

All that we have accomplished over the reporting period is the result of common effort of the entire staff of the Fuel Company. Innovative spirit, competence, safety, environmental and social responsibility contributed to business environment at every enterprise and organization. I am confident we will keep it that same way in the current year as well.

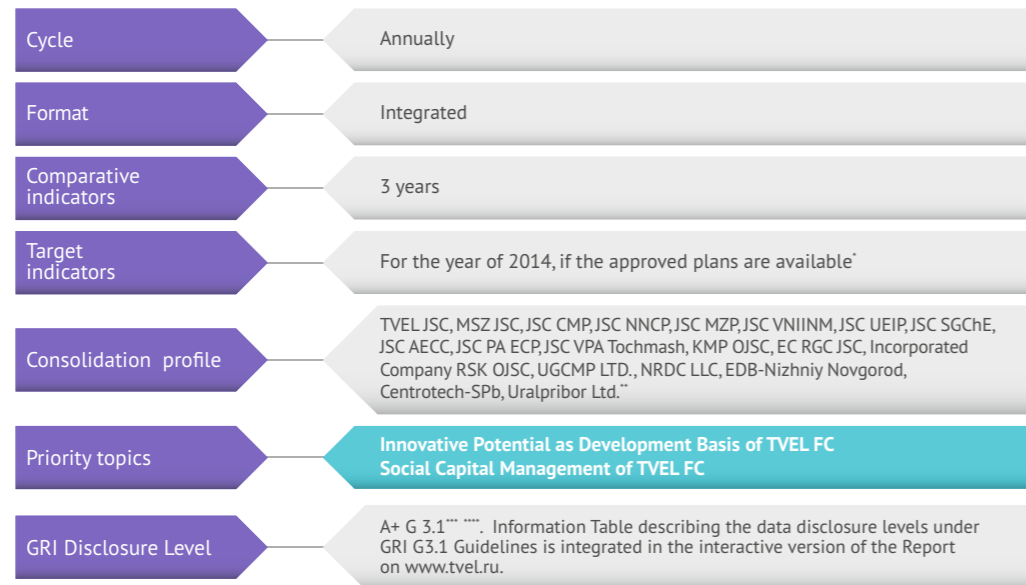
President of TVEL JSC

Yuri Olenin

About The Report

GRI G3.1: 3.1 3.2 3.3 3.5 3.6 3.7 3.8 3.9 3.11 3.13

This Annual Report (hereinafter – “the Report”) covers the results of activities of TVEL JSC and its subsidiary companies (hereinafter together referred to as Fuel Company, TVEL FC, the Company) for the year 2013.



* Most of financial and economic indicators herein are free of forecast data, because 2014 TVEL FC Budget was still pending as on the date here of.

** Consistent with management accounting profile.

*** Performance indicators and standard elements are generated and presented in the Report in accordance with Russian Accounting Standards. No IFRS-based report is presented because it will be generated later.

**** The list of public reporting indicators disclosed herein in accordance with GRI Guidelines is given in Appendix No. 2.

This Report offers a comprehensive account of TVEL FC performance over the reporting year, the strategic directions and development potential, the inherent risks and risk mitigation procedures, management philosophy. The integrated format hereof provides a detailed description of the Company’s performance in the context of specific environment and the impact it makes on or experiences from the stakeholders.

The Report makes public the information which the corporate management deems to be essential, i.e. important and significant for those who use this Report to assess the performance of the Company.

TVEL FC not only seeks to pursue its strategic goals, increase its revenues and expand its market share, which means attaining certain economic indicators, but is also engaged in a big work to promote harmonious development of both the Company and the society on the whole. The system of interrelations created within TVEL FC as well as between the Company and various groups of stakeholders, aimed at promotion of mutual well-being, is recognized as Social Capital, which is one of the resources for existence and development of business. TVEL FC considers strengthening and improvement of the relationship system shaped over the years as one of its most important tasks. Project “Social Capital Management of TVEL FC” maximizes the information disclosure herein about the Company’s activities on that front.

Strategically, TVEL FC focuses on global leadership on the front end of nuclear fuel cycle (hereinafter – “the FE NFC”), as well as on the achievement of global competitive advantage in the FE NFC in terms of social cohesion, which would be impossible without innovative engineering and leadership of the Company. That is why Project “Innovative Potential as Development Basis of TVEL FC” is yet another Priority Topic herein.

Stakeholders engagement is an integral element of public reports preparation and day-to-day activity of the Fuel Company. The Stakeholders Commission was established and went to work in 2013 (2 on-site meetings) to promote regular feedback on the matters pertaining to TVEL FC activity and its public position. The Stakeholders Commission comprises of the officers representing the controlling entity – ROSATOM State Corporation, federal and regional authorities, consumers, subsidiaries and affiliates (hereinafter – “the SA”), environmental organizations, academic community and employees.

This Report is executed in accordance with the following regulatory documents:

- Federal Law No. 208-FZ dated on December 26, 1995 – “On Joint-Stock Companies”;
- Federal Law No. 402-FZ dated on December 6, 2012 – “On Accounting”;
- Policy of ROSATOM State Corporation in the sphere of public reporting and Uniform Standard of Public Annual Reporting of the Key Organizations comprising ROSATOM State Corporation;
- Federal Financial Markets Service Order No. 11-46/pz-n dated on October 4, 2011 – “On the Approval of Regulations for Disclosure of Information by the Issuers of Equity Securities”;
- Code of Corporate Conduct (recommended for use by Directive of the Federal Commission on Securities Market No. 421/r dated on April 4, 2002);

- Sustainability Reporting Guidelines – The Global Reporting Initiative, version G3.1;
- AA1000 APS standard of the International Institute of Social and Ethical Accountability;
- International Integrated Reporting Framework, version 1.0.

This Report takes into account recommendations of stakeholders' and auditors made during the preparation of this and previous annual reports, as well as the analysis of the best Russian and international practices of annual reports preparation.

Based on the results of the 2012 report-and-election campaign, the stakeholders made 46 suggestions, 39 of which were taken into account during the preparation of 2012 Report and 5 more were left for future reference. In 2013, TVEL FC continued to work on obligations incurred on the basis of stakeholders engagement in previous years".

Reliability of information in this Report is confirmed by:

- report of the Audit Commission (with respect to annual financial statement of TVEL JSC);
- report of the Internal Control and Audit Director of TVEL JSC (with respect to efficiency of internal control system applicable to generation of the Report and compliance of generation procedures with requirements of the laws, internal regulations of ROSATOM State Corporation and TVEL JSC in the sphere of public reporting);
- report of the audit organization FBK LLC. Confirming reliability of 2013 Financial Statement of TVEL JSC;
- statement of the audit organization NP Consult CJSC confirming reliability of non-financial data published in the Report.

This Report covers the year of 2013. All prior and future periods are mentioned herein in description of corporate strategy, collation of performance indicators and results, forecasts and risk assessments. In addition to factual information, this Report describes and assesses potential and probable events. Any statements herein other than statement of facts shall be construed as forecasts. Forecasts of this kind are relevant only at the time of publishing. TVEL JSC (unless otherwise specifically provided for by applicable laws) is not obliged to review or update the said forecasts or factor in any new pieces of information.

The Company would thank all employees who took part in preparation of this Report and all participants of public consultations and dialogues with stakeholders. We hope you will find this Report interesting and it helps you learn more about TVEL FC. Our working group is open to your feedback and suggestions on the topics and issues that you would like to see in the next annual report.

* Chapter 4 Section – "Stakeholders Engagement During the Preparation of the Report 2013".

** See Appendix No.3 – "Records of the Proposals Made By Stakeholders of TVEL FC".

Key Results 2013

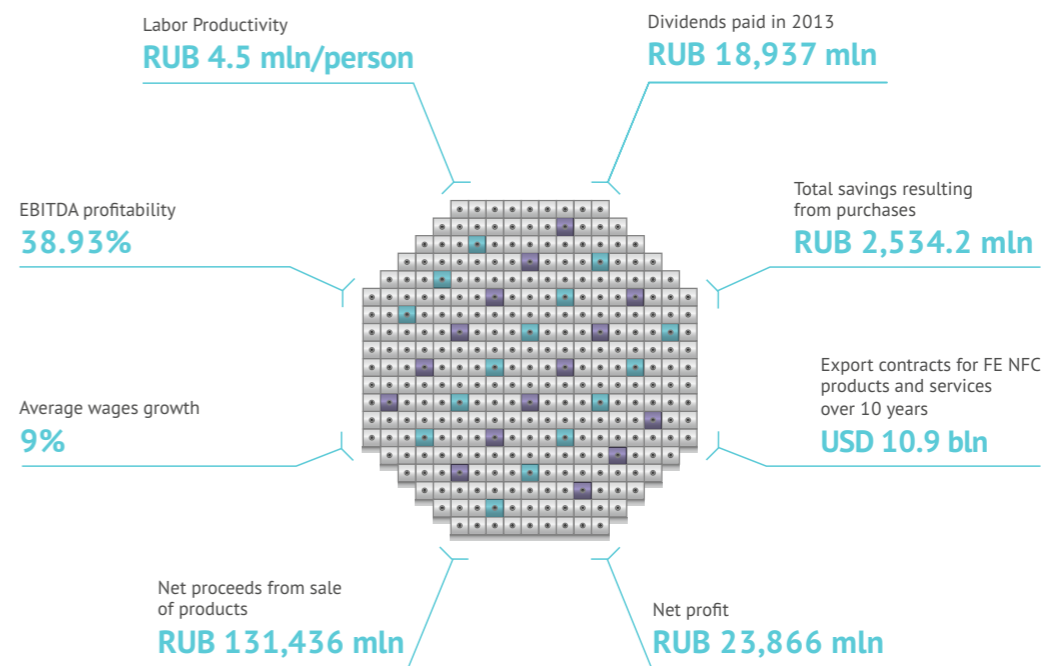


Table 1. Key Performance Indicators of TVEL FC*

Indicator	2011	2012	2013
Proceeds (net) from sales of products (excluding V.A.T. and excise duties, similar mandatory payments), mln RUB	126,090	121,958	131,436
Gross margin, mln RUB	33,506	39,289	39,628
Net profit, mln RUB	16,494	19,642	23,866
Net assets, mln RUB	559,318	566,907	579,708
EBITDA (earnings from operating activity before interest, tax and depreciation), mln RUB	38,078	42,668	51,163
Gross tax deductions to the federal, regional and local budgets, mln RUB **	25,502	23,419	27,695
Current (operation) costs on environment protection, mln RUB	2,212	2,224	2,213

* Financial and economic indicators are given in accordance with the consolidated management accounts of TVEL FC.

** Net of V.A.T. which is subject to refund from the budget.