

## Message by TVEL JSC Chairman of the Board of Directors

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Dear Colleagues,

ROSATOM State Corporation successfully solved all organizational, scientific and production tasks by the end of 2013. As a leader of the IT high tech sector, the Corporation demonstrated the ability of its companies to compete successfully on international market in conditions of a heavy economic decline.

TVEL JSC is one of the leading companies in this sector. Its accomplishments in the year of report are based on the adapted strategy of its expanding presence on the markets, modernization of the existing and launching of new production facilities and output of innovative products.

The Company demonstrated high efficiency, thereby confirming that its choice of strategy is correct. In pursuance with the industry-specific and corporate programs, the company optimized the production, enhanced productivity of labor, efficiency of applied sciences and management. To this effect, the Company strengthened its position on European market through further enhancement of VVER-1000 capacity and improvement of quality of fuel offered to foreign consumers.

In response to increasingly hard rules of the game on international market, with shifting geographic segments and growing number of participants, the Fuel Company focused on development of non-nuclear facilities. Over the entire period of report, non-nuclear sector was developing with the focus on high-tech government contracts, thereby fulfilling the production potential and competitive advantages of TVEL such as extensive engineering capabilities, advanced laboratory and testing infrastructure, unique competencies of its employees, preservation of which the Company strongly believes to be its corporate and strategic objective.

This Report is a representation of the Company's accomplishments over the year of report, and I would extend my heartfelt gratitude to its authors and publishers.



TVEL JSC Chairman of the Board of Directors

Alexander Lokshin

## Message by President of TVEL JSC

Dear friends and colleagues,

This Report is a representation of performance of TVEL JSC and its subsidiary companies in 2013. According to financial, economic and production indicators, the Company was remarkably successful – both in terms of the national customers and deliveries to international markets.

Despite the increasing competition and the decrease in demand on the global nuclear market, the Company overfulfilled the quotas for sale of products and services, thereby securing further growth of productivity and salaries at its enterprises.

The Company kept moving strongly toward technological dominance on the market of front end nuclear fuel cycle. Pursuant to the adopted and updated 2013 strategy, the Company mastered modern technologies and market outlets while modernizing and concentrating its production and conducting infrastructural and personnel optimization.

The purpose and the objective of the reforms is to promote innovative approach and mobilize the scientific and production potential of the Company for the enhancement of its efficient projects, quality products and services. The innovative approach contributed greatly to the successful development of high capacity gas centrifuges and implementation of the “zero failure level” program while extending the operation cycle of the power units. We signed and successfully implement a contract with a PWR operator in Western Europe for the delivery of prototype TVS-KVADRAT assemblies. To date TVEL FC has fulfilled its current contract obligations in full and within the established terms.

TVEL JSC has also fulfilled all of its international obligations. The company completed the historical inter-governmental agreement (also known as HEU-LEU Contract) under which deliveries of low-enriched uranium extracted from the Russian weapons-grade uranium to the United States have been continuing for twenty years. All these years the Fuel Company facilities converted the uranium into fuel for the U.S. nuclear power plants. The Company strengthened and in some areas expanded its presence in Central and Eastern Europe. We signed a contract with Chinese customers for the delivery of fuel and the related engineering services for a period of 12 years, which is indicative of recognition of high level of Russian technologies by strategic partners of TVEL JSC.

In addition to development of traditional sectors, the Company focused on development of non-nuclear facilities. All-purpose products greatly contributed to business economics, development of business environment and creation of jobs. The potential of the second point of growth is based on the productive fusion of applied science and production facilities of the Fuel Company and its desire to stay in the forefront of the national nuclear industry.

Sustainable balance between the economic efficiency, social and environmental continuity represents fundamental principle of TVEL JSC. Production activity of its enterprises was steadily bolstered by introduction of the ROSATOM Production System (“the RPS”), involvement of employees in management process and collective final result orientation.

