Uzbekistan, Ukraine, Czech Republic). ITT rates do not apply to the transit of goods to/from Vietnam, North Korea, Mongolia and China.

Also, when transporting transit goods through the territory of the Republic of Uzbekistan, the calculation is made at the rates of the Uniform Transit Tariff (UTT), which is an integral part of the UTT Agreement. Currently, the UTT Agreement includes 17 states (the Republic of Azerbaijan, the Republic of transit traffic by rail of the parties to the UTT Agreement, which are carried out to/from China, North Korea, Mongolia and Vietnam).

10.2.3. Transportation Imbalance

Along with the ongoing work on the renovation and reconstruction of railway tracks, it is necessary to take measures to optimize the entire chain of organization of cargo transportation. Many experts note that solutions to this issue can be - the widespread use of containers, as well as the modernization of infrastructure facilities, locomotive fleet and rolling stock of “Uzbekistan Railways” JSC.

There are import container shipments from many countries, but very small return loads due to the lack of suitable export cargo. For export shipments of goods such as cotton, the tariff structure favors covered wagons and is therefore uneconomical to transport in containers. Such goods are usually sold on a free-port warehouse basis, and there is a need to store them in port warehouses pending sale, while the final recipient is unknown and the container cannot be loaded in Uzbekistan for through transit.

The problem of imbalance in traffic is compounded by the imbalance in neighboring states. All neighboring countries have trade imbalances related to container transport, with empty containers sent back to China/Europe or returned to the seaport, implying costly long-distance rail transport, despite the fact that there are special tariffs for the transport of empty containers. Therefore, container operators, in particular shipping companies, are reluctant to provide containers for transportation to Uzbekistan, as this may withdraw them from circulation for some time. As such, the combination of traffic imbalances and control difficulties means that shipping companies generally do not offer a through bill of lading to or from Central Asia. Some shipping companies transfer their containers to other shipping companies who accept responsibility for the return, usually secured by a financial deposit. The size of the deposit and the risks involved are often prohibitive, and therefore containers are often unloaded. Despite non-physical barriers, up to 70,000 container units are handled per year.

10.2.4. Intermodal Forwarding Services

Most forwarders are single-mode. There are a large number of rail freight forwarders, dominated by two main organizations serving container transport. In addition, there are road forwarders, many with foreign connections, who are exclusively

engaged in international road transport. Successful intermodal transport requires an effective “partnership” between road and rail operators. This does not exist, road and rail freight forwarders are considered competitors, especially given the significant presence of foreign auto companies: freight forwarders offer a limited choice.

The lack of terminal facilities and equipment does not hinder the growth of intermodal transport, given that relatively few containers are concentrated in Tashkent and the Fergana Valley. Many loading and unloading stations are equipped with gantry cranes or have access to mobile cranes that can unload or load containers. As intermodal traffic grows, larger terminals, such as those at Chukursay or Tashkent-Tovarnaya stations, will be required, either operating on a unimodal basis or being part of logistics centers. Building and equipping such terminals with stacking trucks with jibs and large forklifts is costly and therefore requires economies of scale to survive. Thus, it is important to balance the supply and demand of such terminals.

In accordance with the Decree of the President of the Republic of Uzbekistan No. PP 3422 dated 02.12.2017 "On measures to improve transport infrastructure and diversify foreign trade routes for transportation of goods for 2018-2022", it was instructed to create a network of international multimodal transport and logistics centers in the main directions of international transport.

In the chains of fulfilling the assigned tasks, a Memorandum of Understanding was signed between “Uzbekistan Railways” JSC, Uztemiryulcontainer JSC and Universal Logistics Services LLC JV “On the establishment of a joint venture to provide transport and logistics services at the production site of Chukursay station.

JV Universal Logistics Services LLC is a modern container terminal providing a full range of transport and logistics services for handling container wagons and oversized cargo. Today the company occupies a leading position in the Uzbek market and has extensive experience in the field of logistics services.

Within the framework of this project, on the basis of the cargo yard of the Chukursai railway station with an area of 8.5 hectares, it is planned to build a modern container site, a class B warehouse complex with a total area of 10 thousand square meters, buildings and structures for technical purposes, equipping of open parking lots and reconstruction of administrative - household building.

The main types of services provided by the transport logistics center will be the handling of railway wagons, containers and packaged goods, loading and unloading operations, storage of goods in customs and commercial warehouses, as well as services for the delivery of goods.

The implementation of this project is planned to be carried out in two stages, upon completion of which it will be possible to increase the processing capacity of the terminal by more than 1.2 million tons/year, the maximum speed and high level of service of which will be achieved due to modern means of mechanization.

10.3. Passenger Transportation

The domestic passenger transport market is very limited. Competition from road transport, both in intercity buses and private cars, will intensify, and rail services will improve with the introduction of new routes at the expense of more competitive tariffs.

Currently, four high-speed comfortable trains "Afrosiob" successfully run on the routes Tashkent-Samarkand-Bukhara and Tashkent-Samarkand-Karshi-Shakhrisabz, which have opened up ample opportunities for the expansion of tourist traffic on the railway, creating a worthy competition with air and road transport.

Completion of the construction of new railway sections Bukhara-Misken and Urgench-Khiva made it possible to organize passenger traffic in the direction of Tashkent-Samarkand-Bukhara-Khiva, which made it possible to conveniently and quickly move passengers and tourists to historical places in the territory of the Republic of Uzbekistan

The branded express train "Shark" is a real "Oriental Express" ("Shark" in translation from Uzbek means "East"). This high-speed train connects three ancient cities of Uzbekistan: Tashkent, Samarkand and Bukhara. Reaching a maximum speed of 160 km/h, the Shark train quickly and comfortably covers the distance between the end points (Tashkent - Bukhara, 616 km) in 6 hours 40 minutes.

In accordance with the Complex of Priority Measures for the Further Development and Increase of the Export of Tourism Services for 2020-2022, "Uzbekistan Railways" JSC to organize special tourist trains along the Silk Road within the Republic of Uzbekistan and internationally. To expand the sphere of tourism services, JSC "O'ztemiryo'lyo'lovchi" "Uzbekistan Railways" JSC annually participates in international tourism fairs, such as "ITB" Germany, "FITUR" Spain, "WTM" Great Britain and others.

The study of these reserves and opportunities makes it possible to clearly outline the contours of the target market for rail passenger transportation, the development of which will significantly improve the financial position of the enterprise.

In 2019, the passenger turnover reached 4,385.2 million passenger km or 101.3% compared to the 2018 report.

Table 11. – Passenger transportation

Indicators	2016	2017	2018	2019	2020
Passenger turnover by rail, million passenger-km	3933,6	4293,9	4329,8	4385,2	3775
Growth rate, %	104,7	109,2	100,8	101,3	86,1
Number of passengers carried by rail, million people	20,96	21,6	22,62	23,37	18,35
Growth rate, %	101,6	103,0	104,8	103,3	78,5

The volume of passenger traffic and the number of passengers carried has a steady growth, but for 2020 the passenger traffic is projected at 3,775 million pass-km.

Passenger turnover is determined as the sum of the products of the number of passengers transported by the corresponding distance of their transportation according to the formula:

$$\sum A*L = A_1*L_1 + A_2*L_2 + A_3*L_3 + \dots + A_n*L_n$$

where: A is the number of passengers, L is the distance of transportation of passengers.

For 2019, the share of passenger turnover in the given volume of operational work is provided for 18.5%, the percentage of passenger transportation costs from the amount of operating costs is 23.0%.

11. PERFORMANCE OF INDICATORS FOR 2019 AND FORECAST FOR 2020

11.1. In 2019, the following parameters were achieved.:

- Revenues are expected in the amount of 8443 billion UZS;
- The forecast targets for the export of services by the end of the year are expected to be fulfilled at USD 534.4 million or 133.1% to the forecast for the year.
- Development of capital investments for a total amount of 600.9 million US dollars, including own funds - 254.05 million US dollars, funds of the UFRD - 67.84 million US dollars, foreign investments - 81.35 million US dollars, state funds budget - 89.59 million US dollars, loans from commercial banks - 47.03 million US dollars, direct investments - 61.04 million US dollars.
- The volume of industrial output is expected to be 1588.1 billion UZS or 110.3% to the last year's report in comparable prices;
- 1769 new jobs were created, including jobs due to the construction of new facilities - 1234 jobs, modernization and reconstruction - 535 jobs;
- Under the localization program (58 projects), 160.7 billion UZS or 100.0% of the forecast will be spent.

1.2. Key objectives for 2020:

No.	Description	Amounts	Growth rate from 2019, %
1	Sending cargo, million tons	71,06	101,3
2	Transportation of goods, million tons	98,0	103,7
	including export traffic, million tons	10,0	114,0
	for transit traffic, million tons	9,0	128,0
3	Export of goods and services, million USD	590,0	110,4
4	Creation of new jobs, units	2652	132,0
5	Development of capital investments, million USD	494,85	
6	Industrial output, billion UZS	1685	106,3
7	Localization of production of products, products and spare parts, billion UZS	208,3	119,8

- Carry out the work of the working commission to monitor and take appropriate measures to pay off accounts receivable and payable and develop a comprehensive plan of measures aimed at reducing accounts receivable, including overdue.
- Continued implementation and continuous improvement of the quality management system in accordance with the requirements of ISO standards.
- By July 1, 2020, hold a reporting general meeting of shareholders based on the results of work for 2019, as well as consider the issue of distributing net profit, including for the payment of dividends;

Within the framework of the program for the development of the railway industry in 2020, it is envisaged to implement measures for the development and modernization of railway transport in the following areas of further development:

Railway infrastructure:

- Construction of an electrified railway. the Angren-Pap line with electrification of the Pap-Kokand-Andijan sections;
- Electrification of 452.0 km of the Bukhara-Urgench-Khiva railway line;
- Electrification of 135.0 km of the Marokand-Navoi railway section;
- Electrification of 145.1 km of the Pap-Namangan-Andijan railway line;
- Rehabilitation of 180 km of railway tracks, change of turnouts and transition bars, 100 sets each;
- Modernization of 65 km of the Andijan-Savai-Khanabad railway line;

Rolling stock:

- modernization and restoration of locomotives with extension of service life in the amount of 35 units at UE "Uztemiryulmashtamir";
- construction of 1500 units. freight cars on the basis of the Foundry-Mechanical Plant and Andijan Mechanical Plant;
- restoration with extension of service life and modernization of freight cars in the amount of 1445 units;
- construction of 30 units of passenger cars at the JSC "Tashkent plant for the construction and repair of passenger cars";
- renewal of the fleet of shunting locomotives by purchasing 12 units.
- renewal of the locomotive fleet by purchasing 12 units.

Improving train safety on the railway:

- improvement of the system for the implementation of measures to eliminate emergency situations and improve the safety of train traffic;
- further equipping the railways with technical means of ensuring the safety of train traffic, the introduction of automated control systems for the movement of trains;
- modernization of technical means of emergency recovery facilities of railway transport;

12. MARKETING STRATEGY

12.1. Marketing Strategy of Freight Transportation

Marketing strategy of “Uzbekistan Railways” JSC for 2019 is determined in the following areas:

- Attracting the flow of transit goods to the railways of the Republic of Uzbekistan by creating specialized international transport terminals, applying an optimal tariff policy. Conducting a systematic analysis of export, import and transit cargo transportation.
- Work on the development of railway transportation associated with the activities of the international intermodal logistics center created in the republic on the basis of the airport in Navoi and the free industrial economic zone (FIEZ).
- Advertising on transport as a means of information about proposed transport services, an integral part of the marketing communication policy of the railway. In conditions of competition between modes of transport, the need for active advertising activities in transport is beyond doubt. New types of transport services, branded services for cargo owners and passengers of high-speed traffic, transit transport corridors, discounts and benefits for individual users, door-to-door delivery of cargo, comfortable commuter electric trains, services at stations and on trains, etc. require competent, intelligible and original advertising.
- Practical application of international experience in marketing cargo transportation, as well as participation in international exhibitions Trans Uzbekistan, Trans Kazakhstan and Trans Russia, etc.
- Implementation of measures to develop competition, ensure access to business entities for the implementation of certain services. At the same time, the company is guided by the amendments made on 12/14/2010 to Article 4 of the Law of the Republic of Uzbekistan "On Natural Monopolies", which stipulate that state regulation of the activities of natural monopolies is established in the field of railway transportation, taking into account the use of railway infrastructure.
- Reducing the time of loading and unloading wagons, introducing a route dispatch mechanism.

12.2. Marketing Strategy of Passenger Transportation

Marketing of passenger traffic is reduced to a management system aimed at fully and efficiently meeting the transport needs of the population.

- To increase passenger traffic from July 2019. in test mode, a system for the sale of electronic travel documents was introduced and, since September 2019, a new system for the electronic sale of travel documents has been put into operation as usual, which is produced through the portal <http://e-ticket.railway.uz/>, created on a new platform or through mobile application "UzZhD tickets". An increase in the share of sold electronic travel documents in the total amount is expected from 2% to 30%.,

- Improvement and expansion of the services provided to passengers en route and at train stations. To expand services in waiting rooms at railway stations: Samarkand, Bukhara, Andijan, Kokand, Karshi, Termez, Jizzak, Urgench, Gulistan.
- Improving the quality and culture of passenger service on trains, including ensuring comfort. In order to increase the competitiveness of passenger traffic, the quality and culture of passenger service, 55 new passenger cars will be purchased in 2020.
- Implementation of the implementation of travel documents through the "Express-3" automated control system of the company for international traffic, incl. with foreign countries.
- Based on the example of foreign countries, from 2020 it is planned to organize the preliminary implementation of travel documents in interstate and local traffic from 60 days from the date of train departure.
- Development of tourist transportation in accordance with the results of marketing research of the needs of the population of the Republic of Uzbekistan, non-residents, as well as tourists who want to get acquainted with the cultural heritage and historical sights of the Republic of Uzbekistan.
- Based on the analysis of the conducted marketing research, a flexible system of discounts for trains of interstate and local traffic up to 55% of the cost of a travel document is applied.

13. TARGET MARKETS

13.1. Target Consumers

In the republic, the largest shippers are NHC Uzbekneftegaz, JSC Uzqurilishmaterialari, JSC Uzbekenergo, JSC Uzkiymyosanoat, JSC Uzdonmahsulot, JSC Uzmetskombinat, JSC AGMK, State Enterprise NGMK, Holding Company Uzbekozikov and others.

Transportation of goods by rail is carried out using tanks, open wagons, covered wagons and others.

The shipped cargo can not only be groupage cargo, shipped using universal wagons, but also various bulk cargo transported on open rolling stock, oversized and dangerous cargo.

The freight forwarding services of the company make it possible to organize high-quality rail transportation of goods in the republic, as well as to the countries of the CIS, Europe and Asia.

The complex of services include:

- provision and supply of rolling stock;
- services for securing/unfastening cargo on rolling stock;
- registration of transport documents;
- protection of individual cargoes all the way;
- organization of delivery of dangerous and complex cargo;
- provision of other additional services.

In 2020, the company needs to ensure an increase in traffic volumes in the most heavily loaded directions:

- Keles-Galaba with a length of 882km appointment to Afghanistan.
- Keles-Bekabad with a length of 220 km appointment to Tajikistan.
- Boldry-Kudukki with a length of 231 km appointment to Tajikistan.

13.2. Pricing

13.2.1. Tariff policy of freight transportation

Rail transportation services are included in the state register of natural monopolies with state regulation of prices for these services. Tariffs for rail transportation in domestic traffic are calculated in accordance with Price List 10-01 and are coordinated by the Ministry of Finance of the Republic of Uzbekistan. Railway fares e. transport represent the fees charged for the carriage of goods, passengers, luggage and cargo luggage. Tariffs for freight transportation used in international traffic - in accordance with the Tariff Policy of the railways of the CIS member states. When transporting goods in transit and export-import routes, the rates of the Tariff Policy of the Railways of the Republic of Uzbekistan are applied, which is an international agreement of an interdepartmental nature. Carriage charges are the main source of income for society.

The tariff policy has been developed in accordance with the basic principles of the formation and application of an agreed tariff policy and the Concept for the establishment of a coordinated tariff policy on railway transport of the member states of the Commonwealth of Independent States.

3.2.2. Tariff policy of passenger transportation.

In accordance with the Decree of the President of the Republic of Uzbekistan dated 02.09.2017. No. UP-5177 "On priority measures to liberalize foreign exchange policy", as well as in accordance with the order of the Cabinet of Ministers of the Republic of Uzbekistan dated February 13, 2019 No. 05/1-4774, tariffs for passenger transportation in local traffic from March 1, 2019 are set in national currency ... Direct (international) passenger fares are calculated in Swiss francs. Comparative prices for passenger transportation (one way) are shown in table 12.

Table 12 - Comparative table of prices for passenger transportation

No.	Communication	Airline	Railway Compartment car	Railway reserved seat car	Railway sleeping- car
1	Tashkent-Astana	1 369 000	1 125 294	785 479	
2	Tashkent-Moscow	2 382 804	2 649 430	1 655 100	
3	Tashkent-Saratov		1 696 805	1 095 037	
4	Tashkent-Ufa	2 251 469	1 606 970	1 067 660	
5	Tashkent-Chelyabinsk		1 770 227	1 052 446	
6	Tashkent-Novosibirsk	2 364 042	1 857 540	1 233 010	
7	Tashkent-Yekaterinburg	2 401 567	2 554 890	1 638 670	
8	Tashkent-Andijan	318 958	91 560	63 930	
9	Tashkent-Samarkand	281 434	Afrosiyob high-speed train		
			142 000	105 000	204 000
			passenger		
10	Tashkent-Karshi	337 720	116 880	79 730	

11	Tashkent-Termez	375 245	173 130	120 880	
12	Tashkent-Bukhara	318 958	131 040	88 630	
13	Tashkent-Urgench	450 294	199 600	137 870	
14	Tashkent-Nukus	460000	175 765	119 162	

*note: the prices are for 01.11.2019

14. ADVERTISEMENT STRATEGY

14.1. Promotion Strategy

To promote advertising, “Uzbekistan Railways” JSC studies the target market, analyzes publications in the media and the Internet.

Information on the website of “Uzbekistan Railways” JSC is regularly updated.

Organization of visits by specialists of the society to the largest regional specialized exhibitions is carried out.

Meetings are held with the main clients and freight forwarders of the company.

14.2. Advertising and Promotion Means.

In 2020, “Uzbekistan Railways” JSC will continue to advertise the services and products provided by the company's enterprises, as well as issue advertising booklets, video clips and other information publications in the media and television.

Studying and practical application of international experience in the marketing of freight transport, as well as taking part in international conferences, seminars, round tables, meetings and exhibitions.

15. COMPANY MANAGEMENT STRUCTURE

Over the years of independence, a number of government solutions were adopted in the field of railway transport:

- By the Decree of the President of the Republic of Uzbekistan dated 07.11.1994 No.UP-982, the State Joint-Stock Railway Company “Uzbekistan Railways” was established on the basis of the Central Asian Railway.

- By the decree of the President of the Republic of Uzbekistan dated March 2, 2001 No. UP-2815 "On measures to demonopolize and corporatize railway transport", the State Joint Stock Railway Company “Uzbekistan Railways” was transformed into an open joint stock company (OJSC).

- In accordance with Article 58 of the Law "On Joint Stock Companies and Protection of Shareholders' Rights", the legal status of the company acquired the status of a joint stock company - “Uzbekistan Railways” JSC.

In pursuance of the Decree of the President of the Republic of Uzbekistan dated April 24, 2015 No. UP-4720, as well as the program of measures to radically improve the corporate governance system of the company, the representative of the sole

shareholder, the state attorney of “Uzbekistan Railways” JSC approved the organizational structure of «Uzbekistan Railways» JSC and into it included:

- 15 unitary enterprises, including: 6 regional railway junctions (Tashkent, Kokand, Bukhara, Kungrad, Karshi, Termez), Uztemiryulmashtamir, Uzbekheldorexpedition, Trest Kuprikqurilish, Uztemiryulqurilishmontazh -406)," Rail welding train No. 14 ", " Power assembly train No. 1 ", " Plant for the repair of excavators and tracked vehicles "and" Agro-industrial complex "Sardoba".

- 8 joint-stock companies, including: "Uztemiryulyulovchi", "Toshkent yo'lovchi vagonlarni qurish va ta'mirlash zavodi", "Yulrefrans", "Uztemiryulkontainer", "O'zvagonta'mir", "Granite" plant "and" Eyvalekmahsustemirbeton ".

In addition, “Uzbekistan Railways” JSC also includes 33 institutions of social infrastructure.

In accordance with the Decree of the President of the Republic of Uzbekistan dated October 21, 2016 No. PP-2638 "On measures to further develop and improve the efficiency of the Tashkent metro" and the order of the chairman of the board of “Uzbekistan Railways” JSC dated October 28, 2016 No. 448-N "On the execution of the Resolution Of the President of the Republic of Uzbekistan dated October 21, 2016 No. PP-2638 ", the Toshkent Metro Unitary Enterprise was introduced into the structure of «Uzbekistan Railways» JSC.

In accordance with the Decree of the President of the Republic of Uzbekistan dated 08.11.2017 No. PP-3380 "On organizational measures for the transfer of Uzbekugol JSC and Shargunkumir JSC to “Uzbekistan Railways” JSC and financial rehabilitation of coal industry enterprises and the order of the chairman of the board of “Uzbekistan Railways” dated November 15, 2017 No. 100-N On the execution of the Resolution of the President of the Republic of Uzbekistan, Uzbekugol JSC and Shargunkumir JSC were introduced into the structure of “Uzbekistan Railways” JSC.

Appendix No. 1 reflects the current structure of the executive office of “Uzbekistan Railways” JSC.

15.1. Corporate Management

The sole shareholder of Joint-Stock Company “Uzbekistan Railways” is the Center for State Assets Management under the State Competition Committee of the Republic of Uzbekistan.

In accordance with the Resolution of the President of the Republic of Uzbekistan dated July 24, 2006 No. PP-474 "On Approving the Compositions of the Boards of Certain Large Joint Stock Companies with State Assets", the company's governing body is the Company's Council, which performs the functions of the General Meeting of Shareholders and the Supervisory Board. The Council of the Society consists of plenipotentiary representatives of ministries and departments and is headed by the Prime Minister of the Republic of Uzbekistan. The executive body of the company is the board of the company.

“Uzbekistan Railways” JSC is a shareholder (founder) of joint stock companies. In order to activate the attraction of investments, improve the corporate governance system in joint-stock companies and ensure the protection of the rights of shareholders, “Uzbekistan Railways” JSC recommends qualified representatives of the company to the supervisory boards and executive bodies. The chairman of the board of the company

issues a power of attorney for the right to represent the interests of the company according to her share in the authorized capital of the company.

The system of corporate governance in the company and business entities, where the company has shares or shares, is constantly being improved. In pursuance of the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated July 28, 2015 N 207, "Uzbekistan Railways" JSC developed key performance indicators of the company's activities, reflected in Appendices 5 and 6.

Every year, at the annual meetings of business entities, constant monitoring is carried out over the implementation of annual business plans, holding annual meetings in business entities. Until December 1, a draft business plan for the next year is submitted for consideration at meetings of the supervisory boards, a principal assessment is given to the executive body on the implementation of the business plan.

At the meetings of the supervisory boards of business companies, reports of the internal audit service of these companies are heard on a quarterly basis. "Uzbekistan Railways" JSC quarterly submits reports to the internal audit service for the Council of the company of "Uzbekistan Railways" JSC.

In accordance with the Decree of the President of the Republic of Uzbekistan dated June 29, 2018 No. UP-5468 "On the Concept of Improving the Tax Policy of the Republic of Uzbekistan" «Uzbekistan Railways» JSC in terms of dividend policy in the financial analysis for 2020 provides for the unconditional accrual of dividends from net profit, in accordance with the law.

15.2. HR Policy

"Uzbekistan Railways" JSC has a system of training personnel of all levels: specialists with secondary and higher specialized education, mass working professions. The structure of the society includes an institute and 3 colleges.

The tasks of the personnel department and the personnel training department are:.

- analysis of the needs of the company's divisions in specialists, solving issues of regulating the number of employees of the company's structural divisions, in accordance with the specified volume of work and the approved staffing table, as well as analysis of the number of employees in hiring and relocating;
- selection of specialists from departments and divisions of the company in accordance with the required specialty and qualifications in order to ensure the safety of train traffic, labor and safety of transported goods;
- carrying out purposeful work in accordance with the planned measures provided for in the State Program in relation to education and training in the field of railway transport;
- the use of mentoring methods in the training of narrow specialties in order to preserve and disseminate the advanced experience of highly qualified workers and specialists in the divisions of society, teach various subtleties, skills of the profession, preserve and transfer the established traditions of society to young people, ensure the smooth operation of society and smooth turnover of personnel in divisions of society.
- study and analysis of the reasons for the turnover and turnover of personnel in mass professions, the state of labor discipline. Assistance in the implementation of the state employment policy.

- creation in society of an effective system of management and staffing, aimed at high-quality formation and use of human resources through the selection, placement and education of staff.
- staffing of the apparatus, structural divisions, enterprises and institutions of road subordination with proactive, highly qualified specialists.
- development and approval of effective reserves for filling managerial positions in the nomenclature of the Office of the President of the Republic of Uzbekistan and the Council of the Society.

Table 13. Indicators of labor productivity

Indicators	Unit of measure	2019	Forecast for 2020
Equivalent work*	Million ton-km	32171,6	32830
Number of staff	persons	37500	37600
Labor productivity	Thousand ton-km/persons	858	873

* - The above work is a conditional work, which is equal to the amount of cargo turnover and double passenger traffic.

Table 14. Number of Company staff

Name of enterprise	2018	Anticipated for 2019	Forecast for 2020
Central office	93	93	94
Locomotive Operations Department	7 587	7 611	7 620
Power supply Department	2 772	2 910	2 950
Signaling and communication Department	3 161	3 181	3 200
Track Facilities Department	8 962	9 475	9 500
Department of carriage facilities	4 076	4 095	4 100
Transportation Organization Department	5 387	5 455	5 600
Department of cargo and commercial work	1765	1 805	1 850
Department "Temiryulyonilgita'min"	1 624	2 011	2 020
Others	9 334	10 071	10 100
Total - main activity	44761	46 707	47 034
Industrial enterprises, contractors, social sphere	22075	21016	21050
UE Toshkentmetropolitan	3070	3205	3500
JSC "Uzbekugol"	5977	5887	5880
Shargunkumir JSC	490	518	520
TOTAL for the Company	85768	89285	89500

The company performs the measures to optimize the number of management personnel.

15.3. Social Sphere

The stable operation of railway transport and the well-being of its employees are largely interconnected, and therefore, in order to improve the living standards and social protection of employees, the company constantly takes measures to provide employees with high-quality medical services.

The employees of the society are provided with free medical care. In the structure of the society there are: an institute, 3 colleges and 16 medical institutions, a sanatorium-preventorium, 9 centers of sanitary and epidemiological surveillance, which are maintained at the expense of society.

The society allocated 226 billion UZS for the development of the social sphere in 2019, in 2020 334 billion UZS or 125.5% of the 2019 report will be allocated, including 230 billion UZS for healthcare facilities, 104 for educational institutions. bln UZS

The health care system is designed to provide qualified medical care and prevention of society employees.

16. INVESTMENT PROGRAM

The investment program of “Uzbekistan Railways” JSC for 2020 was developed in accordance with the following principles and policies:

The total amount of capital investments takes into account the availability of funding sources and financial resources of “Uzbekistan Railways” JSC.

Investments are made with the aim of ensuring uninterrupted operation, improving operations and increasing the profitability of “Uzbekistan Railways” JSC.

The projected investment must receive a technical, financial and economic justification so that each project has a financial return and economic return.

Total capital expenditures for the planning period are US \$ 494.85 million.

Significant funds are planned to be spent on electrification of the Pap-Namangan-Andijan railway section, construction of a ring elevated metro line in the city of Tashkent, modernization of Shargunkumir JSC, bringing the design capacity to 900 thousand tons of coal per year.

Table 16. Investments with breakdown by projects for 2020

Project	Amount of investments (equiv. million USD)	Percent of total amount, %
New construction	97,9	20
Modernization and reconstruction	122,7	25
Other areas	274,3	55
Total	494,85	100

Investment projects for 2020 will be financed primarily from our own sources, as shown in Table 17.

Table 17. Sources of investment

Sources of financing	Amount of investments (million UZS)	Amount of investments (equiv. million USD)	Percent of total amount, %
Own funds	2 080 470	198,14	40
Loans of UFRD		61,00	12

International sources		118,08	24
State budget	429 975	40,95	8
Loans of commercial banks	210 000	20,00	4
Direct foreign investments		56,68	12
Total		494,85	100

Investment program of “Uzbekistan Railways” JSC for 2020

Item No.	Name of initiators and projects	Project capacity	Period for implementation	Foreign partner/creditor	Total value of project	Anticipated balance on 01.01.2020	Forecast of utilization for 2020 (million UZS)	Development forecast for 2020 (eq. USD million, Exchange rate = 10500 UZS (preliminary))	Grounds for inclusion in forecast
	“Uzbekistan Railways” JSC							494,85	
	own funds						2 080 470	198,14	
	UFRD							61,00	
	direct foreign investments							56,68	
	foreign investments against guarantee							118,08	
	commercial bank loans						210 000	20,00	
	the state budget						429 975	40,95	
1	Electrification of the Pap-Namangan-Andijan railway section	145,1 km	2017-2021	ADB	160,14	48,30		37,82	Resolution of the President of the Republic of Uzbekistan dated 17.10.2017 No. PP-3336
	own funds				80,14	28,40	239 610	22,82	
	foreign investments against guarantee				80,00	19,90		15,00	
2	Construction of a circular elevated metro line in the city of Tashkent	51,2 km	2017-2021	Eximbank (China)	466,13	252,62		70,5	Resolution of the President of the Republic of Uzbekistan dd 19.05.2017 No. PP-2979 Decree of the President of the Republic of Uzbekistan dated 24.05.2018 No.UP-5447
	the state budget				316,72	153,2	320 000	30,5	
	UFRD				88,92	38,92		30,00	

	foreign investments against guarantee				60,49	60,5		10,0	
3	Construction of the second stage of the Yunusabad line of the Tashkent metro	2,9 km	2017-2020		103,82	2,89		1,90	Resolution of the President of the Republic of Uzbekistan dated 07.11.2016 No. PP-2653
	the state budget				51,02	2,89	20 000	1,90	
	UFRD funds				52,80			-	
4	Construction of the Sergeli line of the Tashkent metro	7,1 km	2017-2020		82,66	26,81		16,71	Resolution of the President of the Republic of Uzbekistan от 29.11.2016 No. PP-2664
	the state budget				47,56	15,81	60 000	5,71	
	UFRD				35,10	11,00		11,00	
5	Electrification of the Marokand-Navoi railway line own funds	135 km	2020-2022		57,1	57,1	76 650	7,30	Instruction of the First Deputy Prime Minister of the Republic of Uzbekistan, Minister of Transport dated 15.02.19 No. 05/1-175
6	Electrification of the Bukhara-Urgench-Khiva railway line	452 km	2020-2024	ADB, AIIB	330,15	330,15		1,00	Resolution of the President of the Republic of Uzbekistan dated 27.07.15 No. PP-2376 and instruction of the President of the Republic of Uzbekistan dated 25.07.16 No. P-4681
	the state budget				50,20	50,20		-	
	own funds				103,99	103,99	10 500	1,00	
	foreign investments against guarantee				175,96	175,96		-	
7	Construction of a new electrified railway line Angren-Pap with electrification of the Pap-Kokand-Andijan section	Infrastructure facilities	2013-2021	IBRD, Eximbank (China)	1 461,14	78,90		0,50	Resolutions of the President of the Republic of Uzbekistan dated 18.06.13 No. PP-1985, dated 24.12.13 No. PP-2096, dated 26.06.15 No. PP-2362 and Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 17.09.15 No. 269
	the state budget				200,25			-	
	own funds				473,40	78,40		-	
	foreign investments against guarantee				545,00	0,50		0,50	

	UFRD				242,49				
8	Modernization of the Andijan-Savay-Khanabad railway section with the organization of suburban train traffic	65 km	2017-2020		17,39	2,86		2,86	Instruction of the President of the Republic of Uzbekistan No. R-5364 dated 11.09.18
	own funds				11,33				
	The state budget				6,06	2,86	30 000	2,86	
9	Modernization of JSC "Shargunkumir" with bringing the design capacity to 900 thousand tons of coal per year	900 thousand tons of coal per annum	2017-2020	Eximbank (China)	105,51	24,96		24,96	Resolutions of the President of the Republic of Uzbekistan dated 13.06.2017 No. PP-3054 and dated 13.01.2017 No. PP-2727
	own funds				11,00	2,38	25000	2,38	
	foreign investments against guarantee				89,78	22,58		22,58	
	loans of commercial banks				4,73				
10	Renewal (replacement) of morally and physically obsolete equipment of Uzbekugol JSC	Replacement of worn-out equipment	2017-2022		47,80	47,80		-	Resolutions of the President of the Republic of Uzbekistan dated 13.06.2017 No. PP-3054
	own funds				4,20	4,20		-	
	loans of commercial banks				36,10	36,10		-	
	UFRD				7,50	7,50		-	
11	Modernization of the railway facilities of JSC "Uzbekugol"	facility	2017-2022		44,5	29,80		-	Resolutions of the President of the Republic of Uzbekistan dated 13.06.2017 No. PP-3054
	loans of commercial banks				19,20	4,50		-	
	UFRD				25,30	25,30		-	
12	Rehabilitation of railway tracks own funds	900 km	2020-2024		240,00	240,00	336000	32,00	Draft Transport Development Concept

13	Rehabilitation of locomotives own funds	166 units locomotives	2020-2024		60,20	60,20	133875	12,75	Draft Transport Development Concept
14	Reconstruction with extension of service life, modernization and re-equipment of freight cars	6349 units	2020-2024		34,00	34,00	76545	7,29	Draft Transport Development Concept
15	Construction of freight wagons own funds	7300 units	2020-2024		470,76	470,76	845250	80,50	Draft Transport Development Concept
16	Renovation of stock of passenger wagons own funds	150 units	2020-2024		51,00	51,00	107100	10,20	Draft Transport Development Concept
17	Purchase of equipment and technologies for the company's divisions own funds	Equipment and technologies	2020-2024		32,00	32,00	52 500	5,00	Draft Transport Development Concept
18	Development of the Baysun coal deposit with the production of up to 50.0 thousand tons of coal per year own funds	50 thousand tons of coal per annum	2018-2020		5,00	1,00	10500	1,00	Instruction of the Cabinet of Ministers of the Republic of Uzbekistan dated 15.03.18 No. 05/11-99, minutes of the visit of the President of the Republic of Uzbekistan to the Surkhandarya region dated 13.05.19. No. 10317-xx
19	Construction of a multidisciplinary clinic in Tashkent direct foreign investments	facility	2017-2021	LLC "UGMK Holding"	150,00	104,94		40,00	Resolution of the President of the Republic of Uzbekistan dated 29.09.17 No. PP-3298
20	Organization of production of high quality alcoholic beverages direct foreign investments	12,7 million pcs.	2017-2020	LLC "Selena"	26,00	3,28		3,28	Resolution of the President of the Republic of Uzbekistan dated 11.09.17 No. PP-3263
21	Construction of modern airport complex for civil (business) aviation on the basis of the Tashkent-Vostochny airfield (stage 1)	facility	2018-2021		140,00	65,00		40,00	Resolutions of the President of the Republic of Uzbekistan dated 30.06.17 No. PP-3104 and dated 03.01.18 No. PP-3456

	loans of commercial banks				75,00	20,00	210 000	20,00	
	UFRD				65,00	45,00		20,00	
22	Purchase of rolling stock for the Tashkent metro	5 trains	2019-2020		30,00	6,00		6,00	Instruction of the President of the Republic of Uzbekistan No. R -5463 dated 04.04.19
	UFRD				6,00				
	foreign investments against guarantee				24,00	6,00		6,00	
23	Modernization of metro cars with an extension of their service life by 15 years The state budget	84 units	2020-2022		34,00	34,00		-	Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 24 dated 03.02.16 и Draft Metro Development Concept
24	Renewal of the locomotive fleet by purchasing locomotives	31 units	2019-2021		181,07	181,07		65,50	Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 15.07.19 No. 586
	Own funds				11,07	11,07	15750	1,50	
	foreign investments against guarantee				170,00	170,00		64,00	
25	Renovation of the fleet of shunting locomotives own funds	12 units	2019-2020		14,40	14,40	151200	14,40	Draft Transport Development Concept
26	Expansion of the localization program at the UzXCMG JV LLC direct foreign investments	Equipment	2019-2020		5,50	3,40		3,40	Resolutions of the President of the Republic of Uzbekistan dated 19.05.17 No. PP-2982 and dated 18.01.18 No. PP-3481
27	Purchase of two Talgo-250 high-speed passenger electric trains and four economy-class cars foreign investments against guarantee	2 electric trains and 4 wagons of economy class	2019-2021	FIEM	65,00	65,00		Only attraction in the amount of 20.3 million USD	Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 07.05.19 No. 382

Priority investment projects for 2020 are:

- "Electrification of the Pap-Namangan-Andijan railway section", implementation of which will reduce operating costs for energy resources, repair and maintenance of technical equipment, and increase the throughput of railways. lines, reduce the negative impact on the environment.

- "Construction of a ring elevated metro line in the city of Tashkent", the implementation of which will allow to develop the road and transport infrastructure of the city of Tashkent, reduce passenger traffic by motor vehicles, which will improve the environmental situation and traffic congestion in the capital.

- "Modernization of Shargunkumir JSC with bringing the design capacity up to 900 thousand tons of coal per year", the implementation of which will allow to develop up to 900 thousand tons of coal per year and meet the country's growing demand for coal.

- rehabilitation of railway tracks, which will ensure the safety of train traffic, reduce operating costs and improve the quality of services provided.

- construction, acquisition, modernization and restoration of rolling stock, contributing to the renewal and improvement of the company's rolling stock, ensuring train traffic safety, reducing operating costs and improving the quality of services provided.

- in 2020, it is planned to repair and restore 35 locomotives, 1445 freight cars, the construction of 1500 freight and 30 passenger cars, as well as the rehabilitation of 180 km of railway tracks.

- commissioning of 3 projects is foreseen in 2020:

Organization of production of high quality alcoholic beverages;

Modernization of Shargunkumir JSC, bringing the design capacity up to 900 thousand tons of coal per year;

Development of the Baysun coal deposit with the production of up to 50.0 thousand tons of coal per year (stage I).

17. CONTRACTING ACTIVITIES

The contracting activity of the company consists in the performance of construction and installation works under contracts concluded with the General Contractor. The general contractor from the company is the Capital Construction Directorate, which conclude contracts, as a rule, by contractors performing general construction (main) works. To perform specialized works (drilling and blasting, etc.), the general contractor engages the appropriate subcontractors.

In accordance with the decree of the Cabinet of Ministers of the Republic of Uzbekistan dated May 3, 2018 No. 325-10 "On measures to organize the construction of the Shurbulok reservoir in the Republic of Karakalpakstan" and the decree of the President of the Republic of Uzbekistan dated December 26, 2018 No. PP-4081s "On additional measures to provide water resources of the Republic Karakalpakstan and Khorezm region", as well as the protocol decision of the management of JSC "Uzbekiston Temir Yo'llari "dated December 26, 2018, construction is underway to implement the project" Removal of the railway section "Dunglyuk-Burgutli-Misken" from the flooded zone of the Shurbulok reservoir ".

By protocol decision of the management of “Uzbekistan Railways” JSC, the construction was carried out in two stages:

Stage I – construction of a bypass railway track on the section of the railway. Dungulyuk-Rzd. Turon (Akchuka) with a length of 43.6 km;

Stage II – construction of the second railway track from the railway. Turon (Akchuka) before the junction at PK3520 + 00 of the st. Burgutli - st. Misken of the existing railway track with a length of 16.5 km.

Issues of design and construction of the facility are considered at production meetings of the company's management, practical measures are taken to promptly resolve them, material, technical and financial support of the work.

In accordance with the decrees of the President of the Republic of Uzbekistan dated June 30, 2017 No. PP-3104 "On measures to implement the project" Construction of a modern airport complex of civil (business) aviation on the basis of the Tashkent-Vostochny airfield "and dated January 3, 2018 No. PP-3456 "On additional measures to accelerate the implementation of the project" Construction of a modern airport complex of civil (business) aviation on the basis of the airfield "Tashkent-Vostochny", “Uzbekistan Railways” JSC is implementing the project "Construction of a modern airport complex of civil (business) aviation on the basis of the airfield" Tashkent-East ".

To date, work has been completed on the excavation of the vegetation layer in the amount of 35.05 thousand m³ and earthworks in the amount of 33.21 thousand m³, as well as on the construction of a layer-by-layer embankment from the hydraulic station in the amount of 17.42 thousand m³;

- transportation of GPS is carried out from the local quarry at a distance of 1.7 km from the construction site.

Hangar for parking and maintenance of Boeing-787 and A-320 aircraft:

- completed work on the development of the pit and work on the arrangement of crushed stone preparation;

- completed work on the construction of monolithic foundations and reinforced concrete supports, installed 64 pieces out of 64 pieces of design;

- work is underway on the underground channel and the administrative building of the household.

Hangar for parking two MI-8 helicopters:

- completed work on the development of the pit and work on the arrangement of crushed stone preparation;

- the work on pouring concrete of the preparatory layer has been completed;

- completed work on the construction of monolithic foundations and reinforced concrete supports 24 pieces out of 24 pieces of design.

- the necessary equipment and 23 construction workers are involved on the site.

Airfield fencing:

- reinforced concrete - 6347 m, 898 m completed;

- mesh fencing - 4504 m, 2510 m completed.

The roofing works of the existing 3-storey building of the take-off and test station have been completed.

Air traffic control buildings (ATC) completed excavation work;

Building for servicing the first and government officials (ZOO) (Terminal 1)

Foreign company "B&A Contractors S.A." (Switzerland) to date, work has been completed on the development of the building pit and work on the arrangement of crushed stone preparation, work is underway to pour concrete;

Business buildings with a throughput capacity of 1000 pass/hour (Terminal 2), excavation work has been completed.

In accordance with the Decree of the President of the Republic of Uzbekistan PP-2979 dated 05/19/17 "On measures to implement the project" Construction of an electrified high-speed double-track ring railway in the city of Tashkent ", a preliminary technical and economic calculation (PTER) of the project is being developed.

The construction period was adopted for the interval 2017-2021. The project provides for the transportation of more than 150.0 thousand passengers per day, for which up to 10 electric trains of the clothed type will run on a double-track railway in opposite directions in a circular mode with an average interval of 10 minutes. When the full capacity of the rolling stock is realized, the organized traffic regime will be able to carry up to 500.0 thousand passengers per day.

On behalf of the leadership of the Republic, in order to avoid the massive demolition of existing buildings, the effective placement of the transport and communication infrastructure of the city of Tashkent, the optimal decision was made to build an elevated road line.

The projected ring line of the metro passes through the territories of Yashnabad, Bektemir, Mirabad, Sergeli, Yakkasaray, Chilanzar, Uchtepa, Shaykhontokhur, Almazar, Yunusabad, Mirzo-Ulugbek districts.

At station No. 1 and at the facilities of the traction stepdown substation, work has been completed on the installation of pits, foundations, brickwork, floor slabs, work is underway on the installation of paving slabs and landscaping.

In the underground pedestrian crossing, work has been completed on the installation of wall blocks and concreting of staircases and landings, work is underway to illuminate the territory.

at station No. 2, work has been completed on the construction of foundations and masonry of the walls, work is underway on plastering the internal and external walls, on the installation of metal roof girders and a platform with a canopy.

at station No. 3, the excavation and foundation works, the bricklaying have been completed, the plastering of the inner and outer walls, the flooring, concrete pouring on the escalator foundation are in progress.

at station No. 4, work has been completed on the construction of foundation pits, foundations, and brick laying of walls; work is underway on plastering the internal and external walls, installing the floor, pouring concrete on the escalator foundation.

at station No. 5, work on the construction of the pit and foundation was completed, work is underway on the construction of brickwork of walls and partitions;

at station No. 6, work is underway to lay the foundations of the station buildings and the traction stepdown substation.

In 2020, "Uzbekistan Railways" JSC plans to carry out electric power supply construction of the following infrastructure facilities:

- "Construction of an access railway to a nuclear power plant on the territory of the Republic of Uzbekistan;
- Reconstruction of Muynak airport and construction of a park in the center of Muynak region of the Republic of Karakalpakstan – USD 3.5 million;
- "Electrification of the Andijan-Savay-Khanabad railway section" – USD 5.01 million;
- "Electrification of the Pap-Namangan-Andijan railway line" - USD 6.0 million;
- Rehabilitation of railway tracks – USD 28.0 million.

- “Electrification of the Bukhara-Misken-Khiva railway section” – USD 10.0 million;
- "Construction of the second track of the electrified high-speed railway line on the Navoi-Bukhara section" – USD 84.82 million;
- Construction of the Shavat-Sultanuzdak railway line with bridge crossings over the Amu Darya River – USD 142.04 million, as well as many other facilities.

18. FINANCIAL ANALYSIS

Table 17. Profit and loss account

	Anticipated for 2019	Billion UZS	Forecast for 2020	Billion UZS
10	Income	8 513	Income	9 237
20	From transportation (30 + 40)	7 056	From transportation	7 659
30	Incl. from freight traffic	6 625	Incl. from freight traffic	7 358
40	from passenger traffic	431	from passenger traffic	301
50	Operating expenses		Operating expenses	
60	Production costs	4 113	Production costs	4 650
70	Period expenses	745	Period expenses	751
80	Depreciation	1215	Depreciation	1490
90	Social expenditures	266	Social expenditures	334
100	Total (60 + 70 + 80 + 90)	6 339	Total	7 225
110	Financial income		Financial income	
120	Financial expenses	-2 526	Financial expenses	-1 881
130	Profit from general business activities before taxes (10-100+110-120)	-353	Profit from general business activities before taxes	132
140	Profit tax		Profit tax	20
150	Profit from general business activities after tax (which will be used for the investment program, repayment of loans and payment of dividends in accordance with the decision of the Commission for Monitoring and Effective Management of State Shares in Joint Stock Associations and Companies)	-353	Profit from general business activities after tax (which will be used for the investment program, repayment of loans and payment of dividends in accordance with the decision of the Commission for Monitoring and Effective Management of State Shares in Joint Stock Associations and Companies)	112

The reports reflect only the main activities of the company and are drawn up in accordance with national accounting standards.

In accordance with the Decree of the President of the Republic of Uzbekistan dated 04.03.2015 No.UP-4707 "On the program of measures to ensure structural reforms, modernization and diversification of production for 2015-2019", decrees of the President of the Republic of Uzbekistan dated 04.10.2011 No.PP-1623 " On the program of priority measures to expand production and master new types of competitive products ", dated 06.03.2015 No.PP-2313" On the program for the development and modernization of engineering, communication and road transport infrastructure ", as well as a number of other government decisions, the expected profit of the society it is planned to direct it to the implementation of the most important projects for

modernization, technical and technological re-equipment of production, and the renewal of rolling stock.

Taking into account the need to finance large investment projects, the company takes all measures to reduce overdue receivables and prevent them in the future. For this purpose, a working commission has been formed in the company to monitor and take appropriate measures to pay off accounts receivable and payable, control has been established for the timely payment of taxes and mandatory deductions according to the schedule. A set of measures to reduce accounts receivable and payable for 2019 is given in Appendix No. 3.

The forecast parameters of income and expenses by quarters are reflected in Appendix No. 2.

In pursuance of the resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated July 28, 2015 N 207 "On the introduction of criteria for assessing the effectiveness of the activities of joint-stock companies and other economic entities with a share of the state" for "Uzbekistan Railways" JSC, basic and additional key performance indicators have been developed (Appendix 5, 6).

19. SPONSOR AID

"Uzbekistan Railways" JSC conducts charitable activities in the following main areas: health care, culture, sports, education, preservation of historical monuments, care for veterans, etc.

The social policy of society is based on the following basic principles: targeted assistance provided, systematic methodology, openness in making and implementing decisions, as well as a report on the targeted use of funds.

Appendix 2 "Forecast parameters of income and expenses of «Uzbekistan Railways» JSC for 2020" reflects the reported and forecast amounts of expenses allocated for charitable and sponsorship assistance. Until the end of 2019, it is expected to send funds in the amount of 58.0 billion UZS for charitable and sponsorship assistance. Sponsorship was carried out in accordance with the cost estimates for the maintenance of the boxing federation, the football club, as well as the protocol orders of the Cabinet of Ministers of the Republic of Uzbekistan.

During 2019, "Uzbekistan Railways" JSC organized the departure of the Salomatlik medical and sanitary train for regular in-depth medical examinations of railway workers and their family members living in remote areas of the republic with an unfavorable environmental situation. In 2019, the train made a number of trips, one of them together with the Soglom Avlod Uchun charitable foundation. The results of the train departure are as follows: a total of 17,488 people were examined and consulted, including 1,725 women, 1,465 children, 582 pensioners, 150 disabled people. Chest fluorograms were made - 1,121 people, ECG - 2,548, all types of tests were done - 2,384 people, ultrasound - 1,675 people. The train expenses amounted to 255.36 million UZS.

Taking into account the importance of the country's policy of social protection of the population and health protection, further development and improvement of the system of medical and social assistance to pensioners, disabled people, lonely elderly and other vulnerable categories of the population to ensure their full-fledged life, "Uzbekistan Railways" JSC in 2020 plans to send about 11.0 billion UZS for charity, but not more than 10 percent of net profit, in accordance with Article 5 of the Law of the Republic of Uzbekistan "On Charity". During the year, adjustments to the amount of sponsorship may be made.

20. SWOT-ANALYSIS

Strengths, Weaknesses, Opportunities and Threats

Strengths, Weaknesses, Opportunities and Threats Analysis (SWOT Analysis) focuses the strategy on key issues. The aim is to: (I) build strengths; (II) eliminating/minimizing weaknesses; (III) capacity development; and (IV) countering threats.

Table 18. **Local railway network**

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Reserve capacities in the system. 2. Good network coverage. 3. Experienced leadership. 	<ol style="list-style-type: none"> 1. Loss of energy due to fragmentation of Central Asian railways and competitive development of new lines.
Opportunities	Threats
<ol style="list-style-type: none"> 1. Improving operational efficiency through investment in new roads in the region. 	<ol style="list-style-type: none"> 1. Sharp rise in prices for major imported materials and spare parts

Table 19. **International railway corridors**

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Access to the extensive rail network of the CIS countries. 2. The corridor network is becoming more integrated in Uzbekistan, thereby reducing costs and delays in crossing borders. 3. Improving the infrastructure for domestic rail transport will have a beneficial effect on international corridors. 	<ol style="list-style-type: none"> 1. The CIS rail network was designed to serve the needs of the former USSR, which caused problems after independence. 2. Infrastructure problems and restrictions in neighboring countries. 3. The need to change track to reach key markets.
Opportunities	Threats
<ol style="list-style-type: none"> 1. The Angren-Pap line should attract international transit traffic. 2. Connection with China through the Kyrgyz Republic will generate transit/international traffic. 	<ol style="list-style-type: none"> 1. Deterioration of infrastructure in the networks of neighboring countries, leading to even greater speed limits. 2. Lack of financing for the construction of railways. lines from Kyrgyzstan to China due to the high cost of the project.

Table 20. Domestic railway transportation

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Reserve capacity for new traffic. 2. Good connections with major shippers and consignees. 	<ol style="list-style-type: none"> 1. Tariffs for domestic freight transportation are formed with the participation of the Ministry of Finance. 2. The wagon economy needs modernization.
Opportunities	Threats
<ol style="list-style-type: none"> 1. Convenient location for the development of transit traffic. 2. Large investments in the construction of new lines in the region will increase the market for rail freight traffic. 	<ol style="list-style-type: none"> 1. Increased internal competition from the road freight transport industry. 2. The road reconstruction program will improve road transport operations. 3. The development of local trucking companies and the renewal of the vehicle fleet will increase competition.

Table 21. Passenger railway transportations

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Defined reserve capacity for new services. 2. Good coverage in the regions of the republic. 	<ol style="list-style-type: none"> 1. Tariffs for domestic passenger transportation are formed with the participation of the Ministry of Finance. 2. The wagon economy needs modernization. 3. Limited concentration of marketing research.
Opportunities	Threats
<ol style="list-style-type: none"> 1. Conclusion of contracts with tourism organizations 	<ol style="list-style-type: none"> 1. Loss of passenger traffic in favor of private vehicle/air travel services. 2. The program for the reconstruction of roads and rolling stock will improve the implementation of intercity bus transport.

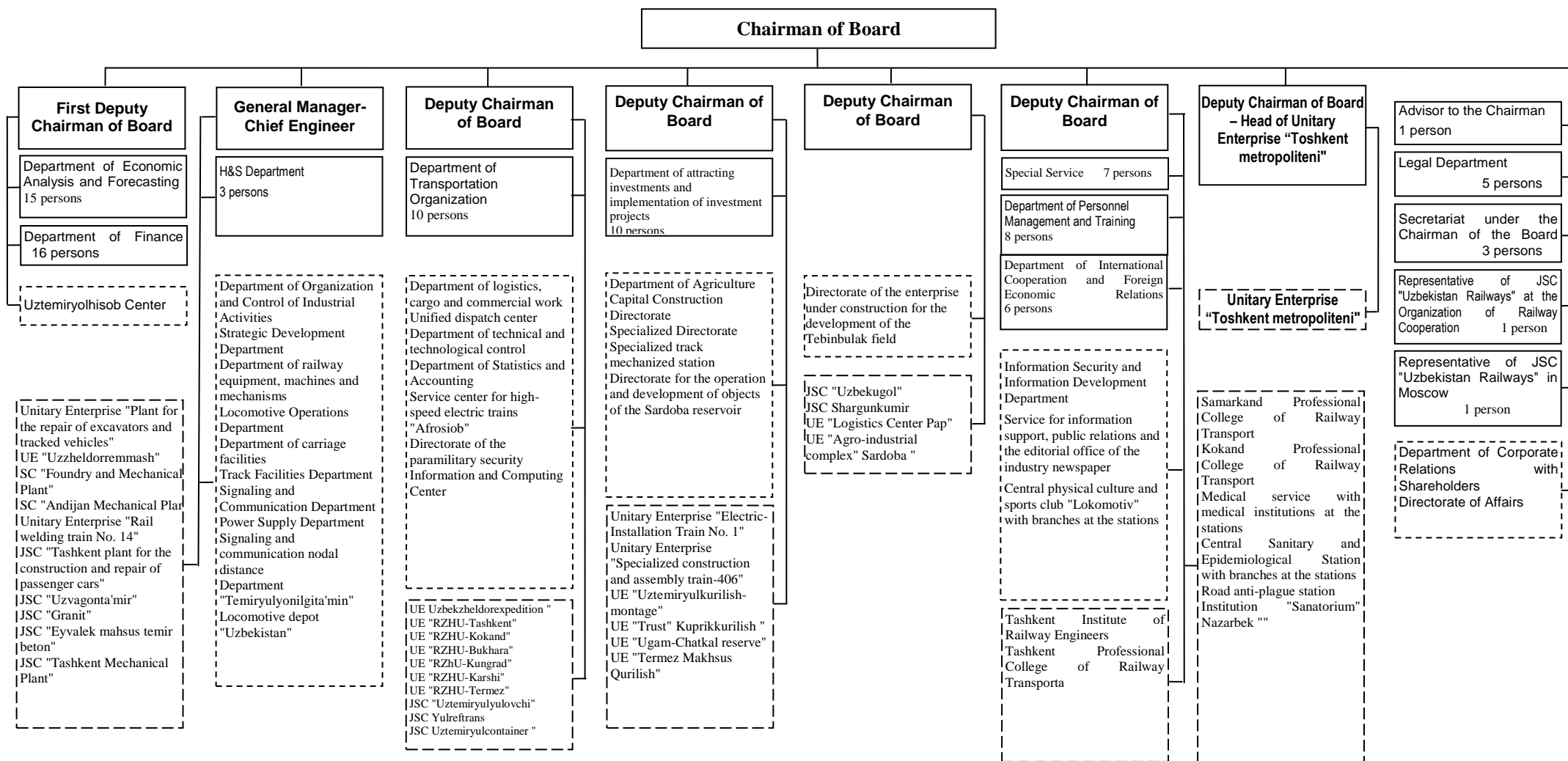
Table 22. **International freight railway transportations**

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Access to an extensive rail network throughout the CIS. 2. High competitiveness in long-distance transportation, especially for the transportation of low-value goods. 3. Wagon tracking system to locate cargo at any time. 4. “Uzbekistan Railways” JSC is an experienced operator. 	<ol style="list-style-type: none"> 1. Poor service levels for value-added transport. 2. Service levels are predominantly dependent on rail operations in other countries.
Opportunities	Threats
<ol style="list-style-type: none"> 1. The growth of trade links with China and East Asia favors rail transport. 2. Potential growth in Afghanistan as an export/transit market. 3. Potential of intermodal services to service value-added transport. 	<ol style="list-style-type: none"> 1. Increase in transportations carried out at a high tariff, due to raw materials. 2. Lack of investment in the CIS rail system resulting in longer, less reliable transit times.

Table 23. **Intermodal services**

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Lower transport costs on major routes compared to road transport. 2. Comparable transit times if block trains are introduced. 3. Significant potential for expansion. 4. Reduces congestion at road border crossings 	<ol style="list-style-type: none"> 1. Problems with service and reliability make intermodal transport less attractive than road transport if cost is not a major issue. 2. Most of the problems are external and therefore difficult to resolve. 3. Lack of use of through and combined bills of lading. 4. The unimodal nature of the freight forwarding industry.
Opportunities	Threats
<ol style="list-style-type: none"> 1. Development of door-to-door services, thus reducing overall transport costs. 2. Financial incentives for developing Uzbek producers of export goods. 	<ol style="list-style-type: none"> 1. Shipping companies, freight forwarders and railways do not support the concept. 2. Too many objects without the necessary critical mass to ensure viability.

Organizational structure of OTY JSC



- central apparatus
- structural subdivisions without legal status
- divisions with legal status

Forecast financial parameters of "Uzbekistan Railways" JSC "
for 2020

Description of indicators	Unit of measure	Year			including								
		forecast 2019	anticipated 2019	forecast 2020	1 quarter			1 half-year			9 months		
					forecast 2019	anticipated 2019	forecast 2020	forecast 2019	anticipated 2019	forecast 2020	forecast 2019	anticipated 2019	forecast 2020
Revenue (total revenue)	billion UZS	8021	8513	9237	1963	1841	2239	3807	3827	4194	5724	5980	6682
incl. from transportation	billion UZS	6190	7056	7659	1523	1675	1915	3066	3273	3651	4614	4994	5622
from ancillary activities	billion UZS	1831	1457	1578	440	166	324	740	554	543	1110	986	1059
Operating expenses	billion UZS												
Production costs	billion UZS	4523	4113	4650	989	816	1009	1998	1822	1947	3249	2862	3202
Period expenses	billion UZS	710	745	751	166	139	148	301	326	283	461	494	392
Depreciation	billion UZS	1599	1215	1490	364	301	340	749	608	730	1152	909	1096
Social expenditures	billion UZS	240	266	334	60	64	70	120	133	160	180	199	239
Total	billion UZS	7072	6339	7225	1579	1321	1567	3167	2888	3120	5042	4464	4929
Financial expenses	billion UZS												
Result from financial activities	billion UZS	-508	-2526	-1881	-170	-211	-542	-357	-782	-1050	-261	-2327	-1636
Profit before tax	billion UZS	441	353	132	214	309	129,6	283	157	24,0	421	-811	116
Income tax	billion UZS	28	0	20	21	38	22,7	31	17	3,6	34	0	17
Other taxes and fees on profits	billion UZS												
Net profit	billion UZS	413	-353	112	192	271	107	252	140	20,4	387	-811	99

Note: Forecasts for "financial performance for 2020" include interest payments and commissions on loans received.

Activities for reduction of accounts receivable and payable for 2020 for “Uzbekistan Railways” JSC

No.	Description of activities	Time for implementation
1	Creation of a working commission for the reduction of receivables and payables chaired by the first deputy of the board of the company	January 2020
2	Quarterly hearing on the status of the level of receivables and payables, the development of specific measures to pay off debts	Quarterly, after reporting period
3	Act in accordance with Articles 235-244 of the Civil Code of the Republic of Uzbekistan (offsets, schemes and filing claims, statements of claim)	Monthly
4	Development of interdepartmental debt repayment schedules	Quarterly
5	Conducting seminars among the company's employees to ensure the safety of transported goods, the correct calculation of fees and fines for railway services provided	I quarter 2020
6	Conducting seminars on the organization and maintenance of contractual work, familiarization with innovations in the legislation of the Republic of Uzbekistan and local regulations of the society.	January-February 2020

Schedule of repayment of foreign loans in 2020

№	Name of project	Loan amount	Total	Type of payment	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
	General for "Uzbekistan Railways" JSC		87.211	principal	16.043	2.658	5.539	3.102	5.243	4.040	21.691	6.901	10.017	3.330	5.243	3.407
			40.653	interest	7.638	3.591	3.968	0.583	3.457	0.780	8.111	4.177	3.838	0.500	3.314	0.696
			127.864	TOTAL	23.681	6.249	9.507	3.685	8.699	4.820	29.802	11.078	13.855	3.830	8.556	4.102
1	Improvement of railway passenger transportation	6.097 billion JPY	2.738	principal					1.369						1.369	
			0.459	interest					0.239						0.220	
			3.197	TOTAL					1.608						1.589	
2	Reconstruction of railways	62.61 million USD	5.041	principal			2.459						2.582			
			1.446	interest			0.763						0.683			
			6.487	TOTAL			3.222						3.265			
3	Modernization of railways	70 million USD	4.673	principal			2.280						2.393			
			1.147	interest			0.594						0.552			
			5.819	TOTAL			2.874						2.945			
4	Modernization of railways	5 million USD	0.333	principal			0.167						0.167			
			0.016	interest			0.009						0.007			
			0.349				0.176						0.174			
5	Construction of the railway Tashguzar-Kumkurgan	16.359 billion JPY	4.937	principal				2.469						2.469		
			0.490	interest				0.248						0.243		
			5.427	TOTAL				2.716						2.711		
6	Electrification of the railway section Tukimachi-Angren	24.99 million Euro	0.917	principal						0.459						0.459
			0.171	interest							0.086					0.084
			1.088	TOTAL							0.545					0.543
7	Electrification of the railway section Tukimachi-Angren	6.2 million KWD	1.450	principal					0.725						0.725	
			0.232	interest					0.122						0.111	
			1.682	TOTAL					0.847						0.836	

8	Renovation of the passenger locomotive fleet of "Uzbekistan Railways" JSC. Purchase of passenger electric locomotives	70.11 million USD	4.674	principal	2.337					2.337					
			0.986	interest	0.508					0.479					
			5.660	TOTAL	2.845					2.816					
9	Acquisition of 2 high-speed passenger electric trains Talgo-250	19.0 million Euro		principal											
			0.173	interest					0.086				0.086		
			0.173	TOTAL					0.086				0.086		
10	Reconstruction of foundry production at the Casting and Mechanical Plant	48.798 million USD		principal											
			0.511	interest	0.310					0.201					
			0.511	TOTAL	0.310					0.201					
11	Renovation of the locomotive fleet of "Uzbekistan Railways" JSC, procurement of 11 sections of freight electric locomotives	42.17 million USD	2.811	principal	1.406					1.406					
			0.786	interest	0.402					0.384					
			3.597	TOTAL	1.808					1.789					
12	Electrification of the railway section Marokand-Karshi	100 million USD	5.031	principal				2.516					2.516		
			2.862	interest					1.453				1.409		
			7.893	TOTAL					3.969				3.924		
13	Electrification of the railway section Karshi-Termez	18.067 billion JPY		principal											
			1.892	interest				0.925				0.967			
			1.892	TOTAL				0.925				0.967			
14	Construction of the new electrified railway line Angren-Pap	131 million USD		principal											
			2.821	interest				1.403				1.418			
			2.821	TOTAL				1.403				1.418			
15	Construction of the new electrified railway line Angren-Pap	111.49 million USD		principal											
			2.447	interest	1.237					1.210					
			2.447	TOTAL	1.237					1.210					
16	Construction of the new electrified railway line Angren-	350 million USD	23.333	principal	11.667					11.667					
			7.586	interest	3.870					3.716					

	Pap		30.919	TOTAL	15.536						15.383						
17	Construction of the new electrified railway line Angren-Pap	160 million USD	3.000	principal		1.500						1.500					
			1.842	interest		0.807							1.035				
			4.842	TOTAL		2.307							2.535				
18	Renovation of the locomotive fleet. procurement of 11 freight electric locomotives 2-phase	42.17 million USD	1.406	principal							1.406						
			0.962	interest	0.482							0.480					
			2.368	TOTAL	0.482								1.885				
19	Electrification of the railway line Samarkand-Bukhara with organization of high-speed train traffic	75 million USD	5.172	principal						2.586						2.586	
			2.049	interest	0.177	0.166	0.177	0.172	0.177	0.169	0.171	0.171	0.165	0.171	0.165	0.167	
			7.221	TOTAL	0.177	0.166	0.177	0.172	0.177	2.755	0.171	0.171	0.165	0.171	0.165	2.754	
20	Acquisition of 2 high-speed passenger electric trains Talgo-250	19 million Euro		principal													
			0.472	interest						0.236						0.236	
			0.472	TOTAL						0.236						0.236	
21	Construction of the railway line Navoi-Kanimeh-Misken	126.3 million USD		principal													
			2.762	interest					1.374						1.389		
			2.762	TOTAL					1.374						1.389		
22	Electrification of the railway line Pap-Namangan-Angijan	80.0 млн.долл. США		principal													
			1.894	interest	0.694							1.200					
			1.894	TOTAL	0.694							1.200					
23	Construction of the railway line Urgench-Khiva	15.8 million USD	0.228	principal										0.228			
			0.129	interest				0.064						0.064			
			0.356	TOTAL				0.064						0.292			
24	Construction of the railway line Karshi-Kitab	18.92 million USD	0.724	principal						0.362						0.362	
			0.216	interest						0.110					0.106		
			0.940	TOTAL						0.472					0.468		
25	Modernization of JSC "Shargunkumir" with bringing the design capacity to 900,000	89.775 million USD		principal													
			1.845	interest	0.483						1.362						
			1.845	TOTAL	0.483						1.362						
26		4.725	1.050	principal		0.525					0.525						

	tons of coal per year	million USD	0.087	interest		0.048						0.039				
			1.137	TOTAL		0.573						0.564				
27	Purchase of "Belaz"	10.3 million USD	6.966	principal	0.633	0.633	0.633	0.633	0.633	0.633	0.633	0.633	0.633	0.633	0.633	
			0.262	interest	0.044	0.040	0.034	0.032	0.027	0.026	0.018	0.016	0.012	0.008	0.004	
			7.228	TOTAL	0.678	0.674	0.667	0.666	0.661	0.659	0.651	0.649	0.646	0.641	0.637	
28	Renovation of the locomotive stock by purchasing new locomotives	170 million USD		principal												
			0.290	interest		0.149						0.140				
			0.290	TOTAL		0.149						0.140				
29	Purchase of two Talgo-250 high-speed passenger electric trains and four economy-class cars	57.5 million Euro		principal												
			0.084	interest	0.058						0.027					
			0.084	TOTAL	0.058						0.027					
30	Construction of the "Tashkent-Vostochny" airport through ECA (export credit agency)	133 million Euro, including ECA		principal												
			1.525	interest		0.762						0.762				
			1.525	TOTAL		0.762						0.762				
31	Construction of the "Tashkent-Vostochny" airport	21.4 million Euro		principal												
			1.620	interest		0.857						0.763				
			1.620	TOTAL		0.857						0.763				
32	Working capital financing of the Track Facility Dept.	1.040 million Euro	1.146	principal							0.382	0.382	0.382			
			0.037	interest	0.005	0.005	0.004	0.005	0.004	0.005	0.004	0.003	0.002			
			1.183	TOTAL	0.005	0.005	0.004	0.005	0.004	0.005	0.387	0.385	0.384			
33	Working capital financing of fuel and energy resources	10.5 million Euro	11.581	principal							3.860	3.860	3.860			
			0.370	interest	0.047	0.047	0.044	0.047	0.045	0.047	0.045	0.031	0.016			
			11.951	TOTAL	0.047	0.047	0.044	0.047	0.045	0.047	3.906	3.892	3.876			
34	Working capital financing of Directorate of Capital Construction	3.45 million Euro		principal												
			0.182	interest	0.015	0.015	0.014	0.015	0.015	0.015	0.015	0.015	0.015	0.015	0.015	0.015
			0.182	TOTAL	0.015	0.015	0.014	0.015	0.015	0.015	0.015	0.015	0.015	0.015	0.015	0.015

LIST

of basic key performance indicators, (including forecast values and specific weights)

of «Uzbekistan Railways» for 2020

No.	Indicators	UOM	Regulatory	For I quarter		For 1 half-year		For 9 months		For 2020		Comment
				Specific weight	Forecast	Specific weight	Forecast	Specific weight	Forecast	Specific weight	Forecast	
1	EBITDA — Earnings Before Interest, Taxes, Depreciation & Amortization*	billion UZS								1,5%	800,0	
2	CIR — Cost Income Ratio*	K								1,5%	0,800	
3	ROCE — Return on Capital Employed (ROCE = Earnings Before Interest and Tax (EBIT)/Capital Employed (Total Assets – Current Liabilities))*	K								1,0%	0,032	
4	ROE — Return On Equity(Net Income/Shareholder's Equity)*	K								1,0%	0,060	
5	TSR –Total Shareholders Return*	K										
6	Return on assets	K	> 0,05	8,0%	0,010	7,0%	0,010	7,0%	0,010	6,0%	0,010	«UZBEKISTAN RAILWAYS» is a natural monopoly enterprise
7	Absolute liquidity ratio	K	> 0,2	15,0%	0,180	15,0%	0,180	15,0%	0,140	20,0%	0,120	«UZBEKISTAN RAILWAYS» is a natural monopoly enterprise
8	Financial independence ratio	K	> 1	12,0%	6,000	12,0%	7,200	10,0%	8,000	15,0%	6,010	
9	Accounts payable turnover in days	day		20,0%	85,000	20,0%	85,000	21,0%	90,000	18,0%	90,000	
10	Accounts receivable turnover in days	day		20,0%	70,000	20,0%	80,000	21,0%	90,000	18,0%	80,000	

11	Coverage ratio (solvency)	K	> 1,25	25,0%	3,000	26,0%	3,500	26,0%	3,000	17,5%	3,000	
12	Dividend yield (%)	%								0,5%	0,01	
13	Indicator of reduction of accounts receivable (in % to the target)	%										Based on the dynamics of growth in the volume of freight and passenger traffic, the annual increase in tariffs for transportation, depending on the exchange rate in relation to the sum, it is not possible to calculate the rate of receivables
Total:				100,0%		100,0%		100,0%		100,0%		

* Financial analysis ratios (specified in paragraphs 1-5) calculated based on the data of financial statements compiled in accordance with international standards are applied only after the transition to the publication of financial statements in accordance with IFRS.

LIST

Of additional key performance indicators, (including forecast values and specific weights)
of "Uzbekistan Railways" for 2020

No.	Indicators	UOM	Regulatory	For I quarter		For 1 half-year		For 9 months		For 2020		Comment
				Specific weight	Forecast	Specific weight	Forecast	Specific weight	Forecast	Specific weight	Forecast	
1	Fixed assets depreciation ratio	K	< 0,5	2,7%	0,300	2,7%	0,300	2,5%	0,310	2,1%	0,250	
2	Fixed renewal depreciation ratio	K								1,2%	0,150	
3	Labor productivity	Thousand UZS per one worker		12,0%	38 884,2	12,0%	76 138,8	12,0%	120 488,2	12,0%	166 111,3	
4	Returns on assets	UZS/1 UZS of fixed assets		6,9%	0,120	7,1%	0,230	7,0%	0,380	7,1%	0,600	
5	Capacity utilization rate	K										Taking into account the specifics of the railway industry, namely wide branching of railways throughout the republic, and the specificity of indicators such as carrying and carrying capacity, as well as the uneven movement of loaded wagons on certain sections of the railways, it is not possible to calculate the use

												of production capacity.
6	Energy efficiency (share of the cost of fuel and energy resources in the structure of production costs)	%		10,0%	0,142	11,0%	0,122	11,0%	0,116	11,0%	0,120	
7	Personnel training costs per employee	Thousand UZS per one worker		6,1%	3,470	6,5%	10,500	7,0%	10,700	7,0%	13,700	
8	Employee turnover rate	K	< 1	0,8%	1,000	0,8%	1,000	0,8%	1,000	0,8%	1,000	
9	Investment program progress indicator in monetary terms	Million USD		8,5%	30,000	8,5%	100,000	9,2%	140,000	7,8%	198,14	
10	Indicator of fulfillment of export parameters (in% to monetary volume)	%		3,0%	100,000	2,4%	100,000	2,5%	100,000	2,0%	100,000	
11	Sending cargo (million tons)	Million tons		20,0%	16,99	19,0%	34,16	19,0%	52,14	19,0%	71,06	
12	Departure of passengers (thousand people)	Thousand persons		30,0%	4,26	30,0%	6,86	30,0%	12,61	30,0%	17,98	
Total:				100,0%		100,0%		100%		100,0%		

SCHEME OF RAILWAYS OF THE REPUBLIC OF UZBEKISTAN

