



FUEL COMPANY OF ROSATOM

TVEL

15 years
creating
future

Annual report of JSC "TVEL" for 2010

As a creative idea of the design of the 2010 Annual Report for FC «TVEL», was chosen one of the schools of Russian art of the XX century — constructivism.

Appeared in 1920's, constructivism, abstractionism, cubism, and suprematism formed Russian avant-garde school of artists.

Russian avant-garde had a significant impact on the world's art; it is stably associated with the most positive achievements of the Soviet period of our history.

Like other avant-garde directions, constructivism has appeared at the times of global transformation in the country as a result of the search of the new ways in art, which matched with the desires of the society at that time.

Constructivism has two important features:

- It has developed from the «production» art conception, that's why it is filled with the industrial culture and has all means for its expression.
- It is characterized by being different to the traditional art and has a recognizable style; its elements are widely used in the modern design and architecture.

Definite advantages of constructivism as a style of art are the best way to demonstrate the distinguishing features of the activity of the Fuel Company «TVEL», one of the leaders of Russian and world industry.

Fuel Company of Rosatom «TVEL» — brave decisions, high technologies, and progressive ideas, devoted to the service of the mankind.



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Message from Board of Directors — JSC "TVEL"

Dear colleagues!

The year 2010 became the critical stage in the history of the company's development. The formation of the Fuel Company on the basis of JSC "TVEL" that comprised the assets on the manufacture of nuclear fuel, separation-sublimation complex, and the scientific block was completed successfully. The mechanisms of the effective management of the new structure were drawn up as well.

This step allowed not only reinforcing the company's positions in the global market, but also getting additional financial dividends on the account of scale and synergy effect.

The company moved to a new level of customer service by offering package proposals on the products supply having preserved its traditional advantages: higher technological effectiveness, observance of delivery times and quality assurance.

In 2010, the company significantly extended its cooperation with its Ukrainian partners.

A number of strategic agreements were concluded; the company won the tender for the construction of a nuclear fuel plant. This event was significant for the whole nuclear



Lokshin
Alexandr Markovich

branch of Russia that confirms the advantage of domestic technologies in the open market. Similar results were obtained in the traditional markets in Eastern Europe where the company has reinforced its positions.

Intensive work in the direction of scientific research is also being performed: common projects with JSC RUSNANO have come to the practical stage of their realisation, the upcoming trend in modern nano materials creation is being developed intensively.

In 2010 the process of internal optimization continued. By virtue of the programme “New Image” and integrated production system of Rosatom, the company managed to considerably optimize manufacturing capacities and decrease expenditures at the same time preserving and extending social programs and guarantees for its employees. I consider it important to mention the fact that the salaries paid at the enterprises of the Fuel Company “TVEL” are traditionally high and surpasses the average remuneration within the region.

The enterprises of the company remain the most environmentally safe ones with minimum impact on the environment.

Next year the company will make major efforts to comply with a strategy of development for the long term. The works on a number of new directions of activities as well as search of innovative technical and scientific solutions will commence.

I believe that next year when the company celebrates 15 years in business, TVEL will continue developing effectively and moving toward its predetermined strategic aims: To reach a twenty five per cent share of the global market in the nuclear fuel cycle until 2025.

A. M. Lokshin

Board of Directors — JSC “TVEL”

Introduction from Yu. A. Olenin, President, JCS TVEL

Dear colleagues,

During 2010 the formation of the Fuel Company of the State Corporation Rosatom on the basis of JSC "TVEL" was completed. The enterprises of separation-sublimation and gas centrifuge complex as well as research organizations were included into the network of the company's property. JSC "TVEL" became responsible for the whole chain of nuclear fuel price formation in the Russian nuclear field. We clearly realize that it is a continuous development that will allow us to reinforce our existing positions and win new ones in the international nuclear fuel market.

In 2010 we worked out the Development Strategy and initial revision of the Development Program of the Fuel Company of the State Corporation Rosatom through to 2020. These documents cover the achievement of three key strategic aims: growth in the market for nuclear fuel cycle products and services, growth of effectiveness and market growth of new process solutions for the electric-power industry of the future.

One of the most significant results of the past year was strengthening the position of the



Olenin
Yuri Alexandrovich

Company on such important market as the Ukrainian market. We concluded the long-term contract of nuclear fuel delivery for Ukrainian NPPs from 2011. Besides, according to the results of competitive procedures it was JCS TVEL that was chosen as a partner for construction of the nuclear fuel plant on the territory of Ukraine. Also the Company reinforced its position in the Eastern European market, expanded contacts with its partners from China and the Republic of Kazakhstan. The key to our success in the global market is our high level responsibility to all our Russian and foreign partners. In the coming years the Fuel Company of the State Corporation Rosatom will continue extending its presence on the global market.

In 2010 the works on internal optimization of their structure were continued for the purpose of further increasing the competitiveness of the company's enterprises. Consolidation of assets opened additional opportunities for the improvement of the performance of manufacturing ventures on account of the economies of scale and synergy. As a result within the scope of the completion of the project "New Image" the total economic impact for the past year was about 2.3 billion rubles. The economic impact from the development of

the Production system of Rosatom was more than 350 million rubles in 2010. In 2011 we are planning to achieve even more significant results.

The great significance for achievement of the strategic aims we are facing is the innovative development. We need a technological breakthrough. That is why last year we paid a lot of attention to the development of our scientific complex. Considerable funds were invested into the development of the scientific centre of the Fuel Company "TVEL", JSC «A.A. Bochvar High-Technology Research Institute of Inorganic Materials» in 2010. The material and technical base was renovated, new research projects were started, conditions for retraining of our workforce capacity and the involvement of young specialists was created. Provided that we make efforts not only for improvement of our products and services for the nuclear fuel cycle markets having limited perspectives as of the rates of development but also for creation of fundamentally new types of products for innovative energetic markets having extremely high potential for development. For this purpose the advanced research and development activities in the area of nanotechnologies are already being performed in cooperation with JSC "RUSNANO".

Striving to achieve the Company's strategic aims we always take into account the necessity of strict adherence to the principles of sustainable development.

The complex of operational procedures providing for the manufacture of nuclear fuel including the usage of nuclear, radioactive and other hazardous materials is not to result in negative changes in the environment and negative influence on the health of our people and the population. The main task of the Fuel Company "TVEL" in the area of environmental safety management is the minimization of the negative impact in the manufacture and operation of nuclear fuel on the environment. The Fuel Company "TVEL" has spread the environmental management system that complies with the international standard ISO 14001 in all its key enterprises.

Transformations performed within the scope of reorganization of the enterprises of the Fuel Company "TVEL" are held according to the principles of social responsibility. We aim to create favourable conditions for people's work and provide social protection for employees that is expressed in the advance growth of remuneration of labour and social protection. The Fuel Company "TVEL" has a responsible approach to the staff transferred beyond the main profile of the Company. All

re-established subsidiaries have a year and in some cases a two-year preference for the orders. The provisions of the collective contract provisions are still applied to the employees of the organizations transferred into municipal property within a year.

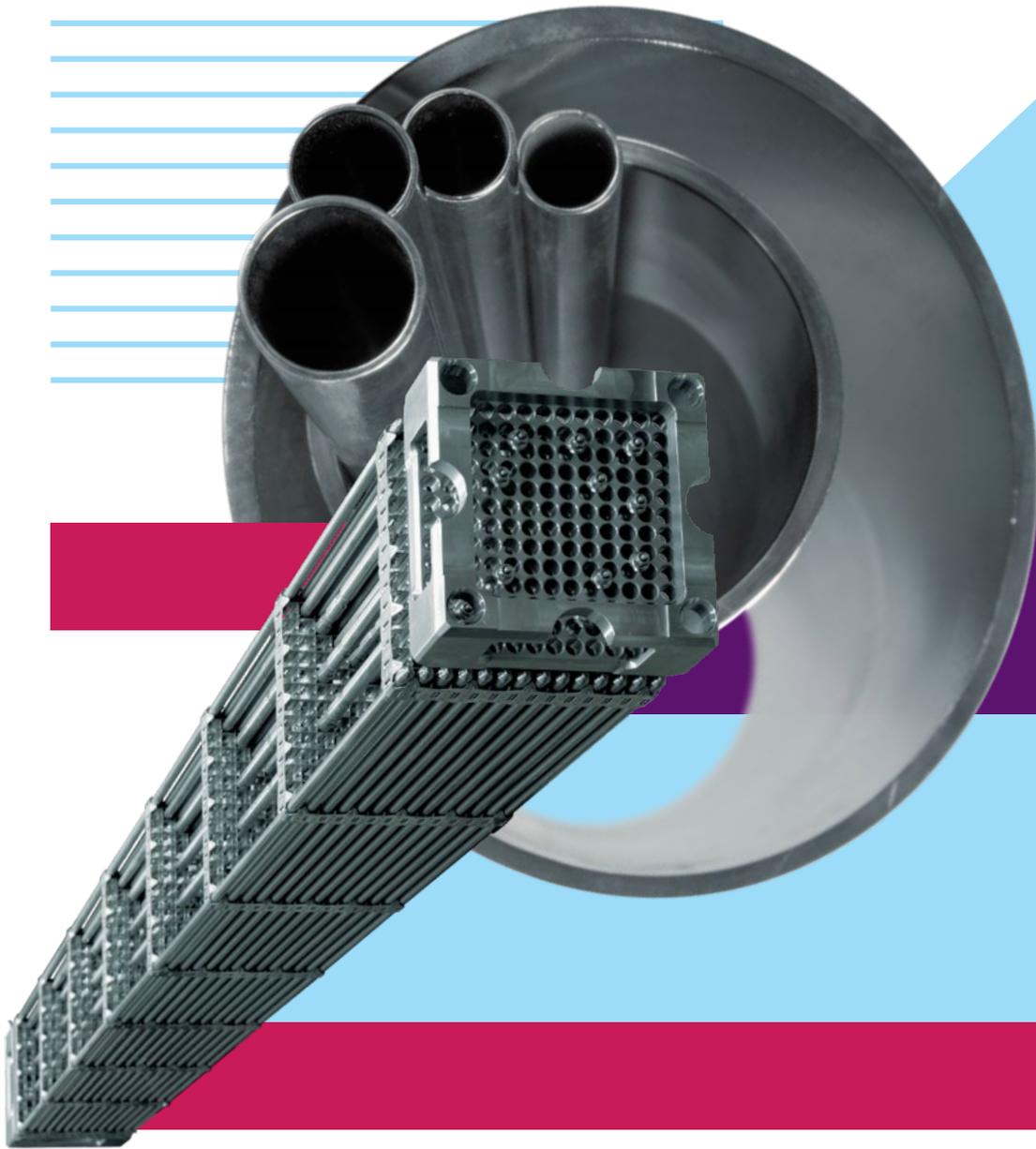
As one of the performance improvement terms in the sphere of sustainable development the Fuel Company "TVEL" constantly cooperates with the interested parties as well as analyses, systematizes and takes into account their proposals and recommendations. This approach allows timely correction of the Company's activity and a decrease in the level of non-financial risks.

In conclusion I would like to thank all those people whom the success of our company depends on for their cooperation: our partners, teams of directors, work collectives of our enterprises, labour union, administrations of operations areas of our enterprises, public organizations.

We have achieved a lot during our close cooperation, and I am sure that the company has a promising future.

Yu.A. Olenin

President, JCS TVEL



Information on the Report and its preparation

Scope of the Report

The Annual Report for the year of 2010 (hereinafter the Report) covers the performance of JCS TVEL, the parent company of Rosatom State Nuclear Energy Corporation (hereinafter FC "TVEL", the Company) and its affiliates. Its consolidation network includes JCS TVEL, JSC Mashinostroitelny Zavod (MSZ), Chepetsk Mechanical Plant OJSC (CMP), JSC Novosibirsk Chemical Concentrate Plant (NCCP), Moscow Polymetal Plant OJSC (MPP), A. A. Bochvar All-Russian Scientific Research Institute for Inorganic Materials (VNIINM), JSC "TVEL"-INVEST, JSC TVEL-STROY, Ural Electrochemical Integrated Plant JSC (UEIP), Siberian Chemical Combine OJSC (SCC), Angarsk Electrolysis Chemical Combine OJSC (AECC), JSC "PA Electrochemical plant" (PA ECP), Vladimir Production Association Tochmash OJSC (Tochmash), JSC Kovrov Mechanical Plant (KMP), Ural Gas Centrifuge Plant LLC (UGCP), JSC Engineering Centre Russian Gas Centrifuge (EDRGC), OJSC United Company Separation-Sublimation Complex, Novouralsk Instrument-Marketing Plant LLC (NIMP), Novouralsk Scientific Engineering Centre, Ltd. (NSEC), Centrotech SPb CJSC, JSC "Experimental Design Office Nizhniy Novgorod" (EDO-NN), Russian Gas Centrifuge OJSC, LLC Commercial Centre — 100" (taking into account values of materiality, operational efficiency and comparability).

The Report is prepared in the integrated format that allows a complex description of principal results in financial and production areas of activities as well as the performance in the area of regional sustainable development. The Report is formed upon the performance of the Company in 2010. The highlights are shown in dynamics for three years. The description of the Company plans and intentions for 2011 is also included in the Report.

All finance indicators are arranged and set forth in the Report in accordance with the Book-Keeping Regulations of the Russian Federation.

Consolidated finance indicators do not include indicators of financial statements of non-productive and maintaining affiliates singled out by the manufacturing enterprises in the restructuring process owing to their immaterial effect on the consolidation indicators of the Fuel Company "TVEL".

Key points of the Report

After the termination of forming FC "TVEL" network in 2010 the most actual tasks became the development of its strategy and solution of social issues connected with the rearrangement of manufacturing enterprises.

In this respect as well as in connection with the requests of the parties concerned expressed in the discussion on the Report concept, the following top-priority issues were selected to cover information in the Report:

- Formation and realization of the FC “TVEL” strategy;
- FC “TVEL” agenda in the area of sustainable development: principal issues of interaction with the parties concerned in the area of social, ecological, economic influence and innovative development.

Regulatory requirements

The Report is prepared with account of the requirements of the following regulatory documents:

- Rosatom State Corporation policy in the area of public annual reporting and Typical standard of the public annual reporting of principal organizations of Rosatom State Corporation;
- Order of the Federal Service for Financial Markets No. 06-117 dated 10/10/2006 “On approval of the Regulation on information disclosure by the issuers of equity securities”;
- Corporate Codes of Conduct (recommended for application by the Resolution of the Federal Securities Market Commission dated 04/04/2002 No. 421/p);
- Reporting guidance in the area of sustainable development. The Global Accountability Initiative;
- Standards Series AA1000 of the International Institute of Social and Ethical Accountability.

Information disclosure level

The list of indicators of public annual report set forth in the Report in accordance with the GRI Guidance is presented in Annex 1. When defining the number of the revealed performance indicators FC “TVEL” was guided by the achievement of information disclosure level B+.

The application of GRI at B+ level is confirmed by the results of the independent external testing held by the Closed Joint-Stock Company “Bureau Veritas Certification Rus”.

Integrity of the information contained in the Report is confirmed by the following findings:

- findings of the Audit Commission (concerning annual reports of JCS TVEL);
- findings of Internal Control and Audit Management of JCS TVEL;
- findings of audit organization confirming the reliability of annual financial reporting of JCS TVEL;
- findings of audit organization confirming the reliability of non-financial data published in the Report.

Table 1.
GRI information
disclosure level

	Level of GRI application	C	C+	B	B+	A	A+
Obligatory	Self-declaration				+		
Possible	Thirdparty inspection				+		
	GRI inspection						

Public attestation of the Report was performed by the representatives of principal parties concerned in accordance with the Assurance Standard AA1000 specifying requirements to the relevance control of the information presented, its completeness and observation of the response principle for the requests of the parties concerned.

Report preparation process

Taking into account the advanced international standards the Report was prepared in cooperation with the parties concerned of JCS TVEL, (control organization: Rosatom State Corporation, governmental bodies: federal and local bodies, suppliers, consumers, subsidiaries and affiliates, Closed Territorial-Administrative facility administration, environmental institutions, trade union organization (Russian Trade Union of Nuclear Industry Workers), international business partners, etc.)

Discussions with the parties concerned were held within the scope of the Report preparation on the following subjects:

- Concept of JCS TVEL Annual Report for 2010;
- Realization of JCS TVEL strategy: overview of principal indicators in the Report;
- JCS TVEL agenda in the area of sustainable development: principal issues in the area of social and ecological impact of the Company.

The Report project was presented to the parties concerned in the course of the Public consultations. According to the results of the measures taken the recommendations of the parties concerned on the information to be disclosed in the Report were collected.

Differences from the previous report

The main differences of the present Report from the report of JCS TVEL for 2009 are as follows:

- Extending of the scope of annual report within the limits of a new assets network under control of JCS TVEL;
- Reaching B+ level of information disclosure in accordance with the GRI (G3) Guidance;
- Taking into account the requests of the parties concerned on the indices disclosure in the area of sustainable development collected in the course of dialogues with the parties concerned and final public consultations;
- Public attestation of the Report and professional non-financial audit;
- Creation of interactive electronic version of the Report.

Limitation of liability

The Report contains certain statements which are forecasts on the financial standing, economic and social indicators and development prospects of the Company.

The probability of realization of the given statements and obtainment of the stated results are directly connected with economic, social and legal factors both in the Russian Federation and abroad. Actual results may differ from the forecast statements the evaluation of which is relevant as of the Report preparation date.

The Company neither affirms nor guarantees that the performance shown in the forecast statements will be attained nor bears any responsibility for the losses that individual or legal persons may have incurred if they acted relying on these forecast statements.

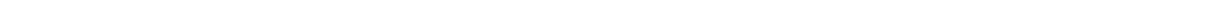


Calendar of the key events

04.03.2010	A new Scientific and technical centre was created within the structure of JCS TVEL.
01.04.2010	JCS TVEL approved the scenario for development of Rosatom Production System for 2010.
07.04.2010	A long-term supply contract of power units No. 3 and No. 4 under construction of Slovak Mochovce NPP with Russian nuclear fuel is concluded between JCS TVEL and JSC "Slovak power plants".
19.04.2010	The start of the project "Development and implementation of the generic solution of resource management system for in the Fuel Company" (JCS TVEL and JSC "Mashinostroitelny Zavod") on the basis of SAP ERP software.
01.06.2010	JCS TVEL and NNEGC Energoatom (Ukraine) signed a long-term contract of fresh nuclear fuel delivery for Ukrainian nuclear stations for the period starting from 2010.
29.06.2010	For the first time in the history of civil nuclear power the nuclear facility is decommissioned with complete restoration of the landscape and earth blanket to the state of "greenfield site" on one of the sites of nuclear fuel fabrication block of FC "TVEL".
05.07.2010	In the course of the EurAsEC summit a decision on the possible participation of Ural Electrochemical Integrated Plant JSC in the realization of Russian-Kazakh project — Uranium Enrichment Centre- was taken.
18.08.2010	A complete reload of the first power-generating plant of the Temelin-NPP (Czech Republic) with nuclear fuel produced by FC "TVEL" is performed with the pre-schedule discharge of American fuel.

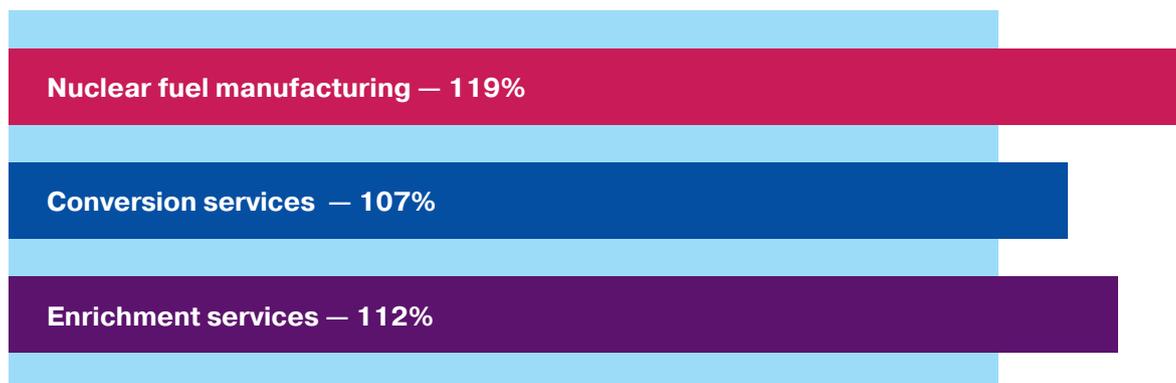


16.09.2010	On the basis of the reactor plant of Siberian Chemical Combine OJSC an open joint stock company was formed Pilot Demonstration Centre for Decommissioning of Uranium-Graphite Reactors (OJSC “PDC UGR”).
22.09.2010	According to results of the competition JCS TVEL was announced as a partner in organization of nuclear fuel production for the reactors of PWR-1000 (pressurized water reactor) type in Ukraine.
17.10.2010	Unit No.1 of the Temelin NPP reached the full planned capacity since the start of operations of FC “TVEL” fuel.
27.10.2010	JSC “TVEL” and State Concern “Nuclear Fuel” signed a Cooperation Agreement for organization of nuclear fuel production according to Russian technologies in Ukraine.
02.11.10	A package of contract documents is signed between JSC “TVEL” and Chinese corporations JNPC (Jiangsu Nuclear Power Corporation) and CNEIC (China Nuclear Energy Industry Corporation) for packaged delivery of nuclear fuel TVS — 2M for unit No.1 of the Tianwan Nuclear Power Plant (TNPP) in the number of six reloads.
17.11.2010	Formation of the Fuel Company of Rosatom State Corporation on the basis of JSC “TVEL” is completed.
18.11.2010	The Policy in the area of complex managing system of health protection and accident prevention defining objectives, tasks and main directions of FC “TVEL” activity is approved in order to provide safe working conditions and personnel health protection.



Main indicators of FC "TVEL" performance

Execution of production plan



Revenue (net) from products sales (exclusive of VAT and excise taxes, similar compulsory payments), million rubles	121 443
Gross revenue, million rubles	45 488
Sales profit, million rubles	26 495
Profit tax, million rubles	6 091
Net profit (taking into account minority interest), million rubles	12 245
Net assets, million rubles	539 244
EBITDA (Earnings Before Interest Taxes Dividends And Amortization), million rubles	31 974
Gross tax contributions to federal, regional and local budgets, million rubles	24 507
Labour productivity, million rubles/person	2.12
Social expenditures (including staff expenses, social programs and charity), million rubles	33 902
Expenses for ecological programs realization, million rubles	1 693

Table 2.
Main indicators
of FC "TVEL"
performance
for 2010



General Information

- 1.1** General information on JSC "TVEL" and FC "TVEL"
- 1.2** Description of activities of FC "TVEL" enterprises
- 1.3** Position of FC "TVEL" on the market
- 1.4** Mission, Objectives and Values of FC "TVEL"
- 1.5** Public standing of FC "TVEL"
in the area of sustainable development

1.1 General information on JSC "TVEL" and FC "TVEL"

JSC "TVEL" is the parent company of Fuel company of Rosatom State Corporation (FC "TVEL", the Company) comprising enterprises on nuclear fuel fabrication, uranium conversion and enrichment, gas centrifuge manufacture as well as research and engineering organizations. FC "TVEL" was founded in order to reach the optimal structure of management of enterprises of nuclear fuel cycle of the Russian nuclear industry, to increase the efficiency of their work and competitive ability in the global market.

History

Joint Stock Company TVEL was founded on September 12, 1996 pursuant to the Decree of the President of the Russian Federation dated 08/02/1996 No. 166 "On Improving Nuclear Fuel Cycle Enterprise Management".

The stocks of the following enterprises of nuclear fuel fabrication were paid as its authorized capital within the foundation of JSC "TVEL":

- JSC "Mashinostroitelny Zavod" (49% of stocks);
- Chepetsk Mechanical Plant OJSC (51% of stocks);
- JSC Novosibirsk Chemical Concentrate Plant (38% of stocks);
- JSC "Chemical and Metallurgical Plant" (51% of stocks).

By the beginning of 2000s JSC "TVEL" increased its share in subsidiaries, created support infrastructure companies as well as consolidated mining sector assets that later formed the basis for the formation of industry uranium mining company JSC Atomredmetzoloto.

In 2007 the joint stock company "Atomic Energy Power Corporation" that consolidates assets of the civil sector of the Russian nuclear industry became the sole shareholder of JSC "TVEL".

In accordance with the Federal law dated December 1, 2007 No. 317-FA “On Rosatom State Corporation for nuclear power” stocks of JSC Atomenergoprom (100%) in federal ownership were transferred to Rosatom State Corporation as an asset contribution of the Russian Federation. In September 2009 Rosatom State Corporation made the decision to form the Fuel Company State Corporation Rosatom on the basis of JSC “TVEL” that apart from JSC “TVEL” and its subsidiaries united enterprises of separation–sublimation and gas centrifuge complexes of the Russian Federation.



Structure of JSC "TVEL"

JSC "TVEL" consolidates industrial and scientific assets in the area of nuclear fuel fabrication, separation-sublimation complex as well as manufacture of gas centrifuges and their accessories. The parent (holding) company of FC "TVEL" is JSC "TVEL".



Figure 1.1.1.
FC "TVEL"
structure



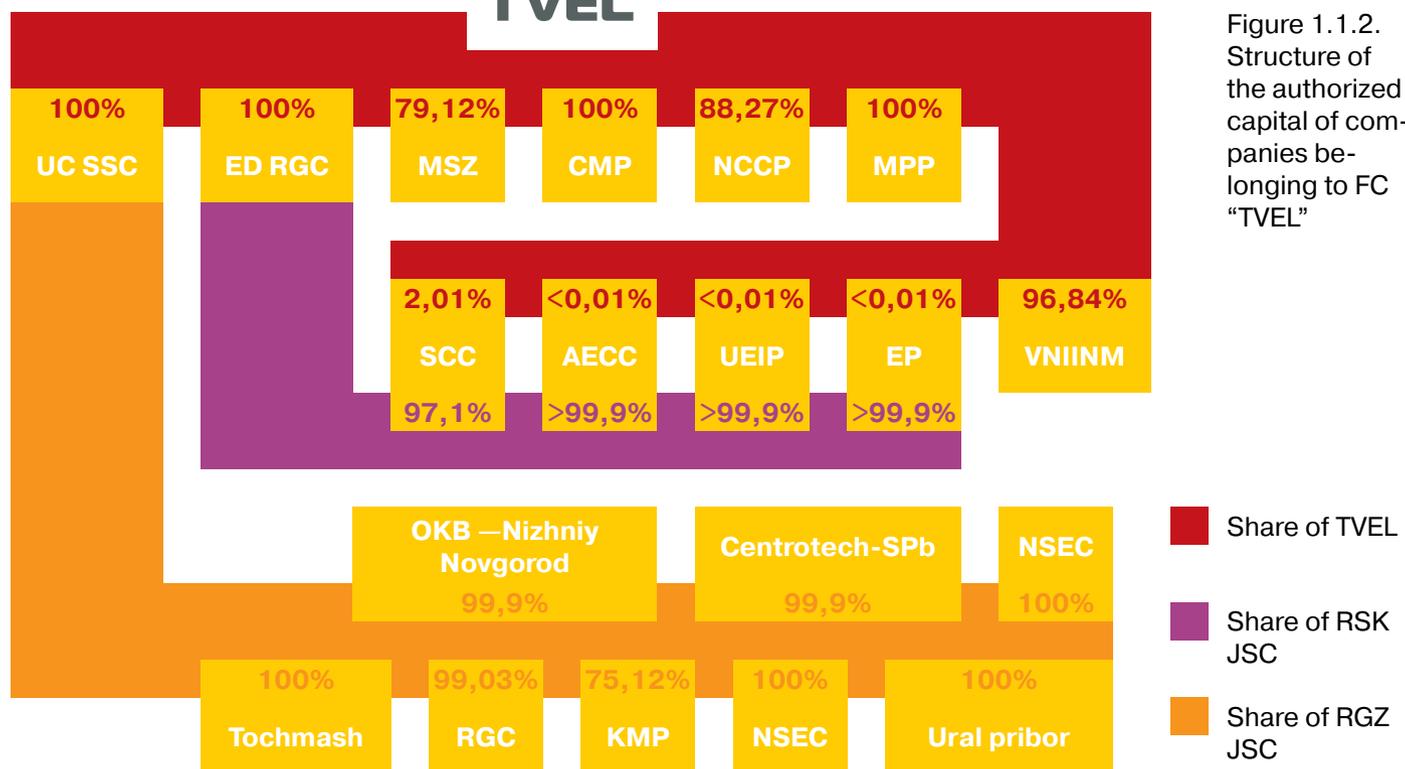


Figure 1.1.2. Structure of the authorized capital of companies belonging to FC "TVEL"

- Share of TVEL
- Share of RSK JSC
- Share of RGZ JSC

1.2 Description of activities of FC "TVEL" enterprises

The main activity of FC "TVEL" is the production and delivery of nuclear fuel for power and research reactors in Russia and abroad.

All Russian NPP, research reactors as well as Russian transport plants of nuclear fleet are operated on the fuel of the TVEL trademark.

FC "TVEL" covers the requirements of 76 nuclear reactors in Russia, 15 European and Asian states, and 30 research reactors in the world. Every sixth nuclear reactor in the world runs on fuel produced by FC "TVEL".

Provision of raw materials for nuclear fuel production is carried out under long-term contracts with organizations that are part of the Rosatom State Corporation.

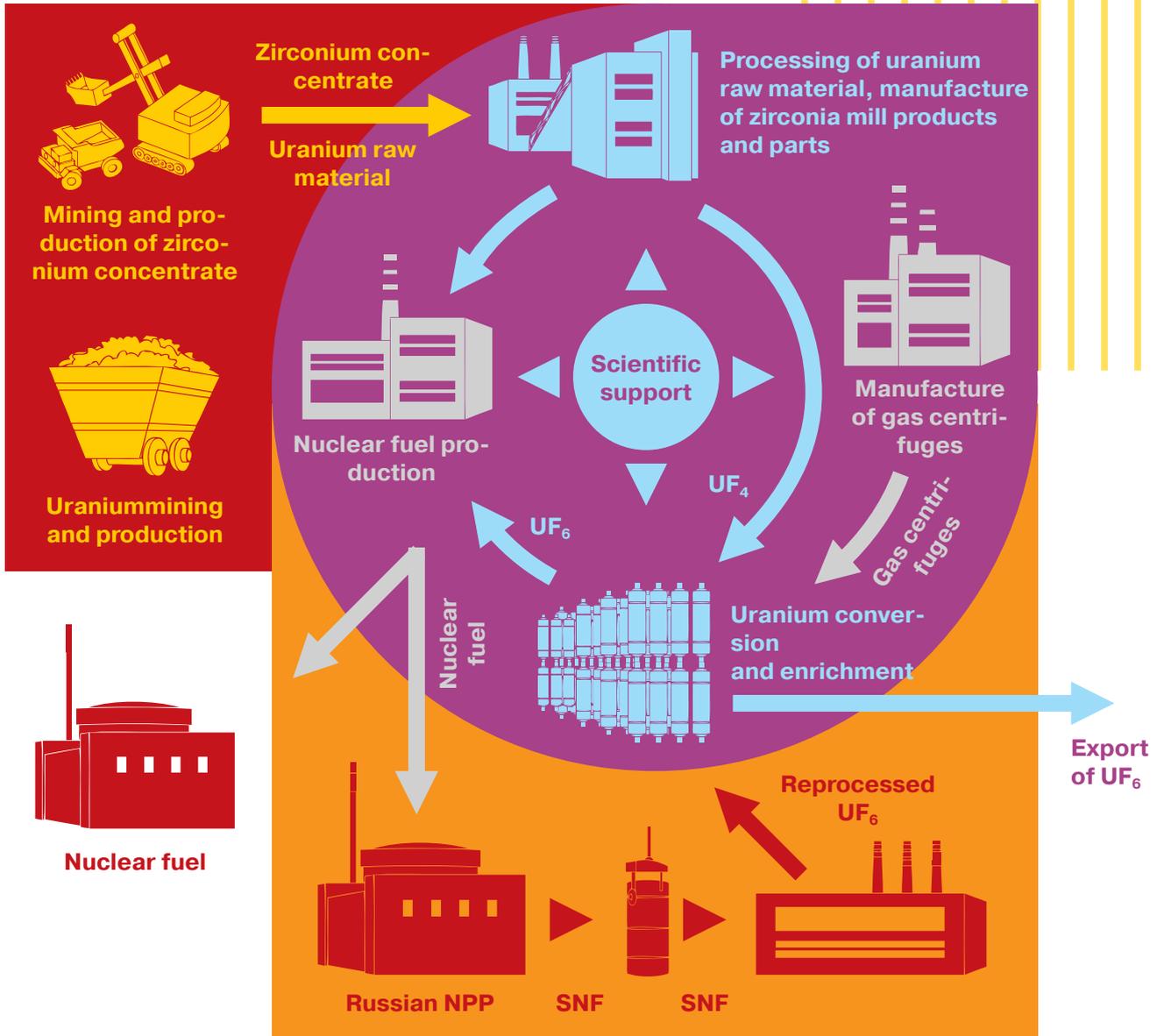
Apart from its main activities connected with the production of nuclear fuel FC "TVEL" supplies a wide range of non-nuclear products to the Russian and global markets such as zirconium, lithium, calcium, magnets, thin-walled tubes, polishing powders, tribo-devices, zeolite catalysts, superconducting materials and other products.

Hydrometallurgical, metalworking, mechanical-engineering and rolling productions successfully operate on FC "TVEL" enterprises with the assistance of their own project designing and research units.

Depending on their position in the general system of nuclear power manufacture the enterprises of FC "TVEL" are divided into four functional units:

- Nuclear fuel fabrication complex
- Separation–sublimation complex
- Gas centrifuges complex
- Research complex

Place of FC "TVEL" in the nuclear fuel cycle



Nuclear fuel fabrication complex

JSC "Mashinostroitelny Zavod" (JSC MSZ)

Elektrostal town, Moscow region

The basis of JSC "Mashinostroitelny Zavod" production program is the manufacture of nuclear fuel that is supplied in the form of fuel assemblies for different types of reactors (VVER-440, VVER-1000, RBMK-1000, RBMK-1500, BN-600, EGP-6, PWR), propulsion reactors of the Russian fleet and for research reactors as well as fuel components (fuel pellets).

Along with manufacture of nuclear fuel for NPPs the plant produces other products. The production of anisotropic ferrite-strontium magnets of different geometric shapes is successfully performed on the enterprise. Currently the manufacture of magnets on the basis of neodymium-iron boron alloy is mastered, the manufacture of extra thin walled tubes made of corrosion-resistant steel and alloys for fuel elements and components of TVS power units and for mechanical engineering needs is organized. The manufacture and delivery of calcium in form of granules and cuts is performed.

JSC Novosibirsk Chemical Concentrate Plant (JSC NCCP)

Novosibirsk city, Novosibirsk region

JSC NCCP is one of the largest enterprises of the Russian nuclear fuel cycle (NFC) producing nuclear fuel for power and research reactors, lithium and its compounds.

The plant is a modern automated complex of chemical and mechanical-engineering production for the manufacture of fuel for NPPs (the main products is fuel for NPPs with VVER-1000 reactor), research and industrial reactors.

The enterprise has a large-scale technological complex for lithium products manufacture.

Chepetsk Mechanical Plant OJSC(JSC CMP)

Glazov town, the Udmurt Republic

JSC CMP is the only producer of zirconium, zirconium alloys as well as products of zirconium alloys of nuclear purity, natural and depleted uranium in Russia.

Products of natural uranium are manufactured in the form of ingots, metal uranium powder, uranium oxide and uranium tetra fluoride.

The plant has unique manufacturing technologies of tube, flat zirconium steel and products made of them that are used not only at nuclear power enterprises but also in chemical, petroleum, medical and food branches of industry.

The plant is also one of the largest world's manufacturers of calcium and the only enterprise in Russia having unique equipment for production of superconductors on the basis of niobium-titanium alloy and niobium-tin compound that will be used in production of magnets for nuclear fusion reactor ITER (International Thermonuclear Experimental Reactor) — the largest international project of the future.

JSC “Moscow Polymetal Plant” (JSC MPP)

Moscow city

Since 1960 and up to the present time JSC MPP is the main organization for development and production of units for regulation, management and protection of nuclear power reactors VVER-1000, RBMK-1000/1500, BN-600, research and industrial reactors as well as for propulsion reactors of nuclear fleet and special purpose.

The company supplies products for control and protection systems of 42 power units on Russian and foreign NPPs including such countries as Ukraine, Bulgaria and China.

Products of the plant are used in nuclear power plants under construction in China, Iran and India.

Separation–sublimation complex

Angarsk Electrolysis Chemical Combine OJSC (OJSC AECC)

Angarsk town, Irkutsk region

Enriched uranium production at the combine is one of the most modern facilities of this type in Russia that unites conversion and separation production complexes.

The International Uranium Enrichment Centre JSC (IUEC) was opened in 2007 on the basis of the combine. IUEC was established by the Russian Federation and the Republic of Kazakhstan in accordance with the Agreement on the establishment of IUEC signed between the governments of the Russian Federation and the Republic of Kazakhstan on May 10th, 2007 in Astana city.

The main task of IUEC is the provision of guaranteed access to capabilities of uranium enrichment mainly to the shareholders of JSC IUEC from the states that do not develop uranium enrichment capabilities on their territories in order to provide services of uranium enrichment for fuel production (powders, pellets, fuel assemblies) for needs of atomic energy industry.

Siberian Chemical Combine OJSC (OJSC "SCC")

Seversk town, Tomsk region

Siberian Chemical Combine OJSC is one of the world's largest nuclear centres.

SCC includes 7 plants: for separation of isotopes, sublimation, radiochemical, chemical and metallurgical, hydropower delivery, mechanical repair, reactor plants.

The main types of products of the plant are hexafluoride of enriched uranium (with the enrichment up to 5%) and hexafluoride of uranium for enrichment. The supporting activity of JSC SCC is processing of metal works using main technological processes of mechanical engineering.

JSC SCC is the township-forming enterprise of the Closed Administrative Territorial Unit Seversk.

Ural Electrochemical Integrated plant JSC (JSC UEIP)

Novouralsk, Sverdlovsk region

JSC UEIP is the world's largest uranium enrichment enterprise. Besides, JSC UEIP is the developer and manufacturer of the most recent devices and control systems of technological processes in the nuclear industry.

Nowadays the main directions of JSC UEIP activities are: production of enriched uranium hexafluoride for nuclear power plants and nickel products; development of filters and filter elements; manufacture of batteries; production of isotope products (standard samples of isotopic composition).



SCC JSC,
isotope facility

JSC "Production association "Electrochemical Plant" (JSC "PA ECP")

Zelenogorsk town, Krasnoyarsk Territory

JSC "Production association "Electrochemical Plant" produces low enriched uranium (on the isotope ^{235}U) used for manufacture of fuel for nuclear power plants (NPPs).

The enterprise has technologies for acquisition of 95 stable and radioactive isotopes of 19 chemical elements and is among the world's largest manufacturers of isotope products on a commercial scale. Isotope products of the enterprise are widely used in different branches of industry, health care and science.

The complex of high technology productions that offer a wide range of products and services of high quality to its consumers has been created and successfully develops in the structure of the production association:

- static frequency converters for electric power supply of separating stages of gas centrifuges and asynchronous motors of general industrial purpose;
- parts of pipelines for NPPs, thermal stations and other industrial facilities;
- sheet metal products;
- PVC profile for translucent constructions;
- static meters of different modifications;

JSC PA Electrochemical Plant is a township-forming enterprise of the Closed Administrative Territorial Unit, Zelenogorsk town.

Unique scientific research results of JSC UIEP allowed for the production of "Foton" generators for the reusable space vehicle "Buran". The test nickel-hydrogen battery is produced and installed on the communication satellite "Yamal-100". Catalytic blocks for neutralizers of vehicle exhausts produced at the plant are available on the markets of Russia, CIS and Europe.



“PA ECP” JSC,
workshop
of UF₆ pro-
cessing

Gas-centrifuge complex

Vladimir Production Association Tochmash OJSC

Vladimir town, Vladimir region

Vladimir Production Association Tochmash is the leading manufacturer of gas centrifuges and products of highly precise instrumentation and mechanical engineering.

About 70 % of the products manufactured at "Tochmash" are gas centrifuges, the key equipment for uranium enrichment. Several generations of gas centrifuges have been developed and commissioned for more than 50 years.

VPA "Tochmash" OJSC produces "Ampoules PT", the equipment for storage of spent nuclear fuel in the form of bundle of fuel elements.

Besides, the enterprise produces motor and tractor electric equipment, auto motor devices for automobiles VAZ, GAZ, KAMAZ; special technological equipment; electric power, water and gas accounting meters and equipment for checkout; automatic machines for caramel and sweets wrapping and accessories, printed-circuit boards, generators of air ions, watches of "Vesna" brand.

The enterprise has in its potential different types of highly precise mechanical processing of ferrous and nonferrous metals, foundries of plastic and metals, electroplating and welding industries, developed machine building base for production of technological processes equipment, instrumental production for manufacture of moulds, dies, cutting and measuring tools, production of printed circuit boards, base for conducting of mechanical and climate tests.

JSC "Kovrov mechanical plant" (JSC "KMP")

Kovrov town, Vladimir region

Currently, the Kovrov mechanical plant solves the problems of completing of sublimate-separation capacities of FC "TVEL" with the help of gas centrifuges.

Also since 1991 JSC "Kovrov mechanical plant" produces series of ball valves. Besides, a wide range of light emitting illuminants was implemented into series manufacturing in September, 2010.

Ural Gas Centrifuge Plant LLC

Novouralsk city, Sverdlovsk region

The basis of technological solutions for manufacture organization is the equipment that allows production of both serial and prospective gas centrifuges. In addition to gas centrifuges the enterprise can provide manufacturing services and produce the extensive range of other products like non-standard equipment, spare parts, stop-valves.

Novouralsk instrument-making plant LLC (UralPribor LLC)

Novouralsk city, Sverdlovsk region

Novouralsk an instrument-making plant and a multi-industry enterprise with strong production and workforce capacity with a special design department in its structure. The main activity of the enterprise is the full cycle of development and serial production of new and modernization of existing devices of technological control, emergency protection systems of technical devices and automatic control systems, electric power supply systems of enterprises of dividing manufactures and nuclear power plants.

The instrument plant manufactures products for Russian enterprises producing nuclear materials and for the uranium enrichment plant under construction in the People's Republic of China.



Gas centrifuges

Research complex

JSC A.A. Bochvar All-Russian Scientific Research Institute for Inorganic Materials (JSC "VNIINM")

Moscow city

JSC "VNIINM" is a leading research institute for the development of fissile, radioactive, structural and superconducting and nanomaterials; churlish, rare-earth, super purity and other metals, creation of their alloys, development of manufacture technologies for production of goods, development of technologies of radiochemical plants and radioactive waste handling.

The main directions of scientific and technological activity of the institute are:

- development of new types of nuclear fuel, construction materials and fuel elements for reactors of various purposes;
- processing of spent nuclear fuel and radioactive waste management;
- development of low and high temperature superconducting materials.

JSC "Experimental Design Office Nizhny Novgorod"

Nizhny Novgorod city

The main task of JSC "Experimental Design Office Nizhny Novgorod" is development and creation of competitive models of gas centrifuges for the needs of the nuclear fuel cycle. The existing mechanical site provides manufacture of prototypes of all kinds of developed equipment and EDO experimental facilities allow performance of full-scale tests.

EDO has wide experience in creation of the following kinds of nuclear power equipment:

- bench equipment for various researches;
- technological equipment for manufacture of gas centrifuge constructions;
- vibrations damping devices for rotary bodies;
- magnetic suspension devices for rotary bodies, etc.

Novouralsk Scientific Engineering Centre, Ltd. (NSEC)

Novouralsk city, Sverdlovsk region

Novouralsk Scientific Engineering Centre, Ltd. is the main design department for the development of new models of gas centrifuges and other equipment for separation manufactures.

Centrotech-SPb CJSC

Saint-Petersburg city

Centrotech-SPb CJSC has extensive experience in the development and implementation of equipment for uranium enrichment and production of stable isotopes by gas centrifuge method.

Main activities:

- project planning of technically complicated systems and objects;
- development, improvement and implementation of industrial technologies connected with uranium enrichment by gas centrifuge method;
- research and development works including those with the use of nuclear materials and radioactive agents;
- production of scientific-technical, knowledge intensive and high-tech processes;
- development of projects of industrial processes and productions;
- installation of monitoring and control devices for technological processes.



“VNIINM” JSC,
inside the
laboratory

1.3 Position of FC "TVEL" in the market

FC "TVEL" is the main supplier of fuel for reactors of the Russian design. FC "TVEL" in cooperation with AREVA NP produces fuel for BWR and PWR in Western Europe. Consequently, FC "TVEL" is present in all major segments of the nuclear fuel market for light water reactors. FC "TVEL" is a global supplier of uranium enrichment services and special equipment for NFC.

Nuclear fuel market

The global nuclear fuel market has two dimensions: regional and by types of reactors. 442 nuclear reactors operated in the world in 2010. Another 65 units were under construction.

The largest regional segments of the NF market are North America (the USA, Canada, and Mexico) and Western Europe (Belgium, Finland, France, Germany, the Netherlands, Spain, Sweden, Switzerland, and UK). 126 and 128 reactors are operating in these markets respectively.

The Asian region may become the largest regional segment (India, China, Japan, Pakistan, South Korea, and Taiwan) where 116 reactors are currently operating and numbers may double by 2030 taking into consideration the ambitious plans of the nuclear power generation development in China, India and Korea. 4 blocks were put into operation in the Asian region (2 in China, one in India and one in South Korea) during 2010.

There are 66 operating reactors in CIS countries and Eastern Europe (Russia, Armenia, Bulgaria, Czech Republic, Hungary, Romania, Slovakia, Slovenia, and Ukraine).

4 more power reactors are operating in South America (Argentina, Brazil) and 2 on the African continent (RSA).

NF market division by types of reactors:

- Fuel for PHWR reactors (50 units). The characteristic feature of this type of fuel is the use of unenriched uranium;
- Fuel for BWR reactors (94 units). Basic sizes are 9x9 and 10x10 with a tendency to unification of size by transferring the units on 10x10 fuel;
- Fuel for PWR reactors (216 units). The greatest number of unit sizes is presented in this segment: 14x14, 15x15, 16x16, 17x17, 18x18. The most widespread is 17x17. In perspective the share of this type of fuel will increase as it is the one to be taken into account when developing new water-cooled reactor technologies;
- Fuel for reactors of Russian design (68 units, 54 of which are VVER reactors). The characteristic feature of VVER fuel is its hexagonal cross section.

The last three groups (BWR, PWR, VVER) are traditionally united into the one group of fuel for light-water reactors (LWR), the share of which in the general park of reactors increases 85%.



Figure 1.3.1. NF market segmentation by types of reactors



Figure 1.3.2. Share of global NF suppliers in the fabrication market.

The following organizations and companies are the consumers of FC "TVEL" products:

In the Russian Federation:

- Energoatom Concern OJSC.

In CIS:

- State Enterprise National Nuclear Energy Generating Company Energoatom, Ukraine;
- Haykakan Atomayin Elektrakayan CJSC, Armenia

In Eastern Europe:

- National Electric Company, Bulgaria;
- MVM Rt, Hungary;
- Joint Stock Company Slovak Power Plants;
- Fortum Power And Heat OY, Finland;
- Joint stock company "CHEZ" Czech Republic".

In China:

- China Nuclear Energy Industry Corporation and Jiangsu Nuclear Power Corporation, China.

In India:

- Department of Atomic Energy, Government of India

In Iran:

- Atomic energy organization of Iran

Sector of research reactors:

- Research Reactor of Institute of Nuclear Physics of Uzbekistan Academy of Sciences, Research Reactor of Vietnam Atomic Energy Commission, Vietnam, Research Reactor of Institute of Nuclear Research of Ukraine, Research Reactor of Institute for the Study of Atomic Energy, Hungary, Research Reactor of Institute of Nuclear Research and Nuclear Energy in Bulgaria, the Institute for Nuclear Research "Rzhezh", Czech Republic, Institute of Atomic Energy of Poland, research reactor "Maria"; Research Reactor on fast neutron (CEFR), China Institute of Nuclear Energy.

World market for uranium enrichment services

Unlike the nuclear fuel market the demand for uranium enrichment services does not depend on the type of reactor facility. The volume of the global market of uranium enrichment services is 42-47 million SWU / year .

The main suppliers of enrichment services are FC "TVEL" and JSC Technobexport, URENCO, AREVA and USEC jointly controlling 95% of the market. Enrichment technologies have a dual purpose that severely limits the opportunities for new players in the market.

Currently up to 30% of enrichment capacities set in the world use gas-diffusion technology (the USA, France).

The general trend of enrichment capacity development is the transition from gas-diffusion technology to centrifuge technology. The transition is expected to be completed in 2020.

FC "TVEL" renders services on uranium enrichment only within the scope of complete fuel assemblies supply.

Gas centrifuges market

Main gas centrifuges supplies are performed to the internal (Russian) market for upgrade of enrichment plants equipment. Nevertheless, Russian manufacturers of gas centrifuges have the potential to broaden the circle of their customers in the international arena within the scope of existing and future projects of FC "TVEL" on localization of manufactures. Currently the example of gas centrifuges supply to the foreign market is the construction of gas centrifuge plant in China.



1.4 Mission, objectives and values of FC "TVEL"

Mission of FC "TVEL"

Provision of actual package of services to increase competitive advantage of electric power generated by NPP by implementing the energy strategy of Russia in terms of provision of Enriched Uranium Product (EUP) and nuclear fuel for operating NPP, NPP which are under construction and would-be built NPP of Russian design both on the territory of Russia and outside; entrance to the international market with nuclear fuel for the reactors such as PWR and BWR.

Strategic objective of FC "TVEL"

Capturing 28% of the world market of production and services of Nuclear Fuel Cycle Initial Stage (hereinafter referred to as NFC Initial Stage) by 2030 owing to release of products with higher consumer properties which allow FC "TVEL" keeping and expanding its presence in the EUP and nuclear fuel market.

Values of FC "TVEL"

- Reliability, quality and safety of nuclear fuel, compliance with the highest international standards and requirements;
- Confidence of the Company's clients and partners in the future by building stable, predictable and long-term relationships;
- Self-development and self-fulfilment of the employees of incorporated enterprises in a fast growing successful company.

1.5 Public standing of FC "TVEL" in the area of sustainable development

In 2011 within the framework of the Report on the basis of FC "TVEL" values, the public standing in the area of sustainable development was developed by the Company. The Public standing project was represented and discussed within the framework of the dialogue with interested parties on the topic "Agenda of FC "TVEL" in the area of sustainable development: "Basic issues in the field of social and ecological impact of the Company". Summarizing the results of the event the Public standing was improved with respect to recommendations of the interested parties.

Responsibility for radiation legacy and environmentally friendly production

The activities of the range of FC “TVEL” enterprises are associated with the accumulation of radioactive materials, the use of which is temporarily impeded due to the current level of nuclear technology. About 90% were established before the 1960s during the period of active development of the first nuclear project in the interests of the state. Since then the organization of nuclear fuel production has undergone dramatic changes, which almost ceased the increase in the volume of material contained in the waste production of FC “TVEL”.

We believe the solution of the radiation problems in the field of environmental protection accrued in the past is one of the most important tasks related to the formation of sustainable development of the Company.

Currently the work on the elimination and assurance of the radiation legacy safe storage of the first nuclear project on the industrial sites of FC “TVEL”, both in the framework of the approved federal special program, and at the Company’s own expense. Moreover, FC “TVEL” presumes that eventually the success of the problem solution concerning the radiation legacy and radioactive waste handling in the industry is specified by statutory division of responsibility for the effects of the non-environment friendly activity of the enterprises resulted from the military nuclear project, between state and companies, which produce radioactive waste in their current activities.

Before the adoption of this law, the enterprises of FC “TVEL” seek to ensure maximum radiation and ecological safety within the framework of their current activities. Following the objectives of the Environmental Policy of JSC “TVEL” they voluntarily undertook the obligations of compliance with the high requirements of the international environmental safety standards, which is ensured by the operation of the Environmental Management System certified according to ISO 14001:2004 in TUV CERT.

The important aspect of our environmental responsibility is the commitment to the rehabilitation of contaminated areas in the initial boundaries of industrial areas, even in case of reduction of their areas during the enterprises restructuring project.

As part of its work on improvement of ecological safety of production FC “TVEL” is open for cooperation with all functional ecologically oriented organizations.

Information on the implementation of this public standing provision is provided in Chapter 6.

Responsibility towards staff

FC "TVEL" is one of the largest companies in the nuclear industry which works under open market competitive conditions and will comply with the efficiency requirements of global enterprises. The main objective of FC "TVEL" is to achieve the best world indicators of efficiency and labour productivity.

Given that a large proportion of staff within FC "TVEL" are not involved in the implementation of the core activities of industrial enterprises and maintain the operation of non-core assets, to perform tasks on improvement of labour productivity and competitiveness of enterprises, as well as increasing the volume of domestic investment, the Company has a policy of non-core assets restructuring. During the restructuring period FC "TVEL" is fully aware of its responsibility towards the staff and performs all the normative and statutory requirements stipulated by the Labour Code of the Russian Federation and labour contracts.

During the transition period the management of the Company considers it necessary to preserve wage supplements and wage levels for personnel of the companies selected to provide the most comfortable conditions for conducting business (keeping the volume of orders and preferences). In order to improve the competitiveness of the companies selected under the open market conditions, which should also positively affect the welfare of employees, FC "TVEL" implements the managers development programme of the established companies on a comprehensive programme of small business management, providing business plan consulting services.

On the other hand, the high competency and qualification level of the employees of the key units, which comprise the core of the company, is one of its most important assets and values.

The company pays special attention to the planned development of competencies of staff in accordance with the strategic challenges and requirements of the professional and personal competencies according to the level of a global company. As the main instruments of staff development the company uses integrated educational and training programmes involving the leading Russian and foreign professors, business experts, work experience programmes at the leading Russian and foreign enterprises, educational project activities of staff reserve, rotation program at the enterprises of FC "TVEL" network. Much attention is paid to search and special training of young professionals during their education in the leading higher education institutions.

As a result, the efficiency increase of each employee individually and the enterprise in whole shall encourage continuous growth of wages and wages supplements of the enterprises' employees. From 2008 to 2010 owing to the achieved results on effectivisation of the industrial processes of FC "TVEL" (including the restructuring period), the average wage of employees increased by more than 40%.

Information about the implementation of this provision on public standing is provided in Chapter 8.

Responsibility for the development of sociocultural environment and infrastructure of the Company presence regions

Historically a lot of the enterprises of FC “TVEL” were fully liable for the support and development of the infrastructure of the Company presence cities. The enterprises were the complex conglomerate providing both production and adjacent territories.

In 2000-2003 according to the regulation of the Government of the Russian Federation the authority and responsibility for the social facilities were assigned to the local executive power. Under present-day conditions in most cities this role is assigned to the municipal or specialized business enterprises. In this respect the task of FC “TVEL” is not provision, but assistance in support of the cities’ infrastructure under the terms which ensure the balance between the interests of city and economic efficiency of the enterprise.

It is important for the management of FC “TVEL” that the population of the Company presence regions among which there are many employees of the enterprise which have families, long-service employees and potential employees, has a decent living conditions and cultural development possibilities even in regions remote from cultural centres.

In addition to special-purpose financing of the social infrastructure development of the cities, the enterprises of FC “TVEL” implement annually the territory development programs according to which a wide range of sport and cultural and educational events are organized.

Information on the implementation of this public standing provision is provided in paragraph 8.6.

Responsibility for ensuring the social acceptability of FC "TVEL" reorganization

Intensification of international competition at the nuclear fuel market makes the company solve the problem of economic efficiency increase of its activity. One of the conditions for its successful solving is the reorganization of the non-core assets of the company, "inherited" from the centrally planned economy of the Soviet period. None of the foreign competitors of FC "TVEL" has so many socially significant burdens; it adversely affects the competitiveness of FC "TVEL". To overcome this situation the Company launched "New Image" project aimed at improving the economic efficiency of FC "TVEL" activity, within the framework of which 65 social facilities, which formerly were a part of it, were transferred to the municipal authorities in 2010.

As the social facilities transferred provide services significant for employees and local citizens, it is important for the management of FC "TVEL" that they keep their profile and availability even after their transfer. For these purposes the mandatory condition set forth to the local authorities in case of compensation-free transfer of such facilities, is preservation of their activity profile. Moreover, the organizations transferred to the municipal authorities without charge continue to receive co-financing from FC "TVEL" enterprises. The guaranteed service order of the Company's employees is provided to the selected social organizations.

The management of FC "TVEL" believes that any problem related to the possible tension risk in the process of reorganization in the relations between the Company, staff and local and regional government authorities is to be solved under mutually acceptable conditions with due consideration of the particular situation. To this end, multilateral commissions designed for elaboration of reorganization terms and conditions which are acceptable for all the parties, are established, working groups are formed in order to realize a Top-priority action plan during the restructuring period. The management of FC "TVEL" jointly with regional administrative authorities strictly control the execution of all the decisions made and regularly inform the employees of the enterprises and residents of single-industry cities of activities held within the framework of the restructuring.

Ensuring the social acceptability of FC "TVEL" reorganization it is made a point of the creation of innovation environment on the territories of the Company presence for further development of non-core businesses which are out of FC "TVEL" network. The Company cooperates in attraction of additional resources at the federal and regional level for new job formation in the cities of the Company presence.

Information on the implementation of this public standing provision is provided in paragraph 8.4.

Responsibility for innovation development and quality assurance of fuel products.

One of the underlying principles of FC “TVEL” activity is to ensure maximum safety, reliability and efficiency of use of the Company’s products. In this regard, the management of the Company pays greater attention to the innovation development of the output products, which assures its quality and competitiveness.

In addition to improvement of quality and cost reduction on the output of products the improvement of such important factors for sustainable development of society as energy efficiency of production and increase of demand usage time of fuel elements in the reactor are of special value for the management of FC “TVEL”, as it helps to save natural resources and decrease the formation volume of the irradiated reactor materials.

In accordance with the Investment Memorandum the objectives, directions for innovation development and their implementation plan are defined in FC “TVEL” as short-term (next one-two years) and medium-term (next five years), as well as long-term (for 20–30 years). Elaboration of measures on technological development and re-equipment of subsidiary plants under control of FC “TVEL” specialists allows carrying out the modernization of production in a timely manner and being among the world leaders in the manufacture of nuclear fuel.

In accordance with the Research and Development Plan FC “TVEL” is planning to carry on the development works in order to improve technical-and-economic indicators of nuclear fuel while ensuring the necessary level of safety.

The key aspects of fuel products quality assurance are specified in the Policy and Objectives of FC “TVEL” in the sphere of quality; they are carried out within the framework of the current Quality Management System and confirmed by a voluntary international certification of TUV CERT to comply with ISO 9001.

Information on the implementation of this public standing provision is provided in Chapter 5.

Responsibility for fuel supplies reliability

The top-priority task of FC "TVEL" is to ensure timely delivery of high quality nuclear fuel in full to consumers. Being conscious of the responsibility for the solution of this problem FC "TVEL" has always performed and will perform its obligations assumed just-in-time both in relation to the Russian consumers and foreign ones.

Currently, implementing its strategy the Company seeks to expand its presence at the foreign markets of nuclear fuel and its components. On the international severe competitive market the solution of this issue requires the creation of the complex of competitive edges one of which is the possibility to guarantee the reliable fuel delivery.

The main tools for ensuring the reliable fuel delivery are long-term agreements offering the opportunity for advance planning; continuous modernization of the production excluding the possibility of fundamental breakdowns in process and transfer to the localization of production of fuel products and its components during the implementation of several infrastructure projects of the Nuclear Fuel Cycle abroad. Such projects are being implemented in Ukraine, China and other countries. In the future FC "TVEL" plans to expand such practice.

Information on the implementation of this public standing provision is provided in paragraphs 2.2, 2.6.

Information transparency

In view of specific nature and range of its activity FC “TVEL” is in a range of interest of large number of the concerned parties. The growth of the Company’s presence at the foreign markets will only enhance the requirement for the formation of good relations with the new concerned parties. In this respect it is obvious that the level of partner relationships with them will depend on degree of confidence in company and its products. The confidence, in its turn, is formed under conditions of transparency only.

The management of FC “TVEL”endeavours maximum possible transparency in relationships with its partners (except cases of state and commercial secrets protection).

To this end, the Company holds regular meetings with the concerned parties, including in the course of preparation of the public annual reporting; in 2010 the enterprises of FC “TVEL” began to issue environmental reports; by the end of 2011 it is planned to complete works on development of public reporting system of the Company.

In 2010 the Unitary Industrial Procurement Standard guaranteeing equal rights to access to information on bid issues, is approved. To confirm the quality system effectiveness the Company carries out regular audits of the Quality Management System of its products.

Information on the implementation of this public standing provision is provided in the following sections “Information on the Report and its preparation”, p.6.1., “Plans and Liabilities of FC “TVEL”



SECTION I

STRATEGY AND MANAGEMENT OF FC "TVEL"





Strategy

and management of FC “TVEL”

- 2.1** Strategy of FC “TVEL”
- 2.2** Localization of fabrication and extension of international cooperation in 2010
- 2.3** Innovative solutions for the electric-power industry of the future
- 2.4** The Program “New Image”
- 2.5** Rosatom Production System
- 2.6** Modernization and technical re-equipment of FC “TVEL” enterprises

2.1 Strategy of FC "TVEL"

Formation of Strategy and Development Program of FC "TVEL"

Owing to creation of the Fuel Company of Rosatom State Corporation in 2010 the administration of JSC "TVEL" worked out a development strategy and initial revision of the development program of FC "TVEL" by 2020 focused on the realization of a strategic initiative of Rosatom State Corporation "Retention of global leadership in the IS of NFC".

The realization of three key strategic initiatives such as growth at the market of the NFC products and services, rise in the efficiency and growth at the markets of new technology solutions for electric-power industry of the future are assumed by the development program of FC "TVEL".

The strategic projects, the realization of which makes the largest contribution in the development of FC "TVEL", are formed within the scope of each initiative on the basis of one-field investment projects included to the Investment Memorandum of FC "TVEL" for 2011. The strategic projects will be realized within the scope of the FC "TVEL" Development Program by 2020.

Key efficiency rates are determined for each strategic project. Financing of investment projects integrated in the particular strategic project is assumed within the scope of investment activity.

In the course of the initiated work it is planned to develop:

- strategic decision models;
- strategic planning system;
- concept of new business trends development recognized as the potential points of growth.

The contribution of FC "TVEL" strategy in the realization of strategy of Rosatom State Corporation

Main principles of FC "TVEL" Development Strategy correspond to the requirements of Rosatom State Corporation:

- provision of growth immensity;
- increase of innovativeness;
- increase of efficiency;
- achievement of production globally.

These requirements are determined by the necessity to provide the realization of the Rosatom State Corporation strategic initiative “Global leadership in the IS of NFC”. In accordance with objective orienting points of State Corporation Rosatom the share of export income should be at least 50% by 2030 with the total volume of at least 50 billion dollars. Provided that the external assets should generate at least 25% of the total revenue. The realization of these objective reference points is to place Rosatom State Corporation in the top-three at the market of NFC products and services.

Taking into account the objective integral indices of Rosatom State Corporation FC

“TVEL” makes the following strategic objectives by 2030:

- ensuring the leadership and increase of share at the global market of products and services of the initial stage of NFC (IS of NFC) from 25 to 28% ;
- multiple increase of business extent and revenue generation in the amount of 12 billion dollars that includes 2 billion dollars from sales of innovative non-nuclear products

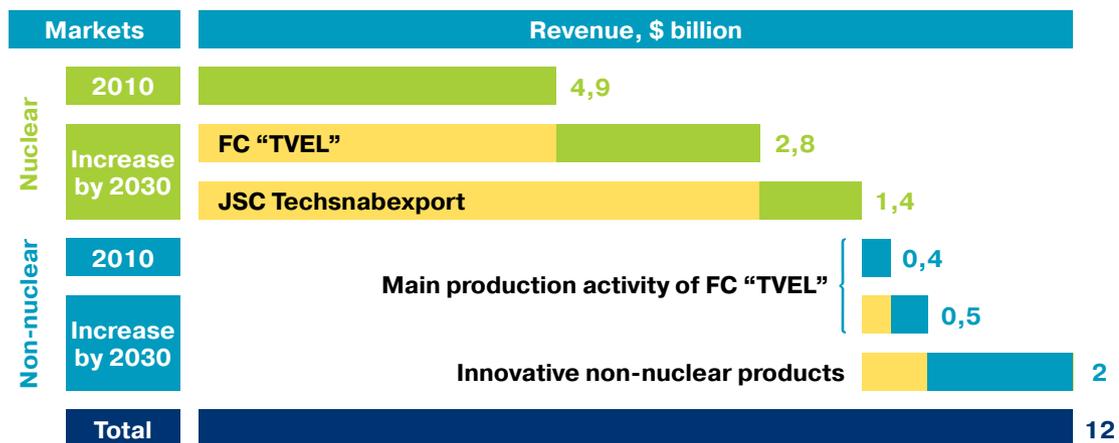


Figure 2.1.1. Planned increase in revenue of FC “TVEL” by 2030 (in comparable prices) due to the increase in revenue at nuclear markets, markets of industrial and innovative non-nuclear products (share of JSC Techsnabexport (TSE) is also indicated)

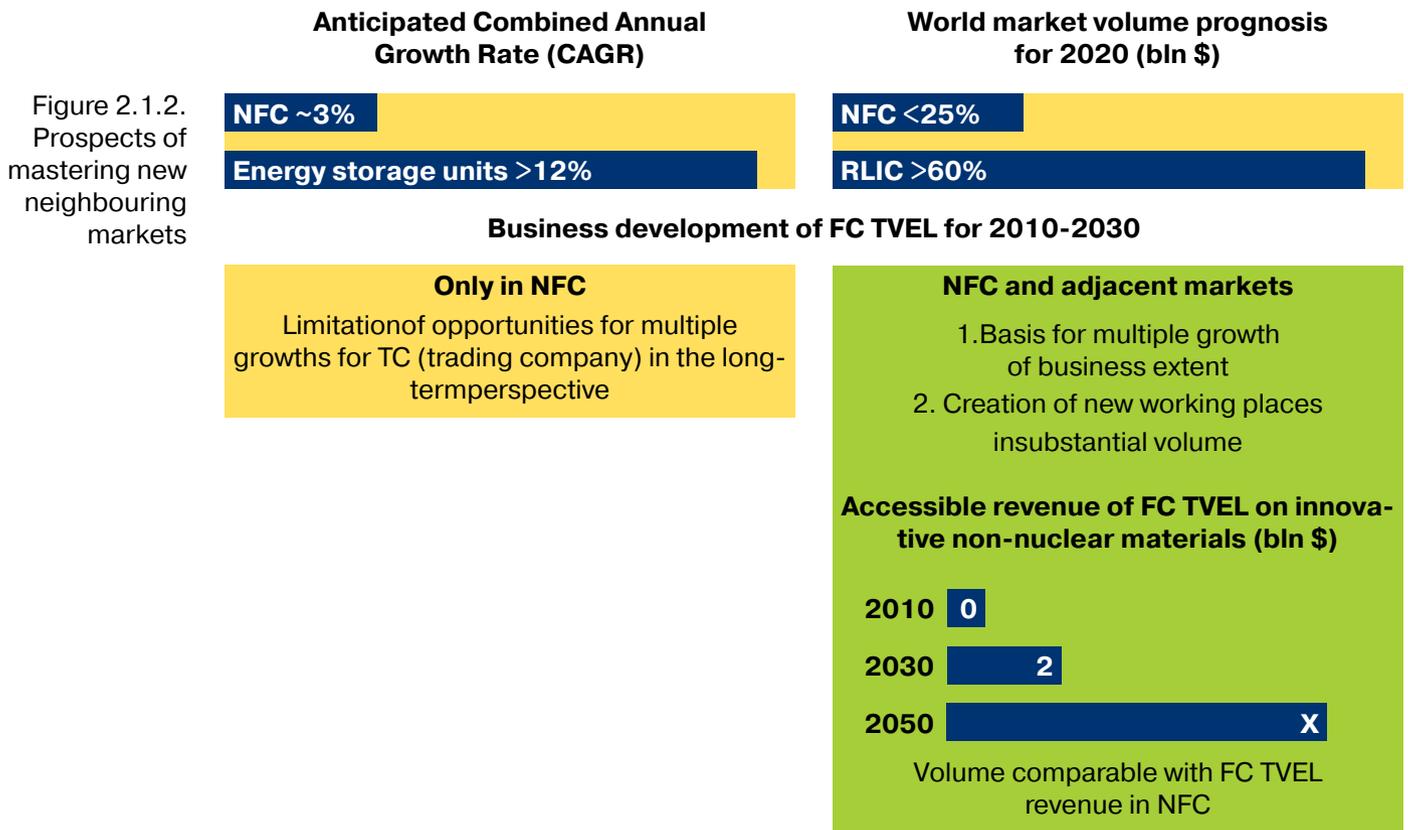
The indicated strategic objectives are determined with account of a long-time prognosis on the nuclear fuel (NF) market growth from 20 billion dollars to 30-35 billion dollars (by 2030).

Strategic initiatives and directions of strategy realization projects

The activity of FC "TVEL" at the world market of the products and services of the IS of NFC is connected with a wide range of restrictions. The most important of them are quota arrangement at the EUP markets (less than 20% at US and European markets) and limitedness of share at the nuclear fuel market predominantly by the segment of the reactors of Russian design.

FC "TVEL" shall make strategic efforts not only for its growth at the markets of NFC products and services with limited perspectives as of the rate of development (about 3% per year under the base scenarios) but also at more high-growth neighbouring markets of innovative products for electric-power industry with colossal potential in terms of total revenue.

The development of activity at the markets of innovative products will permit to ensure the creation of new high-technology manufactures on the basis of excess infrastructure of the existing sites of



FC “TVEL” enterprises and to create new working places for highly-qualified staff released in the process of optimization of the main production. The assimilation of high-tech products release will give an additional impulse to the development of scientific and engineering core of FC “TVEL”, formation and growth of which is a necessary condition for achievement of strategic objectives.

The achievement of strategic objectives of FC “TVEL” is provided by the realization of three key strategic initiatives:

- growth at the market of NFC products and services;
- growth at the market of new technologic solutions for electric-power industry of the future;
- increase of efficiency

Basic projects for strategy realization are developed and realized in the scope of the present strategic initiatives.

Directions of the strategic projects	Key results
Growth at the market of NFC products and services	
Localization of the fabrication	<p>Integration of nuclear fuel cycles of Russia and Ukraine</p> <ul style="list-style-type: none"> — JCS TVEL is chosen as a partner in the organization of nuclear fuel production in Ukraine according to the tender results (the second participant of the tender is Westinghouse); — A cooperation agreement and integrated plan of prior measures for the organization of the nuclear fuel production in Ukraine were signed with the Ukrainian State Concern Nuclear Fuel;
Creation of alliances at the nuclear fuel markets and extension of international cooperation	<ul style="list-style-type: none"> — Negotiations held with Chinese NPP operator; — Loading of fuel assembly of FC “TVEL” production at the Temelin NNP (the Czech Republic); — A contract with JSC “Slovak Power Plants” on nuclear fuel delivery for power units No. 3 and No. 4 of the Mochovce NPP was signed. — A decision on the realization of the alternative variant of “Uranium Enrichment Centre (UEC)” project based on the production capacities of Ural Electrochemical Integrated Plant JSC (JSC UEIP) is taken. The measures for project transferring to the high degree of readiness are taken.

Table 2.1.1. Strategic projects and key results of the Strategy realization in 2010

Directions of the strategic projects
Key results
Growth at the markets of new technologic solutions for electric-power industry of the future
Innovative solutions for the electric power industry of the future
Improvement of uranium enrichment technology:

- Tests of the experimental-industrial batch of GC-9 (gas centrifuge) are completed;
- Scientific research projects on the development of GC-10 are performed;
- Inspection tests of the GC-E are performed.

Improvement of fuel material technology:

- A technical project TBCA-PLUS with the extended length of combustible column is developed;
- Licensing of the project TBCA-T for the Temelin NNP is completed;

Non-nuclear sector:

- Potential markets for innovative products merchandising are determined;
- Business plans are developed, conditioning of the innovative projects is performed;
- Necessary corporate procedures (both in the JSC "TVEL" and in JSC RUSNANO) for realization of joint projects with JSC RUSNANO are performed;
- The approval for realization of 4 projects is received from the Supervisory board of JSC RUSNANO.

Growth of efficiency
Internal optimization
Implementation of RPS (Rosatom Production System):

- The labour productivity in the manufacturing core increased by 23% in average;
- 25% of production areas are released.

Realization of the Program "New Image":

- 65 community facilities objects with their activity profile preservation are transferred into municipal and regional property.

Reconfiguration of conversion, fabrication and manufacture of GC:

- A project on reconfiguration of fabrication is developed;
- The research of the alternatives for conversion optimization is carried out.

Directions of the strategic projects	Key results
Modernization of enrichment	— The modernization of 6 power units at the FC “TVEL” divisional enterprises is carried out.
Modernization of fabrication, conversion and manufacture of GC:	Implementation of new technologies and technical re-equipment at FC “TVEL” enterprises: <ul style="list-style-type: none"> — A new technology of UO2 powder production is introduced; — Modernization, volume reduction and automatic control of other production areas are carried out; — Mastering of chloride technology of zirconium production continued.

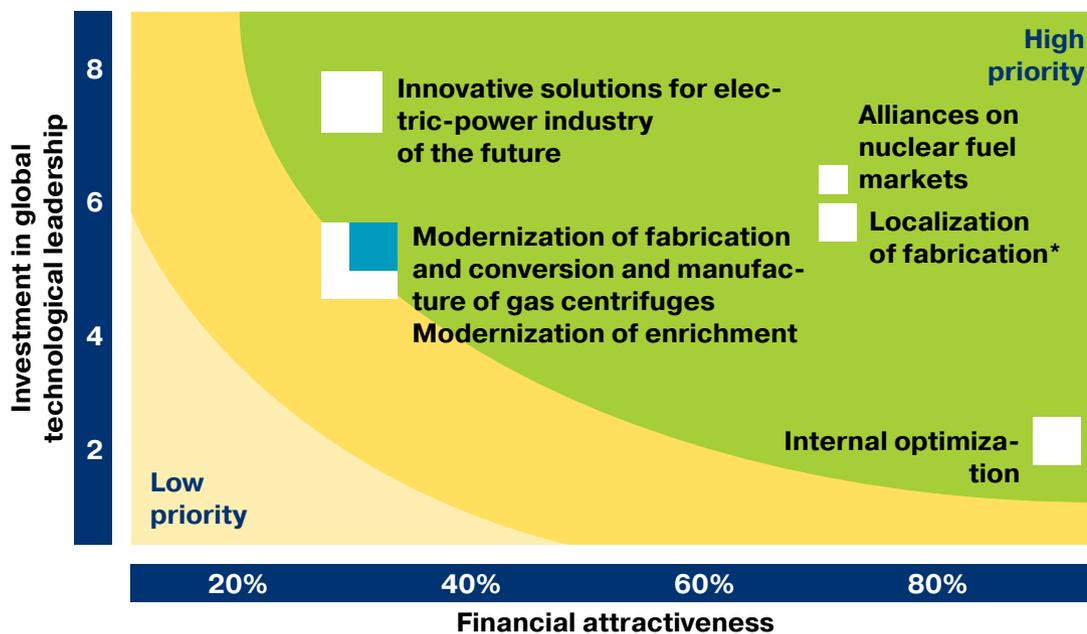


Figure 2.1.3. Comparison of project directions on realization of the strategy on attractiveness and investment into technological leadership. The size of the mark is the necessary volume of investments.

It is planned to form the system of risk management for realization of strategic projects in 2011. The system is created on the basis of determination and monitoring of risks influencing the achievement of objectives of each strategic projects of FC "TVEL" development. The development and realization of non-investment projects and off-project measures are provided within the scope of management of elimination or cushioning of risks as well as hedging of possible consequences of risk events.

For detailed information on risk management and realization of the strategy see Section 3.4 "Risk management".

2.2 Localization of fabrication and extension of international cooperation in 2011

Implementation of nuclear fuel cycles of Russia, Ukraine and Kazakhstan

In October, 2010, FC "TVEL" signed the Cooperation Agreement on realization of the project of nuclear fuel creation in Ukraine with the State Concern "Nuclear Fuel". Signing of the Agreement became possible after FC "TVEL" had been chosen as the partner for creation of the joint enterprise producing nuclear fuel for VVER-1000 reactors in Ukraine according to the contest results. The production is planned to conform to the highest world standards and outgo analogues available in the world. Russian technologies of nuclear fuel manufacture will be gradually transferred to the joint enterprise starting from uranium reconversion up to fuel assembly that will be systematically modernized. The construction of fabrication plant is the second stage of cooperation on localization of elements of nuclear fuel cycle in Ukraine. Consequently the license agreement NNEGC "Energoatom" on transfer of technologies of manufacturing techniques for stainless steel parts of fuel assembly in Ukraine was signed with the State Enterprise in 2008. All liabilities of the parties set forth in the core documents shall be fulfilled in strict adherence to the agreed schedule. Also the long-term contract of nuclear fuel delivery for Ukrainian NPPs was signed in 2010 providing delivery of Russian fuel assemblies up to the end of operating life of the Ukrainian power units with account of prolongation. According to the terms of the contract starting from 2016 all power units of Ukrainian NPPs will be provided with nuclear fuel manufactured exclusively according to the Russian technologies.

Within the accounting period the high activity of Russian-Kazakhstan cooperation was observed on account of initiatives of the authorities of both countries and expansion of the list of bilateral projects. Subjects, connected with the creation of Russian-Kazakhstan Incorporated Company for achievement of synergy and leadership at the market, were discussed in particular. In 2010 the project "Uranium Enrichment Centre (UEC)" was transferred to practical dimension according to the alternative variant with a high degree of completion, the Measures Roadmap on realization of the Agreement of deepening of cooperation between Rosatom State Corporation and National Atomic Company "Kazatomprom" signed on August 26, 2010, was initialled. Within the accounting period the negotiations on cooperation with Ulba Metallurgical Plant JSC were resumed with the accent on the principles of alignment of long-term and strategic partnership.

Market representation in the Czech Republic and Slovakia

In April 2010, within the scope of a formal visit of D.A. Medvedev, the President of the Russian Federation, to Slovakia the contract of delivery of nuclear fuel and related services for power units No.3 and No.4 of the Mochovce NPP under construction was signed between FC "TVEL" and JSC "Slovak Power Plants". The contract provides for the delivery of fuel assembly for initial loading of both reactors starting from 2012 as well as five further reloads for each block.

In August 2010 full reload of the first power unit of the Temelin NPP with Russian nuclear fuel with the long-term discharging of the American fuel was completed on account of a demonstration of high technical and commercial characteristics of the Russian nuclear fuel as well as the decision made by the Czech operator of nuclear power plants. Transfer of the power unit No.2 of the Temelin NPP to the Russian fuel will be performed in 2011.

Cooperation with AREVA NP

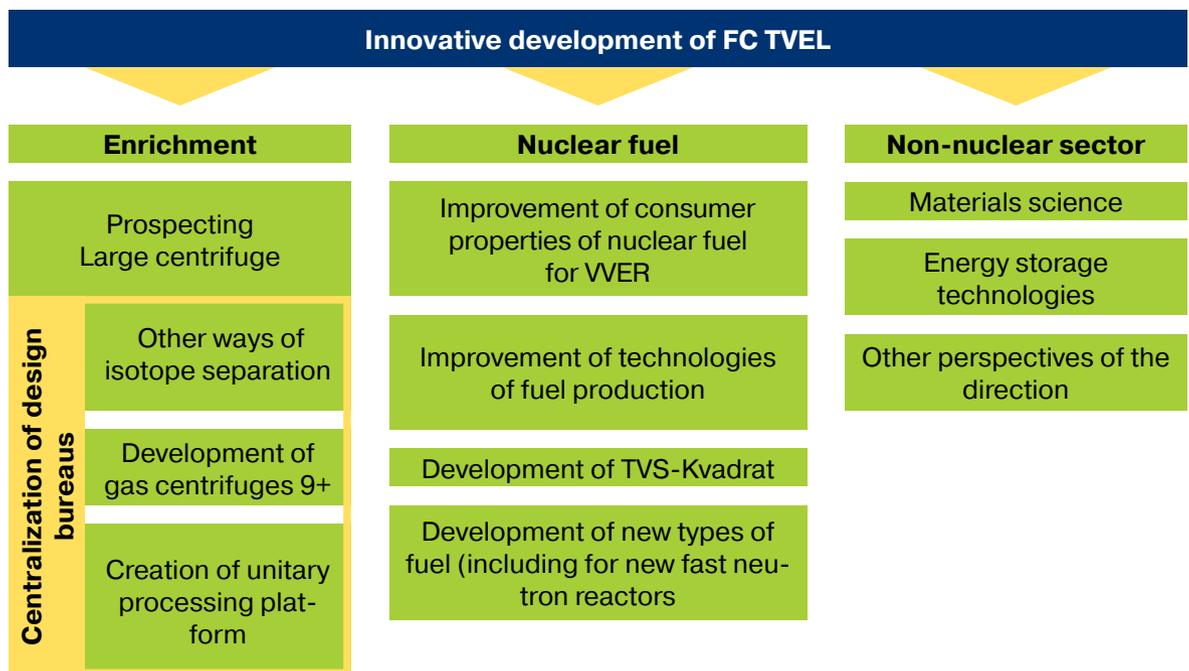
Fuel assemblies of western design are manufactured at the Russian facilities of FC "TVEL" in cooperation with the German division of the company AREVA NP. More than 2600 fuel assemblies were manufactured as of 2010. The fuel is delivered to NPPs of Germany, the Netherlands, Switzerland and United Kingdom.

The extension of cooperation and realization of a new project is planned for 2011.

2.3 Innovative solution for electric-power industry of the future

Innovation and technological development of FC "TVEL" is the key factor of realization of the Strategy and is performed in three directions: improvement of uranium enrichment technologies, nuclear fuel production and development of non-nuclear innovative solutions for electric-power industry of the future.

Figure 2.3.1.
Main direction
of innovative
development



Description of the company's activity in the present directions of innovative development for 2010 are explained Chapter 5. Innovative activity.

Development of the system of innovative activity management

The Research and Development Centre was created in 2010 in order to enhance the efficiency of realization of the Development Strategy of FC “TVEL” in the area of creation of innovative solutions for the electric-power industry of the future.

Main areas of activities of the Research and Development Centre FC “TVEL” are:

- systematization of scientific and technological activity, determination of innovative direction and efficiency of scientific research results of FC “TVEL” enterprises;
- commercialization of research and developmental works: enhancing the finished product stage that may yield commercial profit;
- realization of strategic projects in the area of creation and implementation of new types of nuclear fuel, gas centrifuges and modernization of the existing manufactures and technologies on conversion and enrichment into service.



“VNIINM” JSC,
inside the
laboratory

2.4 The Programme "New Image"

There is a need to extend our foreign product portfolio in order to achieve strategic objectives within the scope of stiff and ever-increasing competition on world markets requires enhancement of efficiency of manufacturing and management processes.

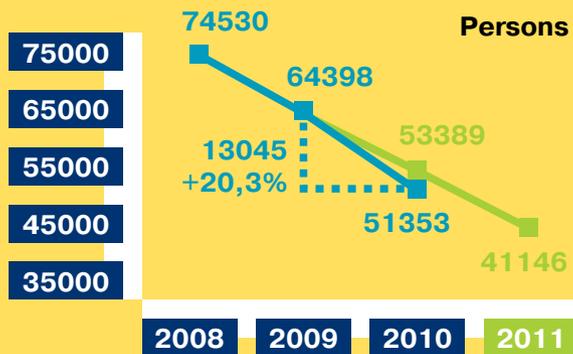
Since the end of 2007 the Programme "New Image" of the enterprises of nuclear fuel fabrication has been realized in order to enhance the efficiency of activity of FC "TVEL" enterprises to the level of world class standard. The programme provides cost reductions, enhancement of energy efficiency, and implementation of new technologies and optimization of our business structure.

Figure 2.4.1. Comparison of labour productivity on enterprises on nuclear fuel fabrication of FC "TVEL" (by way of example of JSC "Mashinostroitelny Zavod") and western competitor

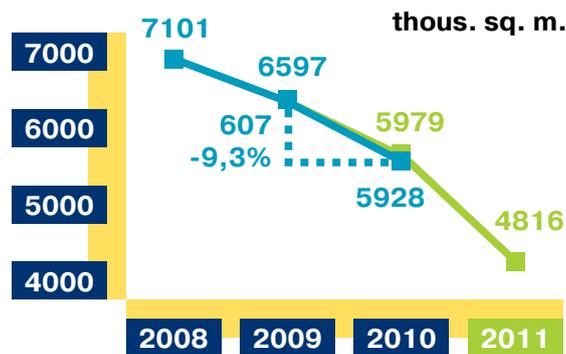


FC "TVEL" assets consolidation opened additional opportunities for enhancement of the efficiency of manufacturing enterprises by virtue of additional positive economies of scale and synergy.

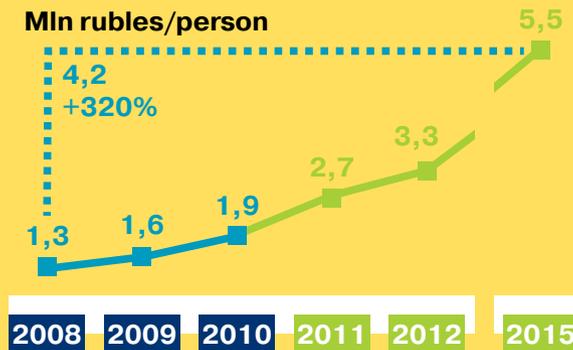
Accountable strength before the year-end



Gross floor area before the year-end with account of number of stories



Labour productivity (in current prices)



Average monthly salary

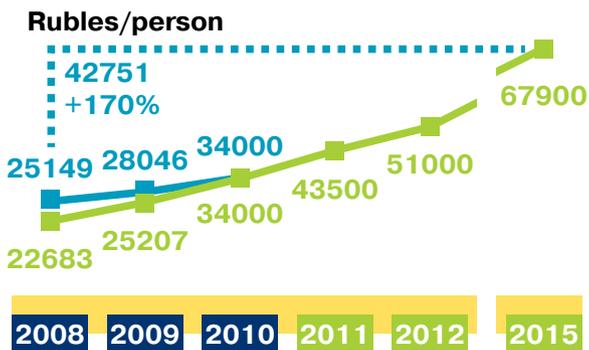
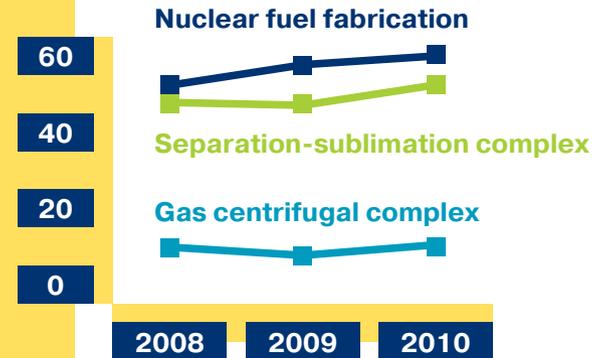


Figure 2.4.2. Dynamics of indices of the Programme "New Image"

■ Fact ■ Plan

Figure 2.4.3.
Dynamics of
revenue of FC
"TVEL" Enterprise
(referential)



The important task resolved within the scope of the Programme "New Image" was the removal of auxiliary and supporting productions, non-core assets from the structure of FC "TVEL" enterprises and creation of affiliates as well as transfer of social and cultural facilities to the balance of municipal units.

The objectives of non-core assets removal from the property complex are the reduction or elimination of the burden of their maintenance, earning additional incomes, concentration of resources and competences while realization of the Development Strategy of FC "TVEL". New subjects of business, additional working places appear as a result of restructuring with close cooperation with institutions of local government in the regions of presence of FC "TVEL" enterprises, business activity becomes more intense, social infrastructure develops.

14 commercial partnerships were created during restructuring, services of 24 non-core, auxiliary and supplying departments were outsourced, 18 non-core assets were sold or leased, 4 affiliates were voluntary liquidated as ineffective within 2010. 65 community facilities were transferred into municipal and regional ownership.

The launched transformations will be continued in 2011. Particularly, it is planned to restructure 55 objects of non-core assets, including:

- Angarsk Electrolysis ChemicalCombine OJSC — 7 objects;
- Ural Electrochemical Integrated Plant OJSC — 16 objects;
- Siberian Chemical Combine OJSC — 11 objects;
- JSC "PA Electrochemical Plant" — 6 objects;
- Kovrovsk Mechanical plant JSC — 7 objects;
- Vladimir Production Association Tochmash OJSC — 3 objects;
- A.A. Bochvar All-Russian Scientific Research Institute for Inorganic Materials — 1 object;
- Ural Gas Centrifuge Plant LLC — 5 objects.

The benefits from the measures taken to reach the index numbers of “New Image” were nearly 2.3 billion rubles in 2010. It is planned to obtain benefits in the amount of 2.9 billion rubles in 2011.



MSZ JSC,
tvel production
line for VVER

2.5 Rosatom Production System

Rosatom production system (RPS) is one of the instruments for creation of the competitive edge of FC "TVEL" and achievement of global technical leadership in the mid-term perspective. RPS helps to identify the sources of losses and offers methods and instruments for loss elimination. RPS is directed at the improvement of major productive and supporting processes: increase in labour productivity of employees, reduction of the unfinished production output and finished product inventories, growth of product quality. The result of RPS implementation is the cost reduction and improved competitiveness on the international market of nuclear fuel cycle products and services. PRS is implemented at pilot sites of FC "TVEL" enterprises selected between the most problematic sites of final manufacture of one of the specialised products of the enterprise in terms of capacity and quality.

In 2010 the Production System developed rapidly on 57 pilot sites. As a result labour productivity in the manufacturing core of FC "TVEL" enterprises grew on average by 23%. The unfinished production output was reduced by an average of 31%. Up to 25% of production areas were released. The benefits from the implementation of measures within the scope of the PRS development project were more than 350 million rubles.

Setting up of 42 new projects with ambitious target is planned for 2011. The anticipated combined benefits from the realization of measures within the scope of RPS development project is to be 800.3 million rubles (including 387.8 million rubles in enterprises of the nuclear fuel fabrication block, 152.3 million rubles in separation-sublimation complex, 259.3 million rubles in the gas centrifuge complex, 1.1 million rubles in the scientific block).

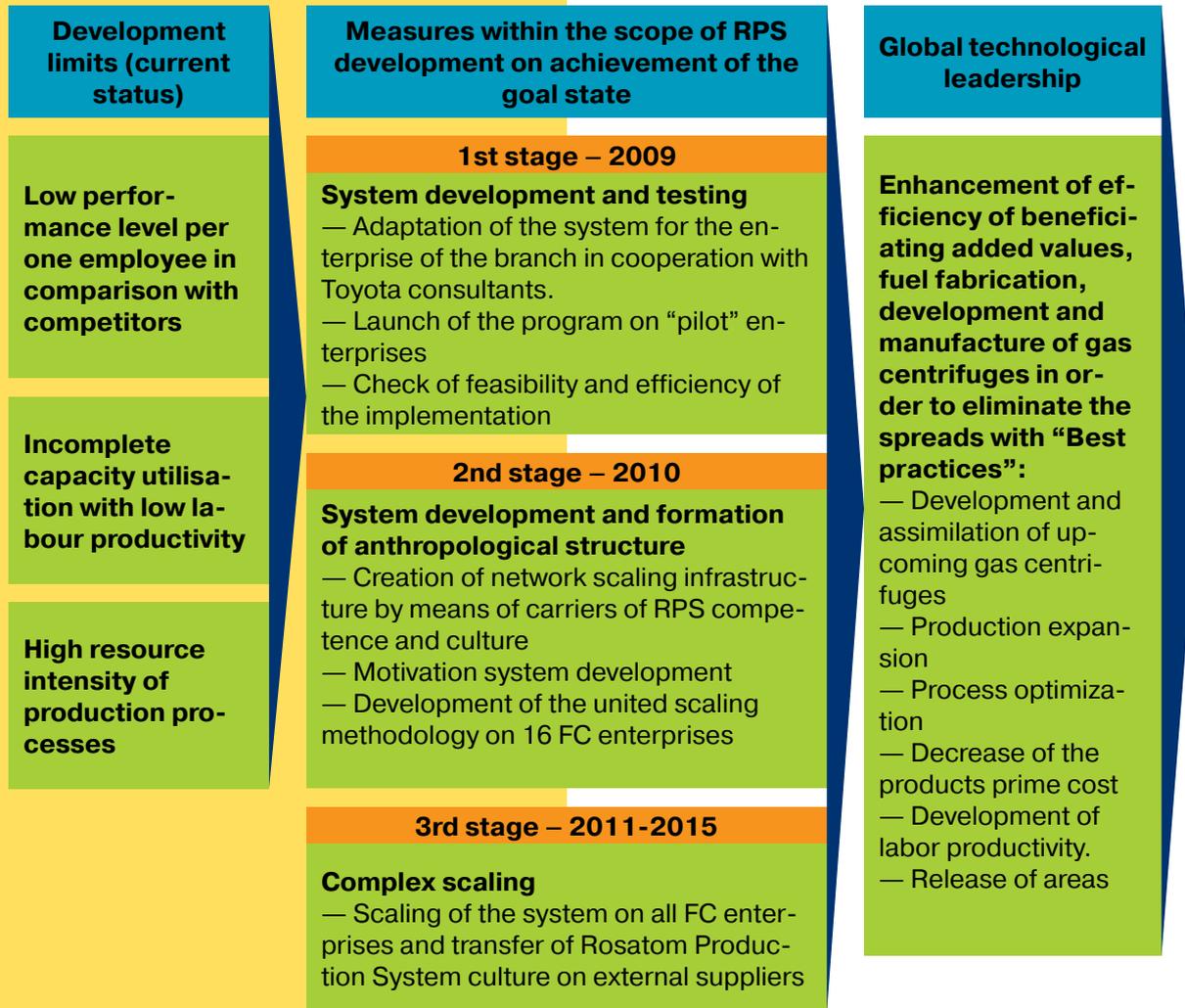


Figure 2.5.1. Stage of RPS development in FC “TVEL” until 2015

2.6 Modernisation and technical re-equipment of FC "TVEL" enterprises

The scope of funds, directed by FC "TVEL" for modernisation and technical re-equipment of enterprises in 2010 exceeded 18 bln. rubles.

Modernisation of enterprises of the fabricating complex

JSC "Novosibirsk Chemical Concentrate Plant"

In 2010 produced and put into operation reducing pyro hydrolysis installation for obtaining uranium dioxide powder of the ceramic type. The installation was designed by the project designing organizations of FC "TVEL". Basic processing equipment was produced by the Russian industrial enterprises, of FC "TVEL", in particular by JSC "Mashinostroitelny Zavod", JSC "Chepetsk Mechanical Plant", JSC "Ural Integrated Electrochemical Plant" and JSC "Novosibirsk Chemical Concentrate Plant". Qualification tests of a batch of powder and acceptance checkouts of fuel pellets made of the powder obtained by reducing pyro hydrolysis were held.

As well as that JSC "Novosibirsk Chemical Concentrate Plant" created a site for precision casting of stainless steel work parts and developed an obtainment technology of castings with the guaranteed chemical composition and mechanical characteristic quality level corresponding to the TS requirements; there were held acceptance checkouts for fuel assembly constituent parts castings (fuel assembly VVER-440 heads and tails and fuel assembly 2M VVER-1000 tails), commercial series production was started; 10 tons of general purpose industrial grade foundry products were explored, produced and shipped; erection works and mastering first stage mechanization means in a melting compartment site of precision casting were completed.

JSC “Mashinostroitelny Zavod”

in 2010 established a technology of press powder preparation for the equipment of HOSOKAWA company; 140 tons of fuel pellets were produced; yield was enlarged, as well as energy consumption and the consumption rate of secondary materials were reduced; productivity was doubled. Manufacturing of uranium dioxide powder was put into operation according to ADU-process (getting uranium dioxide through the intermediate phase of precipitating poliuranate ammonium), which allows improving labour conditions and products quality. Also in 2010 an assembly-weld robotic cell framework from KUKA (Germany) was introduced and a framework welding technology of fuel assembly of alternative structure (TVSA) for nuclear stations of Ukraine and TVSA-T for Temelin NPP. Implementation of the given technology allowed for raised productivity of frameworks assembling and welding as well as improving the quality of products.

JSC “Chepetsk Mechanical Plant”

In 2010 JSC “Chepetsk Mechanical Plant” continued the exploration of technology of the separation of zirconium and hafnium chlorides and a step-by-step production exploration of zirconium sponge according to its complete manufacturing scheme. An installation decomposition was completed to form 4 separate independent sites. There was mastered the technology and equipment of salt and absorption refining of zirconium tetrachloride and its residual elements. Complex site testing on magnesium-thermic reduction of zirconium tetrachloride was held, test batches of zirconium sponge were produced and acceptance checkouts were held. Also during the reporting period, modernisation and technical re-equipment of zirconia production was introduced. New production equipment was purchased for milling processing. A new method of radial forging and work parts boring when producing shell pipelines was also introduced. In 2011 it is planned to pass on to a batch production of rolled products with exclusive standards of large-sized work parts according to new technological schemes on the purchased equipment.

Modernisation of enterprises of sublimation-separation complex

Modernisation of separating capacities in accordance with the replacement programme of the gas centrifuges of the fifth and sixth generations, which have been used, with gas centrifuges of the eighth and ninth generations allows reducing equipment units and the number of required space as well as energy resources consumption.

In 2010 modernisation was carried out in the following enterprises:

- At the Ural Electrochemical Integrated Plant — 3 blocks with the replacement of the fifth generation machines on PAC-8 (gas centrifuges production);
- At Siberian Chemical Combine OJSC — 1 block with the replacement of the fifth generation machines on PAC-8;
- At SC PA Electrochemical plant – 2 blocks with the replacement of the fifth generation machines on PAC-8.

In Angarsk Electrolysis Chemical Combine OJSC there were brought in exploitation 3 sites of PAC-8 of the re-created non-rearrangeable cascade NC-2.

Siberian Chemical Combine OJSC

In 2010 there were held construction and installation works on the natural uranium affintage installation on the basis of centrifugal extractors as well as batch loading assembling of wet concentrated products in a technological scheme. Besides at the sublimation plant there were completed the works on separation of HFC production chains of natural and recycled uranium; works on mastering the technology of dry hydro fluorination of lower uranic oxide with the moisture-free hydrogen fluoride were continued.

JSC "PA Electrochemical Plant"

Also in 2010 in JSC "TVEL" "Main directions of technology development and technical re-equipment of JSC "PA Electrochemical Plant" and measures on their realization were worked out, agreed and approved.

At Ural Electrochemical Integrated Plant in 2010 there were held acceptance checkouts of the experimental-industrial complex system "Control, operating and emergency protection system of the dividing production shop as a part of AKSU-3" (automatic process control system on base of AKSU-3) worked out and produced by Ural Electrochemical Integrated Plant in collaboration with Uralpribor LLC. In collaboration with Novouralsk Scientific Engineering Centre, Ltd. the tests of a pilot batch of gas centrifuges of the ninth generation were performed.

Modernisation of enterprises producing gas centrifuges

JSC “Kovrov Mechanical Plant”

In 2010 held the works on batch production of GC-9. Purchasing costs of the new production equipment and assembly works made up of 83.683 million rubles. The total predicted cost advantages made up 338.64 million rubles, the pay-back period being 8.2 years. The cost advantages will be received after the beginning of batch production of GC-9. Besides within the framework of the project on enterprise energy efficiency improvement, utilities were also modernised. Modernisation costs made up 1,289.2 million rubles; annual average cost advantages made up 738 thousand rubles.

Vladimir Production Association Tochmash OJSC

In 2010 Vladimir Production Association Tochmash OJSC held the works directed at updating and modernisation of power facilities and utility networks. The investments made up over 500 million rubles with the payback time of 6 years.

UGCP LLP

In 2010 the hydro abrasive cleaning installation was implemented at UGCP LLP for machine frame and cover of GC case instead of chemical milling. The benefits from the implementation will be 3.3 million rubles in 2011. All the necessary equipment was acquired in order to organise the chemical laboratory, site for manufacture of needles, pendulum components and tubes. The equipment is mounted and ready for qualification tests. The cancellation of services of external agencies will allow for savings of about 1.7 million rubles per year.

Also the equipment for stator manufacturing site was acquired in order to reduce intrashift downtime.

Besides, the equipment for creation of the “Electronic Passport” was acquired, mounted and put in operation. The implementation of the “Electronic Passport” system will solve the issues of identification and traceability of GC manufacture within the whole period of its life history.

9 revenue metering units for energy sources were mounted and put into operation (industrial and service water) in order to control the energy sources consumption and reduce expenses by 10-15%.



Administrative system of FC "TVEL"

- 3.1** Corporate administration of JSC "TVEL"
- 3.2** Investment activity
- 3.3** Quality management
- 3.4** Risk management
- 3.5** Internal control and audit
- 3.6** Financial management
- 3.7** Information technologies

3.1 Corporate administration of JSC "TVEL"

Corporate procedures are performed at JSC "TVEL" taking into account the provisions of the Corporate Code of Conduct recommended for application by the FCSM (Federal Commission for the Securities Market) of Russia. The procedures of insurance of shareholders' rights, disclosure of information, preparation and holding of meetings of the board of directors and meetings of shareholders, control of financing and operating activities are brought under regulation of the Corporate Code of Ethics and Conduct of the Company and its affiliates as well as in internal provisions on administration and control bodies.

In 2010 the activity in the area of corporate administration was directed to form and improve the structure of FC "TVEL", to increase controllability of the subsidiaries and efficiency of their activity.

Management structure

The existing management structure of FC "TVEL" as a vertically integrated holding organisation is stipulated in the provisions of the Articles of Association of JSC "TVEL" and the companies included in the sphere of its consolidation and the following normative legal instruments:

- Federal law dated 25th of December 1995 No. 208-FA "On Joint-Stock Companies";
- Federal law dated 21st of November 1995 No. 170-FA "On The Use Of Atomic Energy"
- Decree of the President of the Russian Federation dated 8th of February 1996 No. 166 "On Improving Nuclear Fuel Cycle Enterprise Management";
- Resolution of the Government of the Russian Federation dated 11th of June 1996 No.677 "On the Measures of Execution of the Decree of the President of the Russian Federation dated 8th of February 1996 No. 166 "On Improving Nuclear Fuel Cycle Enterprise Management";
- Decree of the President of the Russian Federation dated 27th of April 2007 No. 556 "On Restructuring the Electric Power Industry of the Russian Federation";
- Federal law dated 01st of December 2007 No. 317-FA "On the State Atomic Energy Corporation Rosatom".

Since 100% of JSC “TVEL” shares belong to one shareholder (JSC Atomenergoprom) the decisions on the issues related to the competence of the general meeting of shareholders are taken by this shareholder solely.

The supreme administrative bodies of the JSC “TVEL” subsidiaries and associate companies are general meetings of shareholders (members). The procedure of decision making by the general meeting of shareholders (members) included in the sphere of consolidation of JSC “TVEL” is determined by the provisions on these bodies.

Boards of directors and sole executive bodies executing their activity in accordance with the provisions on these bodies adopted by the meetings of shareholders (members) are also the administrative bodies of JSC “TVEL” and FC “TVEL”.

Auditing committees executing their activity in accordance with the provisions on these bodies approved by meetings of shareholders (members) are the supervisory bodies of JSC “TVEL” and FC “TVEL”.



Figure 3.1.1.
The scheme
of the corporate
governance
bodies

Chapter 3. Administrative system of FC "TVEL"

Board of Directors

The Board of Directors of JSC "TVEL" plays a key role in the strategic governance of FC "TVEL". The tasks of the Board of Directors are to develop the system and practice of corporate governance of FC "TVEL" and its affiliates and dependent companies. The composition of the Board of Directors is formed by the sole shareholder taking into account the possibility to solve the indicated problems. The Board of Directors mostly comprises of outside directors who are not the employees of JSC "TVEL", specialists with great work experience in the field and deep understanding of the specifics of FC "TVEL" activity.

Twenty three meetings of the Board of Directors of JSC "TVEL" were held in 2010. The key decisions of the Board of Directors within the accounting period were those on change of corporate and organisational structure of JSC "TVEL" connected with formation of FC "TVEL"; decisions in the field of investment and dividend policy; decisions on the determination of key efficiency rates.

By the decision of the sole shareholder of JSC "TVEL" dated 30.06.2010 No. 12 the Board of Directors, 6 members in total, was elected in the following composition

Alexandr Markovich Lokshin

The Chairman of the Board of Directors of JSC “TVEL”

Born on October 11, 1957 in the town of Chita. In 1980 graduated from M.I. Kalinin Leningrad Polytechnic Institute with the qualification in “Thermophysics”. Honoured power engineer of the Russian Federation.

1980—1996: Engineer, Senior Engineer of thermal test laboratory, Senior Engineer of power unit management, Engine Operator and Equipment Inspector of the turbine equipment of the turbine department, Shift Supervisor of the turbine department, Shift Supervisor of the power unit No.2, Shift Supervisor of the first line station of the Smolensk NNP (Desnogorsk town, Smolensk Region).

1996—1998: Deputy Director of the General Directorate, Deputy Administrator of the Department of Commerce: Head of the Research Department of Rosenergoatom Concern (Moscow).

1998—2001: First Deputy Director of Marketing, Economy and Commerce of the FSUE Rosenergoatom Concern.

2001—2006: Acting Director, Director, Deputy Director General of Rosenergoatom Concern, Director of the Smolensk Nuclear Power Plant, the affiliated organization of Rosenergoatom Concern.

2006—2008: First Deputy Director General, Acting Director General of the FSUE Rosenergoatom Concern.

June 2008—January 2010: Deputy Director General of Rosatom State Corporation.

Since February 2010: Deputy Director General, Director of the Department for Nuclear Power Complex of Rosatom State Corporation.

Since April 2011: First Deputy Director General, Director of the Department for Nuclear Power Complex of Rosatom State Corporation.





Alexei Antonovich Grigoriev

Member of the Board of Directors of JSC "TVEL".

Born on April 15, 1952 in the city of Kiev. In 1975 graduated from the Moscow Institute of Chemical Technology, in 1983 graduated from the All- Union Academy of Foreign Trade.

1998—2007: Primary Examiner, Deputy Director General, Director of Uranservice Company, Deputy Director General, First Deputy Director General, Acting Director General of JSC Technabexport, Moscow city.

Since 2007: Director General of JSC Technabexport, Moscow city.

Kirill Borisovich Komarov

Member of the Board of Directors of JSC “TVEL”
Born on December 29, 1973 in the city of Leningrad (at present Saint Petersburg). In 1992 finished Law Lyceum under the Ural State Law Academy with honour. In 1997 graduated from the Ural State Law Academy, Judicial and Prosecutorial Department. After graduation from the academy entered a PhD program, in 2000 defend a thesis on the subject: “State management: management facilities in the economic sphere”.

1996—2000: worked in the legal consulting company (YurKon CJSC) (Yekaterinburg), rose from Specialist to First Vice-President. From July 2000 till July 2005 worked in RENOVA group of companies (Chief Legal Officer for project management of RENOVA CJSC, First Deputy Director General of RENOVA CJSC, Director General of RENOVA-Razvitie JSC).

2005—2006: Deputy Director of the Federal Agency for Water Resources of the Russian Federation.

March 2006-April 2007: Vice-President of JSC “TVEL”.

Since April 2007: Director General of OJSC Atomenergomash (the subsidiary of JSC “TVEL”). In December 2007 he was engaged in the position of the Deputy Director of JSC Atomenergoprom. Since March 2010: the Executive Director of the Directorate for Nuclear Power Complex of Rosatom State Corporation combining this position with the position of the Director of JSC Atomenergoprom.

Since April 2011: Deputy Director General of Rosatom State Corporation on development and international business.





Vladislav Igorevich Korogodin

Member of the Board of Directors of JSC "TVEL".

Born on October 25, 1969 in Moscow. In 1992 graduated from the Moscow Institute of Physics and Technology (qualification: "Applied mathematics and physics").

In 1992—1993 worked as a Construction Electrician of the cooperative society "Avtovyezd".

In 1993—1994: Dispatch Operator, Chief Accountant of Camelia LLP.

In 1994: Post-graduate of Bauman Moscow State Technical University, Manager of OJSC RINBI, Expert of the commercial bank BITTsA.

1994—1995: Expert, Chief Expert of the branch "Basmanny" of JSB Prezentkombank.

1995—1997: Expert, Head of the Department of the branch "Horoshevski" of JSB Converse

Bank.

1997—1999: Deputy Head of the Department, Head of the Department, Deputy Managing Director of JSC Converse Bank.

1999—2004: Head of the Department, Director of the Division of JSC Techsnabexport.

2004—2007: Deputy Head of the Federal Agency for Atomic Energy.

2007—2008: Director of the Division of Marketing and Market Outlets of JSC Atomenergoprom. In July 2008 was accepted for the position of the Deputy Director of JSC Atomenergoprom.

Since March 2010: Deputy Director of the Directorate for Nuclear Power Complex of Rosatom State Corporation.

Yuri Alexandrovich Olenin

Member of the Board of Directors, President of JSC “TVEL”.

Born on November 13, 1953 in Kirovabad town (Azerbaijan SSR) in the family of a military serviceman.

In 1976 graduated from the Yerevan Polytechnic Institute, Radio Engineering Faculty.

In 1986 defended the thesis for the degree of PhD in Technical Sciences.

In 1996 graduated from the Penza State Technical University, qualification “Jurisprudence”.

In 2000 took a course at Manchester Business School and German Academy of Management under the program for executive staff.

In 2002 defended the doctorate thesis.

1976—1978: Engineer of Ashtarak Branch of Kometa Central Research Institute (Ashtarak, Armenian SSR).

He has been working in the nuclear branch since 1978.

1978—1989: Engineer, Senior Engineer, Senior Researcher, Head of laboratory of the Special Design-Engineering Office (Zarechny town, Penza region).

1989—1993: Chief Designer of Research and Design Institute of Radio-Electronic Engineering (NIKIRET).

1993—2004: Director of the Subsidiary State Unitary Enterprise NIKIRET, Deputy Director of State Unitary Enterprise Special Research and Production Association “Eleron” (Zarechny town, Penza region).

2004—2007: Director General of Federal Research and Production Centre Federal State Unitary Enterprise “Production Association “Start” (Zarechny town, Penza region).

Since March 12, 2007: First Vice-President of JSC “TVEL”.

Since June 29, 2007: President of JSC “TVEL”



**Nikolay Solomon Iosifovich**

Member of the Board of Directors of JSC "TVEL".

Born 3 January, 1971 in Moscow. In 1993 graduated from Moscow State Automobile and Road Institute, in 1995 graduated from Moscow Finance Academy under the Government of the Russian Federation. Qualifications: "Mechanical Engineer of Road-Building Machines", "Economist in International Economic Relations." Member of the Association of Chartered Accountants in England and Wales.

From 1994 till 2003 occupied various offices in departments of audit and management consulting of PricewaterhouseCoopers (consulting of large companies in the electric-power sector).

2003—2005: Director of the Project Management Department, Acting Director General of Finance and Accounting Centre of JSC Yukos-Moscow.

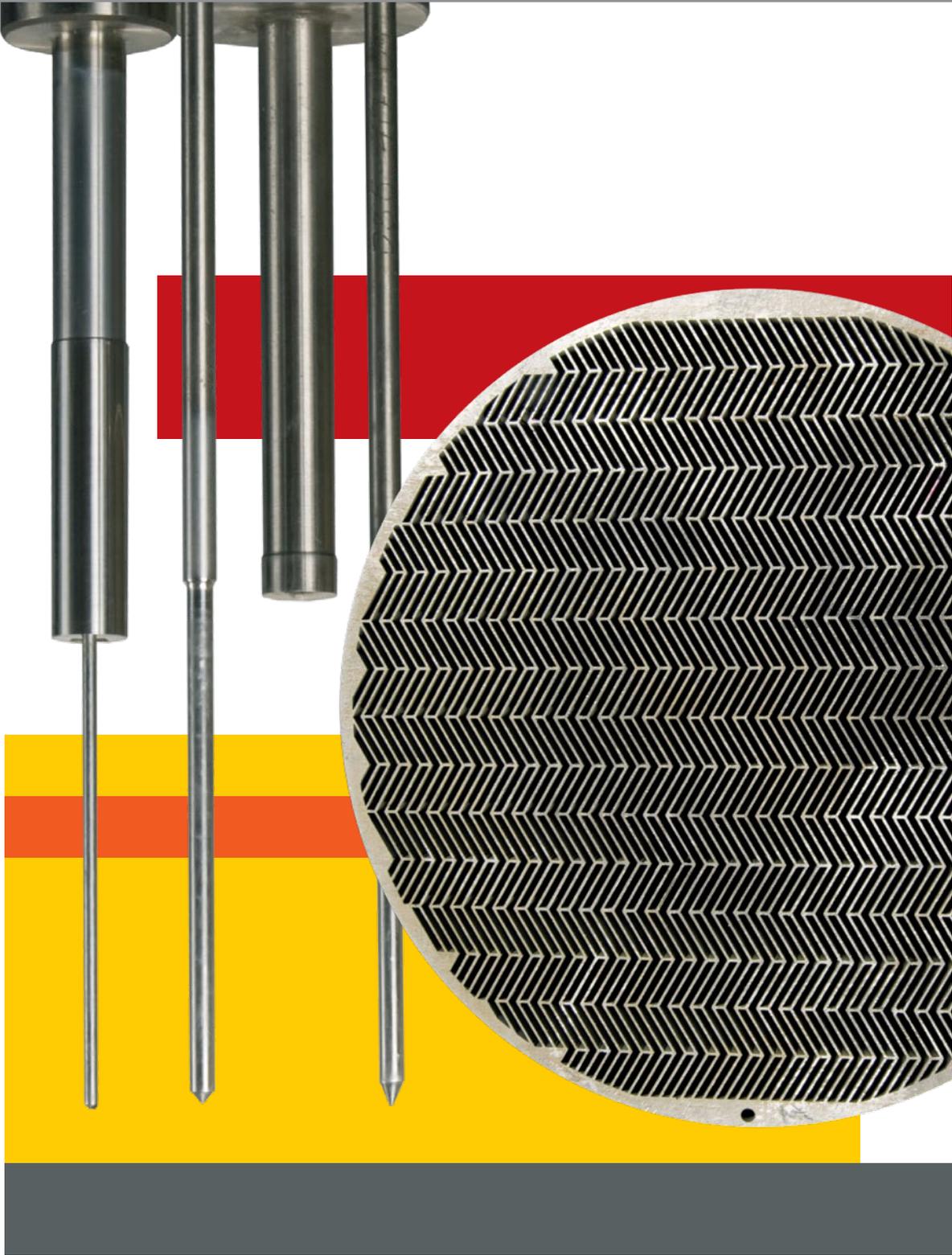
Since 2005 worked as Auditor and Director of Economics and Controlling in OJSC Siberian Coal Energy Company (OJSC SUEC).

February 2009-January 2010: Deputy Finance Director General of Rosatom State Corporation.

Since February 2010: Deputy Director General of Economics and Finance of Rosatom State Corporation.

Since April 2011: First Deputy Director General of Corporative Functions, Chief Financial Director of Rosatom State Corporation.

The members of the Board of Directors do not hold any shares of JSC "TVEL".
In 2010 no remunerations were paid to the members of the Board of Directors.
There are no committees attached to the Board of Directors.



Chapter 3. Administrative system of FC "TVEL"

Sole executive body

According to the Articles of Association of JSC "TVEL" Yuri Alexandrovich Olenin, the President of JSC "TVEL" acts as the Sole Executive Body by virtue of the decision of the general meeting of shareholders and the concluded contract.

The President of JSC "TVEL" does not hold any shares of JSC "TVEL".

In accordance with the contract concluded between JSC "TVEL" and the President of JSC "TVEL", the remuneration of the President according to the results of the year is determined by the decision of the Board of Directors of JSC "TVEL" on the basis of economic and financial results of JSC "TVEL" activity.

Property Management

The Property Management in FC "TVEL" is aimed at improvement of the structure and enhancement of the effectiveness of non-current assets usage including batches of shares of affiliates and dependent companies as well as fixed-capital assets and real estate properties. Management of blocks of shares of affiliates and dependent companies is based on the mechanism of corporate relations and internal documents determining the cooperation procedure of JSC "TVEL" with its affiliates in different areas of their financial and economic activities. The most important decisions concerning non-current assets management are taken by the general meeting of shareholders (the sole shareholder) and by the Board of Directors of JSC "TVEL" within their competence.

A significant role in the management of subsidiaries is assigned to the Boards of Directors, the major issues of the subsidiaries activity fall within its competence according to the Articles of Association. Preparation of meetings of the boards of directors of affiliates is carried out with the involvement of structural units of JSC "TVEL" for the study of materials on the agenda and drafting of decisions.

Management of non-current assets of the corporation is carried out using a common database of fixed assets including non-privatised federal property operated by affiliates of JSC "TVEL".

Acquisition and alienation of real estate property by affiliates regardless of its value is carried out after the approval of the Board of Directors of these companies for transactions. Real estate property is realised on a competitive basis at market price.

The procedures on property management provide efficiency and transparency of the decisions taken on transactions with non-current assets and are aimed to increase profits of FC "TVEL".

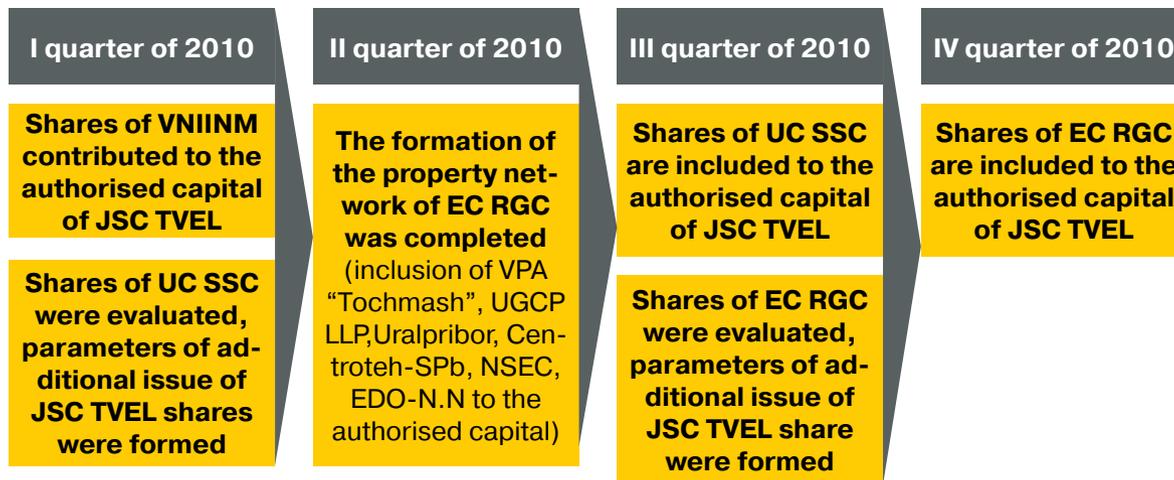


Figure 3.1.3 Formation of the property network of JSC "TVEL" in 2010

Dividend policy

The dividend policy of JSC "TVEL" and its affiliates and dependent companies is formed annually with regard to the need of investments in manufacture, its reconstruction and improvement of technical basis.

In 2010 according to the decision of the sole shareholder (JSC Atomenergoprom) dated 30.06.2010 No. 12 the dividends summarizing the results of 2009 were paid off in the amount of 1,585,530 rubles and according to the decision of the sole shareholder dated 08.11.2010 No. 12 the dividends summarising the results of 9 months 2010 were paid off in the amount of 138,000 rubles.



Figure 3.1.4. Dynamic of JSC "TVEL" dividend paying off (million rubles)

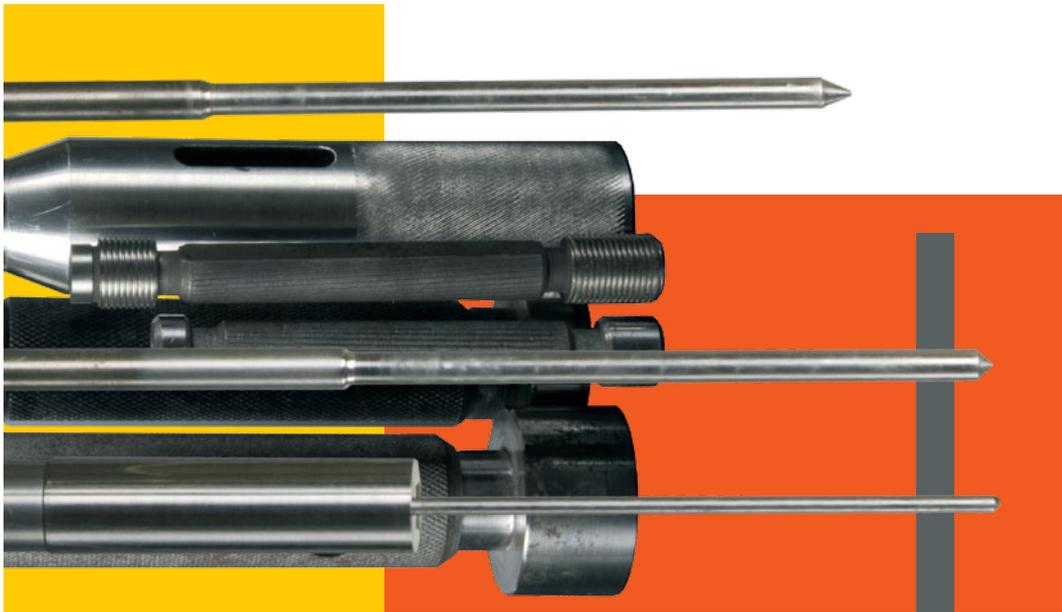
Major transactions and interested party transactions

In 2010 JSC "TVEL" did not consummate transactions recognised in accordance with legislation as major transactions and interested party transactions.

Code of conduct

JSC "TVEL" is a pilot site for implementation of the Code of Conduct of Rosatom State Corporation. The tasks of ethical standards implementation in the company's activity are the increase of controllability, solution of good practice issues, increase of reliance, formation of ability to resolve problems constructively. The Code of Conduct is destined to define basic principles of corporate, professional and business ethics as well as basic mechanisms of corporate governance for organisation and control of works on implementation of these principles into practice.

The developed ethical standards are based on IAEA recommendations, traditions of the branch and best experience of Russian and foreign companies.



3.2 Investment activity

In 2010 the Provision on the Investment Committee of JSC “TVEL” was developed in order to increase the efficiency of the investment activity and the assurance of managerial decisions making. The Provision on the Investment Policy of JSC “TVEL” was developed and approved on the basis of provisions of the Investment Policy of Rosatom State Corporation.

Within the scope of its investment activity JSC “TVEL” also relies on the following branch command and control instruments:

- Management Standard for capital investment projects and programmes of Rosatom State Corporation, its organisations and subordinate enterprises and their affiliates;
- Standard of formation of Rosatom State Corporation investment project passports.

The main body of investment activity management is the Investment Committee (IC) of JSC “TVEL”. The tasks of the Committee include drawing-up recommendations (conclusions) and preparation of decisions on investment policy formation, reconciliation of strategic development programmes, investment programs, strategic investment projects, projects of company restructuring and business diversification.

In total 16 meetings of the IC of JCS TVEL were held during 2010 including 9 official meetings where the investment memorandums of RGC and SSC enterprises and fabrication were approved.

In the first half of 2011 it is planned to approve the Management Standard for investment projects and programmes of JSC “TVEL”.

The financial backing of the investment projects of JSC “TVEL” in 2010 was performed in accordance with the design approach in the following directions on each enterprise:

Development programmes for primary production:

- cost reduction for primary production;
- observance of contractual obligations on products delivery;
- observance of regulations of nuclear and radiation safety.

Development programme for general industrial activity:

- increase of production;
- reduction of load on primary production;
- optimum utilisation of equipment and released areas.

Development programmes for infrastructure and social sphere:

- reduction of level of energy dependence of enterprises, cost optimisation for energy sources;
- improvement of quality of internal communications.

Performance of measures on nuclear and radiation safety (NRS):

- provision of the desired level of industrial, nuclear and eradication safety.

27,194.9 million rubles were directed on measures within the scope of the investment activity of JSC "TVEL" in 2010.

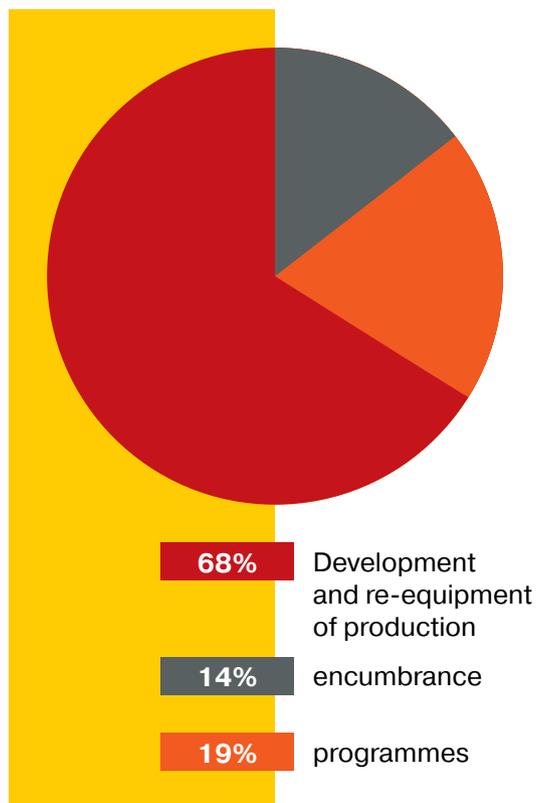
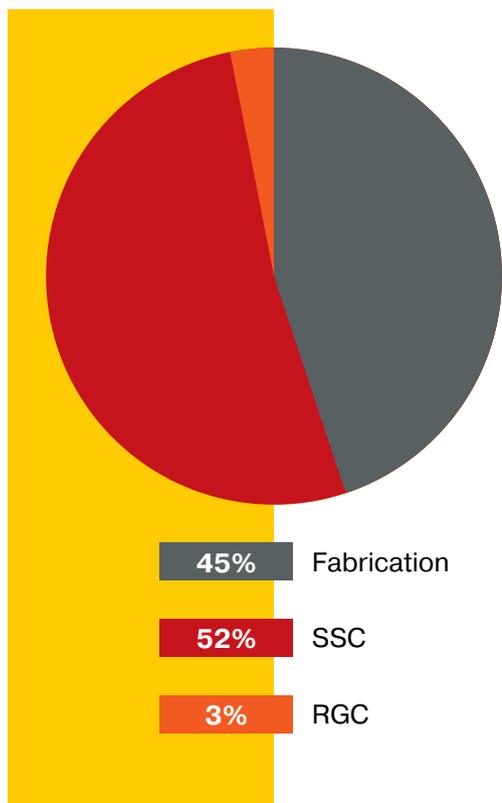
Table 3.2.1.
Amount of financing of investment activity according to directions

Direction	Amount of financing, million rubles	Share of the direction
Nuclear production	18 385,9	68%
Development of General Professional Disciplines	899,5	3%
Infrastructure development	2 952,8	11%
NRS	3,765.4	14%
Other	1 191,3	4%
Total for FC "TVEL"	27 194,9	100%

Table 3.2.2.
Investment distribution on enterprises of FC "TVEL" in 2010

Direction	Amount of financing, million rubles	Share of the direction	Name of the enterprise	Fact (2010), million rubles	Share in total volume
Nuclear production	18 385,9	68%	JSC UEID	5 434,78	20%
			JSC "TVEL"	4 134,20	15%
Development of General Professional Disciplines	899,5	3%	JSC PA ECP	4 316,96	16%
			SCC OJSC	2 779,02	10%
			JSC MSZ	2 820,63	10%
			CMP OJSC	2 109,84	8%
Infrastructure development	2 952,8	11%	JSC NCCP	1 573,34	6%
NRS	3,765.4	14%	AECC OJSC	1 452,02	5%
Other	1 191,3	4%	VNIINM JSC	985,18	4%
			MPP OJSC	624,29	2%
Total for FC "TVEL"	27 194,9	100%	Other *	964,63	4%
			Total	27194,89	100%

*Other are the enterprises, the equity contribution in which was less than 1% from the total volume summarising the results of 2010.



The increase of investment volume aimed at the financing of projects in 2010 is subject to the inclusion of RGC and SSC enterprises with the total investment volume of 14,849.51 million rubles as well as VNIINM, TVEL-STROY, TVEL-INVEST with the total investment volume of 1,083.08 million rubles into consolidation network FC "TVEL".

In 2011 it is planned to direct over 39 billion rubles for fulfilment of measures within the frame of investment activity of JSC "TVEL".

3.3 Quality management

Figure 3.3.1.
Certificate of conformation of the quality management system to the requirements of ISO 9001:2008



A corporate quality management system certified according to the international standard ISO 9001 in TUV CERT is applied in FC "TVEL". The system covers the full cycle of projecting, development, production, storing, delivery and technological support of usage of fuel assemblies and the components of reactor fissile cores.

Main organisation document in the area of quality management is the Quality, Environmental Protection and Safety Policy.

Consumer satisfaction is evaluated by means of regular consumer surveys with further analysis of the obtained results. The work is performed in accordance with the procedure "Consumer satisfaction evaluation" P-9-2004 developed on the basis of ISO 9001:2008 requirements. The results of the survey are positive.

In 2010 there were no claims and reclamations from consumers of FC "TVEL" products.

In 2010 Nuclear Fuel Quality Assurance Programme was developed to provide conformity of delivery to the address of "Slovak power plants" JSC to Nuclear Energy Law No. 541 of the Slovak Republic. The audits of the corporate quality management system (CQMS) of all the manufacturing divisions of FC "TVEL" were performed.

3.4 Risk management

High requirements to the nuclear and radiation safety of NPPs operations determine the certainty of the execution of all measures to prevent risks of default on obligations on volumes, terms, quality and safety of the delivered nuclear fuel from FC "TVEL". To provide reliability and uninterrupted manufacture and supply of nuclear fuel to consumers the necessary reservation of production capacities and resources as well as system hedging management of risks that may influence on the process of nuclear fuel production is performed.

Risk management is performed and improved on the basis of continuous monitoring of external and internal environment, analysis of arising threats and opportunities, strategic anticipation and corporate control.

Effective interchange of information necessary for operative strategic risk management is established with the organisations of Rosatom State Corporation as well as between the Board of Directors, the sole executive body, functional sub-divisions of FC "TVEL" and its affiliates.

In accordance with the Order of Rosatom State Corporation "On organisation of works on the project "Development and Implementation of the Risk Management Systems" the analysis of current risk management practices in the organisations of nuclear branch (including FC "TVEL") for development of the corporate-wide risk management policy was performed by Rosatom State Corporation in 2010.

The main objectives and tasks of corporate-wide risk management policy development are:

- introduction of the common risk management terminology;
- formalisation of corporate risk management principles;
- determination of the procedure of risk management strategy development;
- determination of the requirements to risk management technique;
- formalisation of the principles of organisational risk management model construction as well as determination of the roles and responsibilities for risk management;
- determination of main risk management processes;
- determination of the procedure of the knowledge and skills improvement in the area of risk management.

FC "TVEL" is planning to take into consideration the Rosatom State Corporations Risk Management Policy as it is in 2011.

The main risks for strategy implementation and approaches to their minimising

Decline of FC "TVEL" share on the market of uranium enrichment services

Risk description:

The greatest influence on the decline of FC "TVEL" share on the market of uranium enrichment services will be exerted by:

- higher increase of regional segments of the market of uranium enrichment services located abroad;
- transfer of competitors to effective gas centrifuge enrichment technologies and reduction of the gap in the service cost value;
- higher-than-anticipated growth of enrichment capacities in comparison with generation capacities;
- quota policy for Russian uranium enrichment services.

Risk features

Influence	Probability
High	High

Approach to risk minimisation:

In order to reduce risk the accumulation of the already existing competitive advantages of Russian GCs and uranium isotope separation technologies, particularly by means of optimisation of productive capacities is provided to be performed.

The approaches applied to risk minimisation include creation of new generations of GCs, modernization and rearrangement of capacities as well as restructuring of assets of separation plants in the direction of increase of their profitability due to increase in productivity and reduction of operation cost.

The projects of uranium isotopes separation manufactures localisation are developed for the purpose of service promotion to new regional segments of the world market under the quota policy for Russian uranium enrichment services.

Reduction of price for SWU

Risk description:

The main factors causing the risk of price reduction for SWU:

- transfer of competitors to effective gas centrifuge enrichment technologies and reduction of the gap in the service cost value;
- higher-than-anticipated growth of enrichment capacities in comparison with generation capacities.

Risk features

Influence	Probability
High	High

Approach to risk minimisation:

On the basis of monitoring of changes at the market situation in this product segment FC “TVEL” plans to implement a complex of outrunning measures to reduce operational costs in separation-sublimation complex and to maintain profitability of uranium enrichment services on the maximum possible level. The reduction of operational costs will allow compensating the reduction of price for SWU.

Reduction of the volume of VVER blocks implementation compared to the forecast accepted in the strategy

Risk description:

Reduction of the volume of VVER blocks implementation compared to the forecast accepted in the strategy

Risk description:

The loss of volumes of the expected orders for nuclear fuel is connected with the fact that ASE JSC (Atomstroyexport) won no contracts for construction of new power units abroad, that the Government of the Russian Federation reviewed the programme of reactor facilities implementation in Russia as well as with the delay in construction terms and putting new power units into operation in Russia and abroad.

The sources of risk are the energy strategy of customer countries, the state of the international financial system, the geopolitical situation and consequences of the accident at the NPP in Japan, the state of economy in the Russian Federation and adjustment of the Energy Strategy of Russia ES-2030.

The probability of the abovementioned events is evaluated as high, and their consequences will directly influence the effectiveness of the plans of FC "TVEL" development.

Risk features

Influence	Probability
High	High

Approaches to risk minimisation:

- Study of new markets in the countries developing atomic power engineering or expanding its presence performed by FC "TVEL" together with ASE JSC;
- Participation in government relations of Russian atomic energy industrial complex abroad, conducting GR and PR campaigns;
- Proposal of innovative solutions in the field of NF fabrication and SNF handling services to customers in order to increase the attractiveness of VVER.

Risk of scientific-and-technological community shortfall in the course of realisation of the project “Provision of Technological Leadership in the Sphere of Nuclear Fuel and Isotope Separation”.

Risk description:

Lack of attractiveness of scientific work for young people (the average age of employees in JSC VNIINM is over 49 years, including 33% of retirees) is caused by the lack of effective motivation system of scientific staff and unbalanced man-loading that also influences the rate of remuneration.

Risk features

Influence	Probability
High	High

Approaches to risk minimisation:

- formation of the effective motivation system for scientific staff with the usage of the “royalty” mechanism;
- provision of additional load of scientific departments with works on innovation non-nuclear subject.

Production and technological risks

Risk description:

Production risks in nuclear activity are mainly characterised by the probability of violation of products manufacturing processes and failure of task fulfilment by terms, volume and quality of products release. Production risks in innovation products release are mainly caused by the probability of declines and outages of new manufactures and the lack of personnel qualifications.

Technological risks include the probability of deterioration or loss of competitiveness of products/ services produced on the basis of the applied technologies and in the level of their safety, consumer properties and cost value.

Risk features

Influence	Probability
High	Low

Approaches to risk minimisation:

The sufficient reservation of capacities or the time necessary for decommissioning of replaceable capacities is planned on enterprises in order to eliminate or reduce the production risks in nuclear activity.

Minimisation of production risks in the scope of innovative products release is to be provided by creation of the system of qualitative study of innovation projects, supply of reliable equipment, its mounting and full pilot production. Within the framework of retrieval system development, professional training and retraining of FC "TVEL" staff it is planned to increase staff quality.

Approaches to reduction and hedging of technological risks used by FC "TVEL" include:

- constant study of development trends of nuclear fuel cycle and corresponding technologies and construction materials;
- improvement of the engineering capability of manufacture;
- appropriate legal protection of technologies;
- constant study of the world patent environment of corresponding technologies

Risk caused by transition of competitors to the usage of absolutely new uranium isotopes separation technologies

Risk description:

The basis for transition of competitor companies to the deployment of laser uranium isotopes separation technology is already being prepared; the uranium enrichment plant with the application of laser technology is being built in the USA. In case of success of laser technology FC “TVEL” may not only lose its technological leadership in the sphere of uranium enrichment but also lag behind its competitors.

Risk features

Influence	Probability
High	Medium

Approaches to risk minimisation:

- development of perspective GC with consumer properties determined by the competitive environment;
- search and development of new industrially realisable and competitive uranium isotopes separation methods.

Social risks connected with the implementation of structural transformations of FC "TVEL" enterprises

Risk description:

Optimisation of manufacture and reconfiguration of capacities are accompanied by corporate re-shuffle; the rise of the social strain in the places of FC "TVEL" enterprises location is also probable. Consequently, the present risk sufficiently limits the opportunities for optimisation of transformations that have no alternatives in terms of the provision of their competitiveness. The probability of the abovementioned events directly depends on the state support line; at this stage it is evaluated as medium.

Risk features

Influence	Probability
Medium	Medium

Approaches to risk minimisation:

The top-priority direction in risk minimisation is first of all the initiation of measures of state support on the part of Rosatom State Corporation that include:

- new business-units formed in the process of restructuring;
- creation of the system of redeployment of highly-qualified staff;
- development of staff re-training and re-orientation programmes;
- development of small and medium business.

Efforts of FC "TVEL" are directed at creation of replaceable innovation manufactures on the released areas of its enterprises.

Risks of loss of strategically important competences because of the runoff of highly-qualified staff by FC “TVEL” enterprises because of low rate of remuneration and life quality

Risk description:

Risk of loss of unique knowledge and competence as a result of release/transition of highly-qualified staff to other organisations. The problem of preservation of unique competences is of special relevance for FC “TVEL” enterprises based in the Closed Administrative Territorial Unit (CATU). The probability of the events connected with the runoff of highly-qualified staff and loss of competences by FC “TVEL” is determined as medium.

Risk features

Influence	Probability
Medium	Medium

Approaches to risk minimisation:

Main approaches to prevention of loss of FC “TVEL” competences provide:

- increase in the rate of remuneration and life quality of key highly-qualified specialists of FC “TVEL” enterprises in the course of implementation of structural reorganisations on the enterprises;
- organisation of the system of transfer of knowledge and experience and provision of continuity of knowledge community and unique features of numerous high technologies on the enterprises;
- involvement of highly-qualified specialists from the enterprises of related branches and provision of conditions for productive labour.

Preservation of negative influence of impairments existing on FC "TVEL" enterprises on labour productivity

Risk description:

The following factors may have negative influence on the potential increase of productivity of technological conversion of IS of NFC in case of their incomplete elimination or preservation in the existing form:

- availability of objects inherited from the Russian Federation following the results of "nuclear shield" creation and ecological problems in the assets of FC "TVEL" enterprises;
- irrational structure of main productive assets connected with staff and property maintenance and operation costs outlay that are sometimes loss-making for FC "TVEL" enterprises;
- social encumbrance of enterprises in CATU.

The influence of the enumerated factors restricts the results of best practices of IS of NFC and to provide the long-term competitiveness of FC "TVEL" products and services.

Risk features

Influence	Probability
High	Medium

Approaches to risk minimisation:

- Organisation of the effective cooperation of FC "TVEL" with Rosatom State Corporation and state administration bodies on the issues of liquidation or reduction of encumbrances not connected with nuclear or non-nuclear business of FC enterprises.
- Disgarding and disposal of the loss-making assets.

Risks of the investment into the projects at the fast-growing produce markets, which are realised within the framework of the second nucleus of FC “TVEL” business

Risk description:

The problem of the internal rate of return for the projects aimed at fast-growing produce markets is mainly connected both with instability of perspectives and unevenness of growth of markets of new products and with sizeable fluctuation of profitability of sales. In addition to sales the imperfection of the implemented technologies and more effective technologies at the competitors' disposal may influence on the fluctuation of the production profitability in FC “TVEL”.

Risk features

Influence	Probability
Medium	Medium

Approaches to risk minimisation:

- increase of depth and improvement of quality of study of investment projects implemented within the framework of the second nuclear of business;
- use of the ranking of priority in the development of productive capacities within the framework of the most challenging and risky projects;
- short-term support of manufacture of innovative products released within the framework of the second nuclear of business, within the periods of local market condition slump.

Risks connected with the globalisation of FC "TVEL" activity

Risk description:

Mastering of new products release, expansion into new regional segments of the world market of products/ services of IS of NFC, creation of alliances with foreign companies and localisation of manufactures are impossible without appropriate resource provision. Mobilization of investment, technological, scientific and technical and staff potential for globalization in FC "TVEL" may lead to the critical diversion of resources from the directions of FC "TVEL" enterprises development. Probability of resource deficit for development of FC "TVEL" enterprises located in the Russian Federation directly depends on the level of FC "TVEL" support on the part of Rosatom State Corporation and in the present time is determined as medium.

Placing of consumers' orders in joint or private enterprises located abroad by FC "TVEL" may influence the economics of the IS of NFC enterprises in the Russian Federation. The probability of negative influence is evaluated as medium.

High and constantly growing level of competition in IS of NFC will influence the success of project implementation and the effectiveness of FC "TVEL" investments at outer markets. The probability of reduction of indices of FC "TVEL" effectiveness within the framework of activity globalisation is determined as high.

Risk features

Influence	Probability
High	High

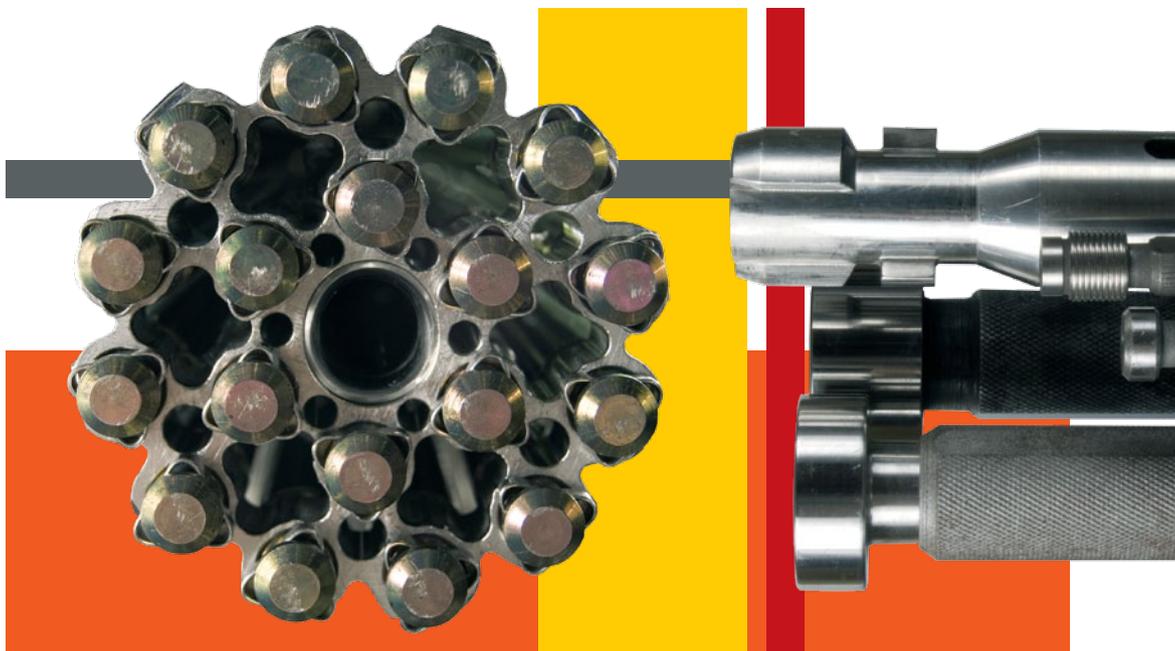
Approach to risk minimisation:

Main approaches of FC "TVEL" to minimisation of the risk connected with shortage of resource provision for projects of activity globalisation:

- increase of quality and effectiveness of resource management of FC "TVEL" enterprises;
- support of the projects of activity globalisation in IS of NFC particularly as to resource provision on the part of Rosatom State Corporation;
- involvement of such key resources as staff, time, money, technologies and knowledge from the world market on the most favourable terms.

In order to reduce the negative influence of consumers' orders placement on FC "TVEL" enterprises located abroad and on the workload of FC "TVEL" enterprises located in the Russian Federation it is provided to place the receipt of effect from the activity of foreign enterprises all in all for FC "TVEL" within the study of operating plans.

Within the framework of reduction and, if possible, complete elimination of probability of low Indices of FC "TVEL" effectiveness within the scope of activity globalisation the approach of increase of depth and quality of study each of the projects as well as the approach of provision of unconditioned achievement of results declared in the project close out.



3.5 Internal control and audit

The system of control over financing and operating activities that includes the Auditing Committee, the Department of Internal Control and Audit of Rosatom State Corporation, the Internal Control and Audit Directorate of JSC "TVEL", divisions of internal audit and control of affiliates and dependent companies of JSC "TVEL" and independent external auditor operates in JSC "TVEL".

Auditing Committee

The Auditing Committee is one of the main bodies in the system of control over financing and operating activities of JSC "TVEL". It is elected by the General Meeting of Shareholders for the period up to the next annual General Meeting of Shareholders. Both the shareholder except FC "TVEL" employees having the right to sign accounting reporting and fiscal accounting of FC "TVEL" and the other person may be elected as a member of the Auditing Committee. The members of the Auditing Committee cannot simultaneously be the members of the Board of Directors and hold offices in other governing bodies of FC "TVEL".

Checking (auditing) of financing and operating activities of JSC "TVEL" is performed according to the results of the activity for the whole year (routine check) or at any other time by the decision or demand of bodies or persons having the right to initiate such checks (audits).

Rights, obligations and responsibility of the members of the Auditing Committee are established in the Provision on the Auditing Committee of JSC "TVEL" approved by the sole shareholder on 22.12.2009.

By the decision of the sole shareholder of JSC "TVEL" dated 30.06.2010 No. 12 the Auditing Committee in the number of five persons was elected. It includes:

- Galina Ivanovna Bobrova, the Head of the Internal Control and Audit Directorate of JSC "TVEL";
- Natalia Yevgenyevna Kazakova, the Specialist of the Internal Control and Audit Department of Rosatom State Corporation;
- Oleg Ivanovich Linyaev, the Deputy Director of the Department of Coordination and Development in NFC of Rosatom State Corporation;
- Dmitrii Vitalievich Khomaza, the Deputy Director of the Department of Economy and Investment of Rosatom State Corporation;
- Tatyana Anatolievna Fokina, the Head of the Risk Management Department of Rosatom State Corporation.

Internal Control and Audit Department of Rosatom State Corporation

In accordance with Federal Law dated 01.12.2007 No. 317-FA "On Rosatom Nuclear Energy State Corporation", Federal Law dated November 14, 2002 No. 161-FA "On the State and Municipal Unitary Enterprises", Federal Law dated December 26, 1995 No. 208-FA "On Joint-Stock Companies" and the Internal Control and Audit Department (hereafter ICAD of Rosatom State Corporation) was created in Rosatom State Corporation Organizations for development of internal control system and control action.

ICAD of Rosatom State Corporation is a central link in the internal control system performing organisational and systematic supervision of bodies of internal control and audit of Rosatom State Corporation organisations.

Within the period from September 20, 2010 to October 29, 2010 the business group of ICAD of Rosatom State Corporation including 11 persons checked the arrangement of procurement activity of JSC "TVEL" for the first six months of 2010 in accordance with the summary plan of control measures of the bodies of internal control and audit of Rosatom State Corporation.

According to the results of the checks no substantial violations of financing and operating activities of JSC "TVEL" were detected. The work of the Internal Control and Audit Department of JSC "TVEL" was evaluated as positive.

The Internal Control and Audit Directorate of JSC "TVEL"

Internal Control and Audit Directorate of JSC "TVEL" (hereafter ICAD of JSC "TVEL") was created in February, 2010.

Main purposes of ICAD are:

- provision of soundness of assets and effective utilisation of resources of JSC "TVEL";
- timely detection and analysis of financial and operational risks that may have a substantial negative influence on the achievement of objectives of JSC "TVEL" and Rosatom State Corporation connected with financing and operating activities;
- monitoring of internal control system that enables to detect all the risks while carrying out business processes

Within 2010 the specialists of the Directorate performed complex audits on the enterprises UEIP JSC, JSC PA ECP, JSC SCC, AECC OJSC, JSC KMP, JSC VPA "Tochmash", UGCP LLC included into the management network of JSC "TVEL" in three directions: financing and operating activities, procurement activities and staff records management. No substantial violations in the work of the enterprises were detected. Plans of adjustment measures were approved according to the results of audits.

3.6 Financial management

Financial management is performed in the Company in accordance with the approved Financial policy of FC "TVEL" enterprises and their affiliates (hereafter FC Financial Policy) agreed by Rosatom State Corporation.

Main provisions of the applied FC Financial Policy:

- JSC "TVEL" is a "pull" leader and it performs general centralised management in relations between the enterprises of FC "TVEL" and financial institutions (base banks, partner banks) on the issues of consolidated debt portfolio management, investment of free cash and management of liquidity position of the enterprises.
- JSC "TVEL" performs direct reconciliation of FC "TVEL" transactions for allocation of temporary free cash and attraction of credits by enterprises.
- Realisation of the system of interclass borrowings and "cash-pulling" is performed with the use of programme products of base banks for optimisation of consolidated debt portfolio of FC "TVEL" and expenses for attraction of outside financing as well as for centralised financing of operating activities of enterprises and current liquidity management.

The centralised budgeting on the enterprises of the Fuel Company is built in accordance with common budget regulations and standards of Rosatom State Corporation.

The reconciliation of budgets of enterprises included into FC management network is performed by JSC "TVEL".

The approval of budgets of FC "TVEL" enterprises at the meetings of the Board of Directors of the Companies is performed according to the results of consideration of FC "TVEL" consolidated budget during the meetings of budget committees of JSC "TVEL" and Rosatom State Corporation.

3.7 Information technologies

In 2010 in order to automate the company's operations management the works on development and implementation of new information systems as well as on coordination of IT activities of enterprises of FC "TVEL" were conducted. The present works were performed in accordance with the programme of the Financial and Economic Block and IT of Rosatom State Corporation and in accordance with the needs of JSC "TVEL" management authorities taking into account the plans on the Fuel Company development.

Within the framework of the project activity the following results on principal projects were reached: "Development and Implementation of Template Solution of the Enterprise Resource Management System in the Fuel Company (JSC "TVEL" and JSC Mashinostroitelny Zavod) on the Basis of SAP ERP Software". The Project Charter, organisation structure and standardised documents, "United Concept of Template Solution of the Enterprise Resource Management System in FC "TVEL"" were developed and approved, the works on development of "Conceptual Business Project" were held. "Development of the Pilot Project on Implementation of Automated System of Design-Engineering Preproduction Control for Nuclear Fuel Fabrication Block".

Processing designing subsystem for "Powder" and "Pellet" production types at JSC Novosibirsk Chemical Concentrate Plant (NCCP), as well as those on engineering documentation management and creation of electronic archive at JSC CMP were approved by the Governing Council and were brought into industrial exploitation. The access to electronic archives of engineering and design documentation of JSC NCCP and JSC CMP was organised for FC "TVEL" employees. Project works are planned to be completed in April, 2011.

"Pilot Implementation of Manufacturing Execution System for the Fuel Company". "Concept of MES creation and development at the enterprises of FC "TVEL"" was developed and approved by the Governing Council.

Besides, the following measures were taken in order to provide modern information technologies of the forming Fuel Company and coordination of IT-activity of FC "TVEL" enterprises:

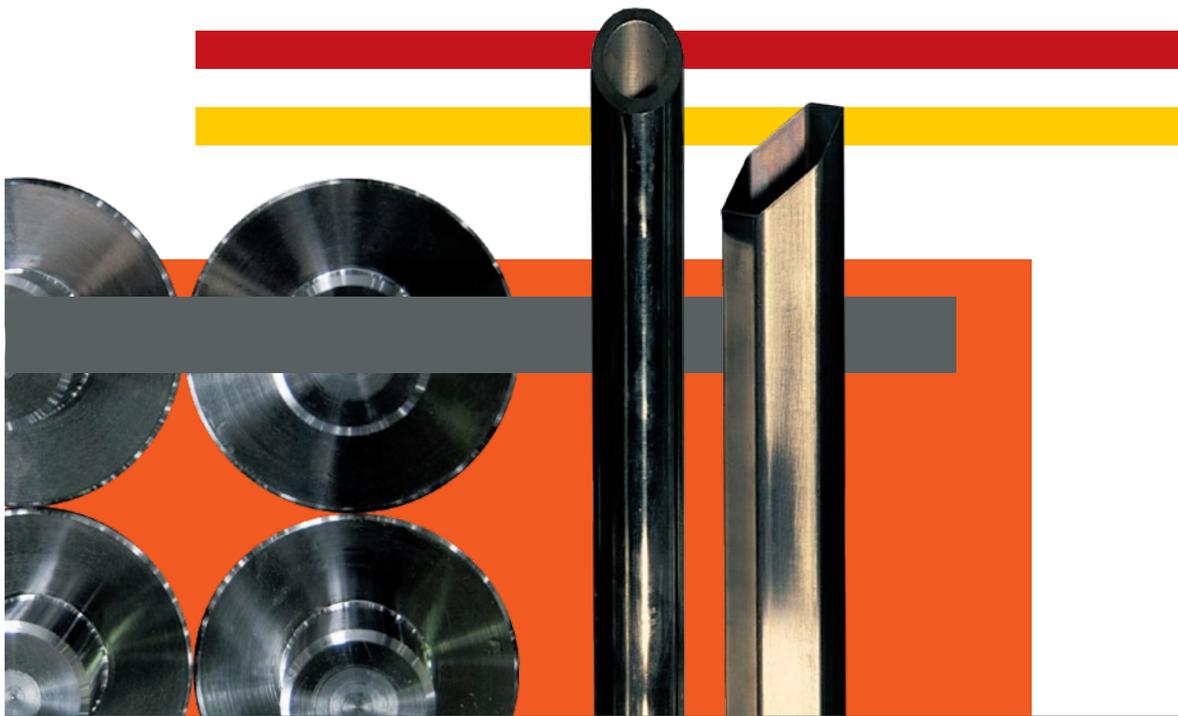
- videoconferencing system of JSC "TVEL" was created;
- IT-infrastructure of JSC "TVEL" was reorganised after SSC OJSC and JSC RGC were incorporated;
- "Rules of interaction between FC "TVEL" and its associates and subsidiaries in the field of information technologies.

The following project measures were planned for 2011-2012 in accordance with "Programme of Rosatom State Corporation Informational Technologies Transformation for the Period of 2010-2014":

- Completion of the project "Development and Implementation of Template Solution of the Enterprise Resource Management System in the Fuel Company (JSC "TVEL" and JSC Mashinostroitelny Zavod) on the Basis of SAP ERP Software" and commencement of works on implemented functionality development, as well as on duplication of this system at other industrial enterprises of JSC "TVEL".
- Commencement of works on implementation of manufacturing execution systems into manufacture at JSC "Mashinostroitelny Zavod" and in JSC CMP and further duplication according to "Concept of MES creation and development at the enterprises of FC "TVEL".
- Completion of works on the project "Development of the Pilot Project on Implementation of Automated System of Design-Engineering Preproduction Control for Nuclear Fuel Fabrication Block" in JSC "TVEL", JSC NCCP, JSC CMP and further duplication of this system in enterprises of FC "TVEL".
- Participation in the project "Implementation of the Unified Industry System of Electronic Documentary Management".
- Participation in the Programme of pilot projects realisation: "Development and Implementation of Integrated Industrial Referenced Data System Solution of Nuclear Park Enterprises".

NCCP JSC,
control panel

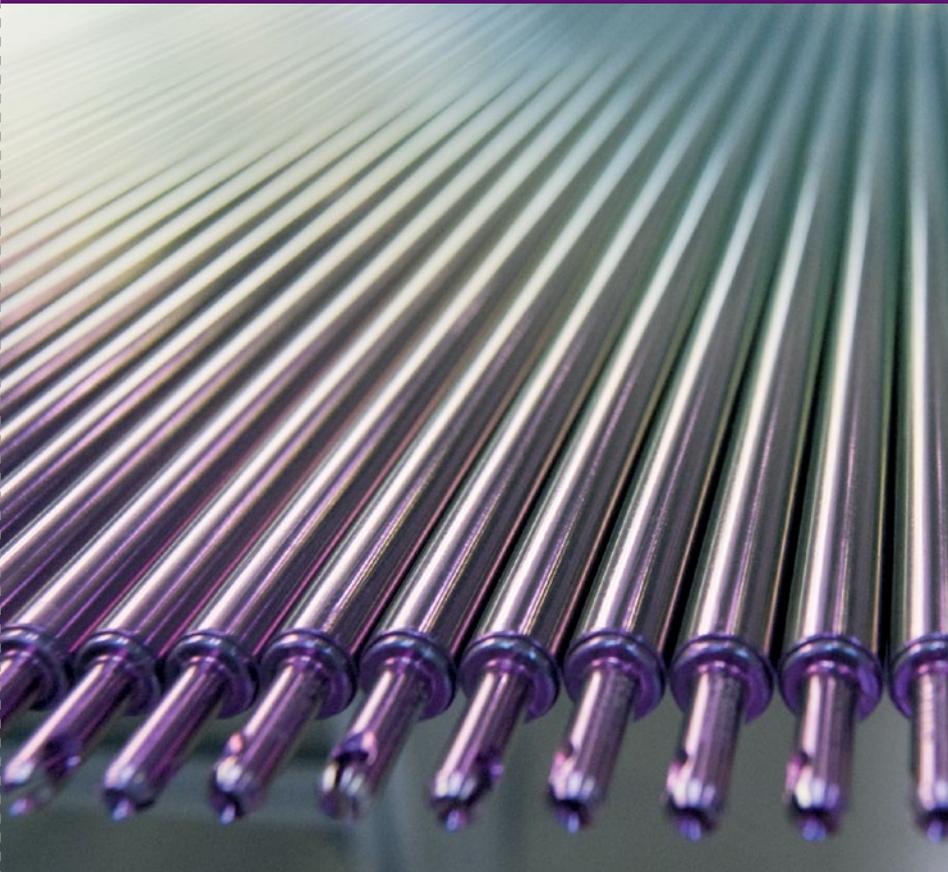






SECTION II

PRODUCTION ACTIVITY





Financial and production operating results

- 4.1** Financial performance of JSC "TVEL" and FC "TVEL" in 2010
- 4.2** Complex of nuclear fuel fabrication
- 4.3** Separation-sublimation complex
- 4.4** Gas centrifuge complex
- 4.5** Manufacture of general industrial products

4.1 Financial performance of JSC "TVEL" and FC "TVEL" in 2010

Financial performance of JSC "TVEL" in 2010

The revenue from realisation of products, activities and services in the reference year of 2010 made up 65,136.21 million rubles and increased by 11.8% in comparison with 2009.

Total volume of new nuclear fuel export (non-CIS and CIS countries) in the U. S. dollar equivalent made up 1,107.7 million U. S. dollars in 2010, which is 14.2% more than in 2009, however, the decline of currency exchange rates towards the ruble caused an export shortfall up to 4.9% in ruble equivalent.

In general fuel assemblies export volume and share of fuel assembly realisation in non-CIS countries made up 45.1%; for nuclear stations in Ukraine it was 54.9% correspondingly.

Absolute increase of current operating expenses connected with production and sales made up 9,750 million rubles (22%) in 2010 in comparison with 2009.

Main factors that influenced the increase in cost value of the products sold were:

- increase of sales volume + 4,246 million rubles.
- increase of natural uranium raw materials value +2,373 million rubles.
- increase of regenerated materials value + 307 million rubles.
- increase of enrichment services value + 1,934 million rubles.
- increase of materials and make up sets value + 716 million rubles.
- increase of research and development works cost + 70 million rubles.

Analysis of cost composition of output, works and services sold in 2010 shows, that the biggest share of expenses comprise the articles "Raw materials" (60.5%) and "Services on nuclear fuel and its components manufacture" (13.3%). The article "Materials" makes up 10.7% in the cost of products sold. The share of overhead costs makes up 8.5%, other expenses makes up 7.0%.

Index name*	2008	2009	2010	Progress of 2010 in% towards 2009
Sales revenue	51 960 670	58 264 083	65 136 207	12%
Cost value	-38 397 998	-40 833 367	-50 104 658	23%
Gross operational profit	13 562 672	17 430 716	15 031 549	-14%
Business expenses	-445 400	-1 079 748	-898 191	-17%
Administrative expenses	-2 403 347	-3 088 256	-3 748 905	21%
Sales profit/(loss)	10 713 925	13 262 712	10 384 453	-22%
Other incomes and expenses (net balance)	22 436 327	-278 428	-112 428	-60%
Due interests	-809 979	-1 617 028	-1 007 852	-38%
Before-tax profit	32 340 273	11 367 256	9 264 173	-19%
Profit tax including deferred tax assets and deferred liabilities	-2 414 636	-2 344 243	-1 898 289	-19%
Other payments at the expense of profit	-23	-101	-1 649	1533%
Net income	29 925 614	9 022 912	7 364 235	-18%

Table No. 4.1.1.
Main financial
and economic
indices of JSC
“TVEL” activity

Main factors that influenced the increase of administrative expenses were:

- increase in expenses for remuneration of labor + 399.1 million rubles (+48.6%),
- increase in expenses for premises leasing +19.3 million rubles. (+22%),

The present increase is caused by the formation of the managing Fuel Company on the basis of JSC "TVEL" in 2010 and the increase in management activity scope in the parent company.

As a result of these structural changes in the management apparatus there came the increase in average staffing number in JSC "TVEL".

Reduction of business expenses in 2010 in comparison with 2009 was basically subject to the economies:

- of shipping expenses for 181 million rubles (-24.6%) owing to the optimisation of transportation schedule and final product delivery.
- of agent expenses: 60 million rubles (-15.9%).

Before-tax income in 2010 made up 9,264 million rubles, net income made up 7,364 million rubles that was 1,358 million rubles less than the index of 2009.

Main factors that influenced the change of net income in 2010 in comparison with 2009 were:

- increase of sold products, works, services volume +4,828 million rubles,
- sold products, works, services prices spiral +3,896 million rubles,
- negative dynamics of currency exchange rates (-1,851) million rubles,
- increase of manufacturing expenses of sold products (- 9,271) million rubles,
- increase of overhead costs (- 104) million rubles,
- change of net balance of other incomes and expenses + 775 million rubles,
- change of income tax budget calculations + 369 million rubles.

By the end of 2010 the owned capital of JSC "TVEL" made up 257,356.6 million rubles.

The amount of liquid assets made up 30,180 million rubles (monetary funds, short-term financial investments, reliable accounts receivable and finished stock) covers 81% of short-term money borrowed, the volume of which makes up 37,390 million rubles.

By the end of 2010 the current liquidity ratio made up 2.00 (showing which share of liabilities on credits and settlements may be paid off by using all current assets), which corresponds to regulation values typical for analogous companies in Russia.

Net assets of JSC "TVEL" by the end of the reporting 2010 year made up 257,985,751 million rubles and preserve a continuous upward trend for all years of the Company's activity.

Financial reporting of the company consisting of accounting report forms drawn up in accordance with Russian standards and notes to financial reports were prepared by the Company on February 14, 2011.

More detailed indices of financial and economic activity of JSC "TVEL" in 2010, analysis and comparison of the achieved results are given in the annual financial reporting forms and explanatory notes.

Within the framework of openness policy and Company publicity the corresponding financial reports for 2010 as well as those for the previous years are represented on the official site of the Company (Section "Finance") and are available.

Financial results of FC "TVEL" in 2010

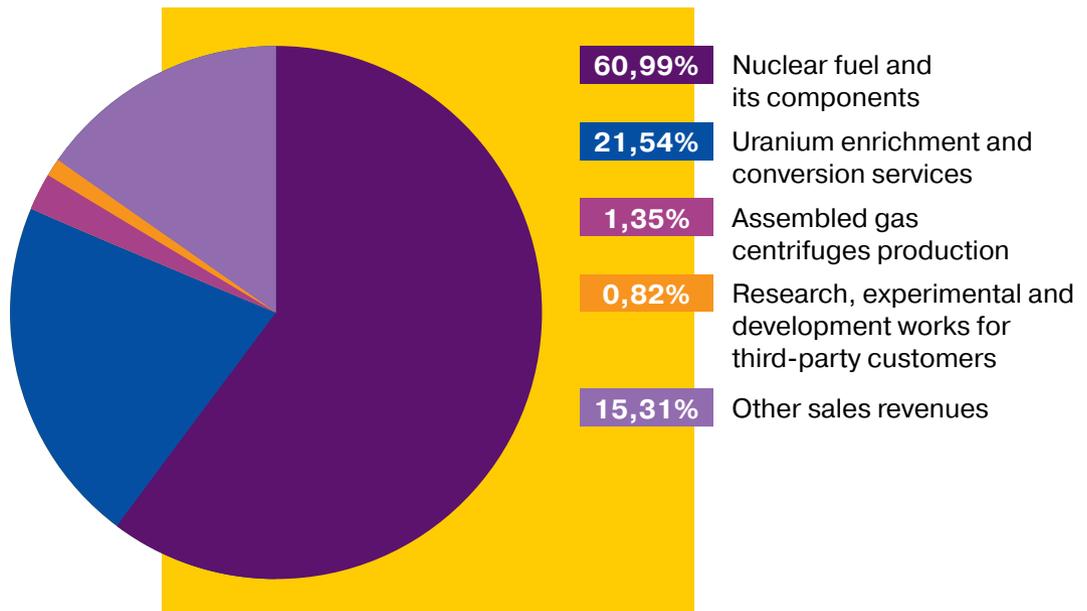
Products sales revenue (net) (excluding VAT and excise taxes, analogous mandatory payments)	121 443
Gross operating profit	45 488
Sales profit	26 495
Profit tax	6 091
Net income (taking into account minority interests)	12 245
Net assets	539 244
EBITDA (Profit from operating activities before deduction of interests, taxes and depreciation)	31 974

Table 4.1.2.
Main indices of
FC "TVEL" activity
for 2010, million
rubles

Table 4.1.3.
Distribution of consolidated proceeds on the external sales of JSC "TVEL"

Nuclear fuel and its components	74 064 925
Uranium enrichment and conversion services	26 152 907
Assembled gas centrifuges production	1 638 943
Research, experimental and development works for third-party customers	994 903
Other sales revenue	18 591 610

Picture 4.1.1.
Distribution of consolidated proceeds distribution on industrial complexes, percentage.



In connection with FC property network formation within 2010 and transfer of business assets of enrichment and conversion and gas-centrifuge activity in management of JSC "TVEL", the consolidation network of FC "TVEL" group in 2010 changed considerably and is incomparable with the consolidation network of 2009 and preceding reporting periods.

In connection with the given circumstances the consolidation indices of FC "TVEL" and the dynamics for the previous reporting periods are not presented here.

The individual results of financial and economic activity of JSC "TVEL" are presented.

		Table 4.1.3. Production plans completion (relation of the planned revenue to the actual one)
Nuclear fuel fabrication	119,3%	
SSC	107,6%	
GC production	94,6%	

The revenue of gas centrifugal complex enterprises in 2010 did not reach the planned indices in connection with the cancelling of a range of orders by consumers (preliminary placed in accordance with concluded contracts) for general industrial products manufactured by the enterprises of gas centrifugal complex.

The average labour productivity of the enterprises of FC "TVEL" made up 2.12 million rubles/per person in 2010.

4.2 Complex of nuclear fuel fabrication

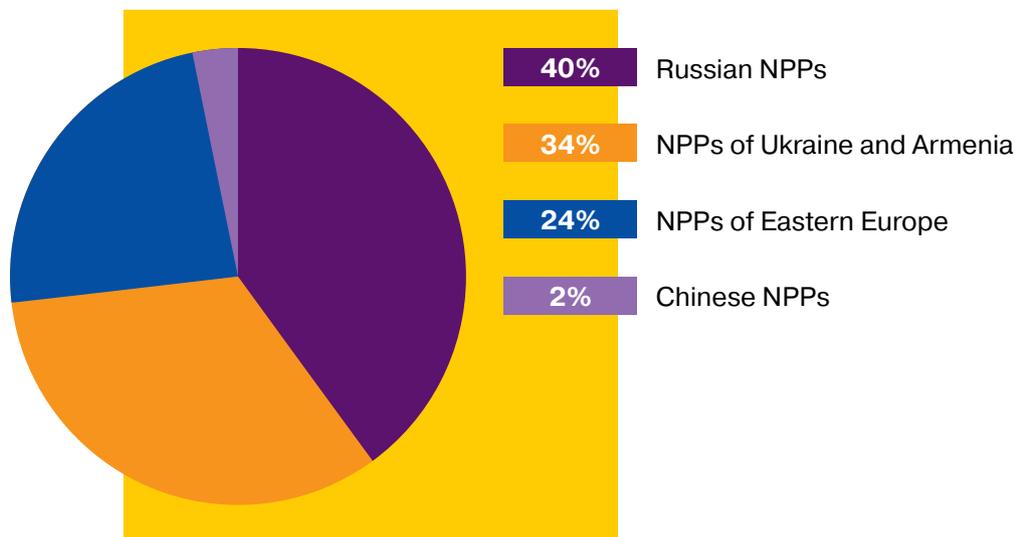
The principal product of FC "TVEL" is fuel assemblies for power and research reactors.

Productive and economic results

In 2010 the plans of FC "TVEL" for new nuclear fuel production were implemented to the fullest extent and within the scheduled time. This allowed providing the complete fulfilment of contractual obligations on delivery of nuclear fuel of the corresponding quality.

FC "TVEL" obtains over 85% of its revenue from the manufacture and delivery of complete nuclear fuel and its components (fuel pellets) to customers.

Figure 4.2.1.
Revenue
distribution for
nuclear fuel
according to
geographical
position of
consumers



Products	2007	2008	2009	2010
Fuel assembly VVER-1000, pcs.	1373	1289	1398	1498
Fuel assembly VVER-440, pcs.	1790	1834	1577	1808
Fuel assembly RBMK-1000, Fuel assembly RBMK-1500, pcs.	3230	3530	3360	3630
Fuel assembly BN-600, pcs.	282	236	223	249
Fuel Assembly GR-6, pcs.			144	144
Fuel assembly of research reactors, pcs.	71	96	465	445
TOTAL FUAL ASSEMBLIES:	6890	7129	6984	7568
Ceramic fuel pellet, tU		1042,1	1289	1463,5

Table 4.2.1.
Effective capacity
of FC "TVEL"
manufacture
(nuclear fuel
fabrication block)
according to the
types of fuel prod-
ucts

The volume of the manufactured fuel products is determined according to preliminary orders of consumers. The number of manufactured fuel assemblies in 2010 increased by 8%, the number of ceramic fuel pellets increased by 13%.

Enterprise	2008	2009	2010
JCS MSZ	1 542	2 218	2 631
JSC NCCP	1 357	1 538	1 792
CMP OJSC	1 239	1 807	2 380
MPP JSC	1 767	3 184	3 680

Table 4.2.2.
Productivity
movement, thousand
rubles/person

The growth of labour productivity is connected with the realisation of the project "New Image" and Rosatom Production System integration.

4.3 Separation-sublimation complex

In 2010 all enterprises of separation-sublimation complex implemented plans on the scope and terms of products delivery.

Figure 4.3.1.
Distribution of
scopes of nuclear
products delivery
on customers
(%SWU)

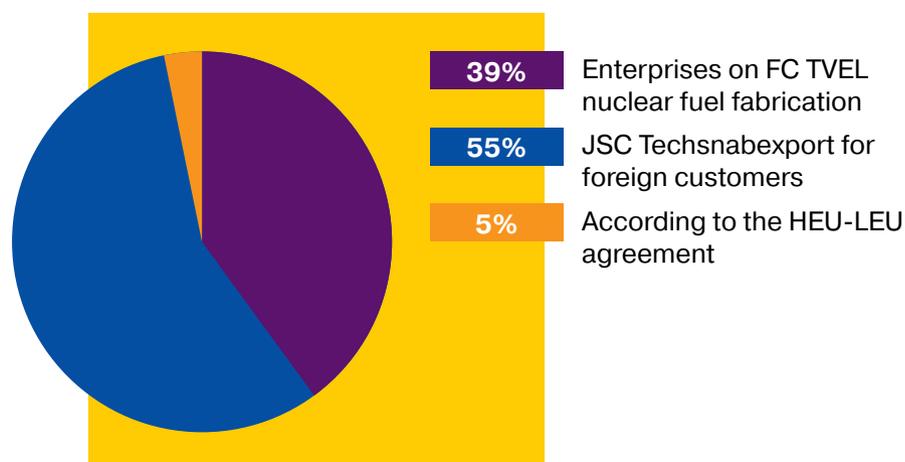


Table 4.3.1.
Productivity move-
ment, thousand
rubles/person

Enterprise	2008	2009	2010
SCC OJCS	871	1026	1403
AECC OJSC	1185	1350	1289
JSC PA ECP	1172	1 807	1600
JSC UEIP	1431	1149	2117

The growth of labour productivity is connected with the realisation of the project "New Image" and Rosatom Production System integration.

4.4 Gas centrifuge complex

In 2010 the enterprises of RGC block implemented the plans on issue of aggregates of production gas centrifuges, aggregates of export gas centrifuges, auxiliary equipment for domestic enterprises of SSC and for export, test and perspective models of gas centrifuges and auxiliary equipment for them.

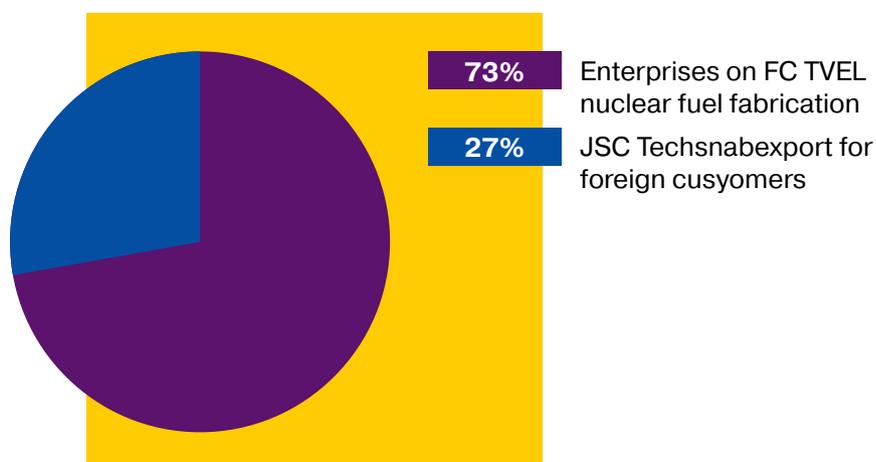


Figure 4.4.1. Distribution of scopes of delivery of the manufactured gas centrifuges to customers (% pcs)

Enterprise	2008	2009	2010
JSC KMP	926	988	1190
VPA TOCHMASH OJSC	623	659	881
UGCP LLP	1072	1079	1350

Table 4.4.1. Productivity movement, thousand rubles/person

The growth of labour productivity is connected with the realisation of the project “New Image” and Rosatom Production System integration.

4.5 Manufacture of general industrial products

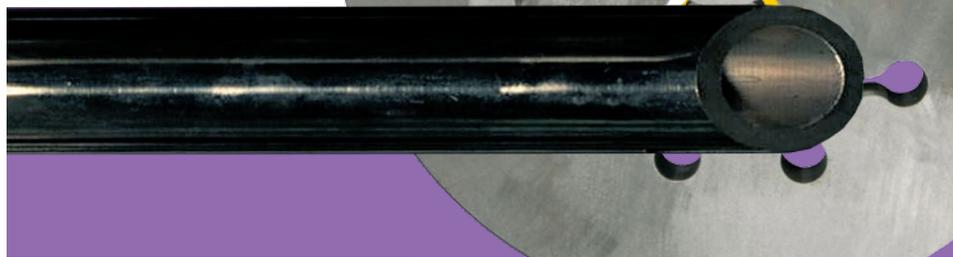
In 2010 plans of FC "TVEL" on manufacture of general industrial products and services were fully implemented within the scheduled time. At the year-end the volume of realisation of general industrial products and services on internal and external markets was over 17 billion rubles including around 1 billion rubles on the external market. FC "TVEL" develops the manufacture of competitive high-tech general industrial products both for nuclear industry and other branches.

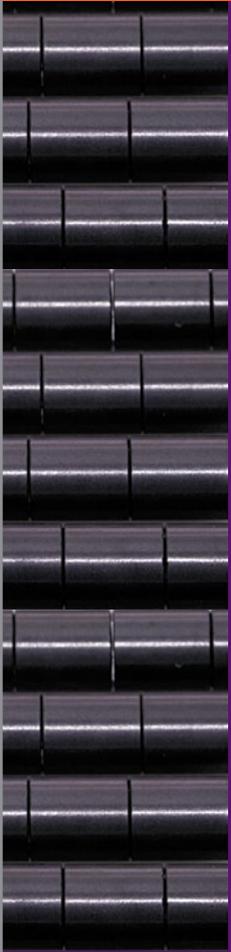
Table 4.5.1.
Main types
of general
industrial
products and
services

Zirconia products	Zirconium and its alloys in a form of bar stocks of zirconium iodide, ingots, tubes of various diameters (including tubes for housings of fuel elements), wires, stripes, leafs, end-products and complementary articles for fuel elements and fuel assemblies..
Calcium products	Calcium metal and its alloys in a form of ingots, pieces, chips, grits and granules. Calcium alloys with magnesium and aluminium.
Niobic products	Niobium metal ingots, niobium-titanium alloys, powder.
Hafnium products	Hafnium is a form of metal iodide, ingots, and products.
High-strength ceramics	High-strength ceramics based on zirconium oxides, aluminium oxides, and hafnium oxides.
Lithium products	Lithium metal of catalyst and battery grades with high concentration of aluminium; lithium chloride electrolyte (LE), lithium-7 hydroxide monohydrate (LHM-7).
Catalysts	Reagent-catalysts for organic synthesis, components of modifying fluxes, used in metallurgy of non-ferrous metal alloys.

Stable isotope	95 nuclides of 19 chemical elements. Products with the ultimate concentration rate and high chemical purity.
Superconductive materials	Strands and cables of low-temperature superconductive materials based on niobium-titanium alloy and niobium-stannum intermetallic compound.
Tubular goods	Wide nomenclative range of seamless cold-worked and hot-pressed tubes of titanium alloys and corrosion-resisting steels and alloys including precision and very thin-wall tubes, heavy-walled tubes of major diameter as well as tubes with helical fins.
Parts for pipelines	Blocks of pipelines, branch lines, junctions, tube bends, T-bends, tanks, bearings.
Casting	Castings on investment patterns with crystallization under pressure made of carbon steels, alloy steels, cast irons of different brands, non-ferrous metals and their alloys, intrusion moulding.
Equipment	Switched production lines for various technological processes, hardware and software complexes; Substandard equipment: scrubbers, demisters, soaking chamber, filters, tanks with the volume up to 20 m ³ with power pressure up to 0.07 MPa (made of carbon and corrosion-resistant steels, titanium, nickel and nickel alloys, polyethylene, vinylplast, aluminium alloys), wire addition systems, spare parts; Non-standardized means of technological process parameters control; installations and equipment with the use of electromagnetic, electro mechanic, ultrasonic, radiative methods of control; hermiticity control; utility meters; auto instruments; coatings (chromium plating, nickel plating, zinc plating, oxidation, corrosion-resistant plastic coating).

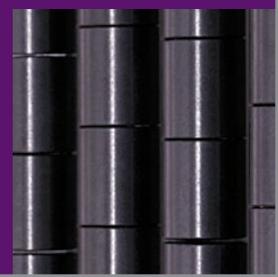
Instruments and accessories	Measuring instrument (plain, screw thread, combined gages, etc.) Cutting tools (rotary tools: cutter disks, face milling cutters, face-and-side milling cutters, hobbing cutters, etc.; chisels, reamers, drilling tools, counter boring tools, chasers, screw cutting tools); Press-tools for pressure casting of metals and alloys, thermoplastic and thermoset materials, rubber; Moulding tools, matrixes of inverse extrusion Accessories (collet holders, conductors, through cuts); Devices for mechanical processing, assembly and tests; Accessories and instrument projecting.
Automotive catalysts	Catalytic blocks and neutralizers of the exhaust gases.
Special purpose products	Defence production (orders form the Ministry of Defence of the Russian Federation), transport and storage containers for radioactive materials).
Power and energy services	Services of power complexes of FC "TVEL" enterprises including electric power generation and transmission, generation and transmission of thermal power to customers.





SECTION III

**ACTIVITY
IN THE AREA
OF SUSTAINABLE
DEVELOPMENT**







Innovative activities

- 5.1** Innovative Activities in nuclear area
- 5.2** Innovative Activity in the Non-nuclear Sector
- 5.3** Intellectual Property Protection

5.1 Innovative activities in the nuclear field

Improvement of nuclear fuel characteristics

The relevance of works on improvement of nuclear fuel characteristics is due to the necessity to increase the competitiveness of Russian nuclear fuel on conventional markets and capturing of new markets; meeting the growing-up operational requirements of consumers; improvement of technical and economic indicators of nuclear fuel with the provision of necessary safety level.

Currently the most important tasks in the area of improvement of nuclear fuel for NPPs are:

- increase of nuclear burn-up fraction;
- increase of fuel assembly active life;
- increase of nuclear fuel serviceability;
- creation of demountable (repairable) fuel assemblies;
- motivation of fuel operation capability in manoeuvre modes;
- motivation of fuel assemblies' operation capability under the conditions of increased reactor capacity.

In 2010 the following results were achieved in the area of improvement of useful quality of nuclear fuel for reactors VVER-1000, VVER-440 and RBMK:

VVER-1000:

- fuel assemblies of alternative construction TVSA-ALPHA and TVS-2M with stir grills were manufactured and installed on the Kalinin NPP and the Balakovo NPP. The application of stir grills allows increasing the accuracy of reactor core cooling particularly under the conditions of the increased capacity of NPP;
- technical project of TVSA-PLUS with the extended length of fuel column was developed. The implementation of these assemblies allows increasing the duration of each fuel campaign of the power unit within 5-year fuel cycle up to 330 effective days, i.e. 10-20 effective days more in accordance with regular fuel with the enrichment of 4.95% on 235U;
- license trade of the project of fuel assembly TVSA-T for the Temelin NPP was completed. The fissile core from TVSA-T on the power unit No.1 of the Temelin NPP was put into operation.

- 6 pilot TVS-2M were substantiated, licensed and manufactured in order to be operated in test mode on the power unit No.1 of the Tainwan NPP starting from 2011. The implementation of these assemblies allow operating power units on the power of 104% from the nominal value within 1.5-year fuel cycle with the duration of each fuel campaign up to 510 effective days;
- sustainable documentation was developed and technical projects on TVSA-PLUS and TVS-2M were updated in order to provide the operation of the Balakovo NPP, Rostov NPP and Kalinin NPP on the power of 104% from the nominal value;
- the manufacture for fuel assembly production for main units of the NPP-2006 project was prepared.

VVER-440:

- fuel assemblies of 2nd generation with the average enrichment of 4.87% on uranium-235 were implemented in the power unit No.4 of the Kolskaya NPP. The commissioning of fuel assemblies of 2nd generation of high enrichment allows reducing the amount of annually reloaded assemblies by 15% under conditions of power unit operation on the power of 107% from the nominal value;
- pilot exploitation of working assemblies of 3rd generation was started at the Kolskaya NPP. The commissioning of these assemblies allows improving the water-uranium ratio and fuel consumption by 10% and implementing effective fuel cycles with the increased duration of the campaign under conditions of the increased NPP power;
- thermal capacity of fissile core of power units No.3 and No.4 of the Dukovany NPP (the Czech Republic) was increased by 5% from 1,373 mW up to 1,444 mW with the fuel of 2nd generation with the average enrichment of 4.38% in working assemblies with the use of manoeuvre modes;
- thermal capacity of fissile core of power units No.3 and No.4 of the Bohunice NPP and power units No.1 and No.2 of the Mohovce NPP (Slovakia) was increased by 7% from 1,375 mW up to 1,471 mW with the fuel of second generation with the average enrichment of 4.52% in working assemblies with the use of manoeuvre modes;
- the first batch of nuclear fuel of second generation with average high enrichment of 4.2% under conditions of operation on the thermal capacity of fissile core of 1,485 mW increased by 8% was loaded in the power unit No.4 of the Paks NPP (Hungary);
- the first batch of nuclear fuel of second generation with average enrichment of 4.37% in working assemblies under conditions of operation on the thermal capacity of fissile core of 1,500 mW increased by 9% was loaded in the power unit No.1 of the Loviisa NPP (Finland).

RBMK reactors:

- pilot production of the first batch of ten fuel assemblies TVS-F with anti-debris filters started on the power unit No.1 of the Leningrad NPP. The implementation of TVS-F allows decreasing the risk of debris-damage of fuel element cases caused by debris in heat carrier;
- pilot production of the first batch of 200 fuel assemblies TVS-P with the altitude profile of nuclear fuel enrichment started on the power unit No.2 of the Leningrad NPP. The implementation of TVS-P allows increasing the fuel assembly campaign not only by virtue of increase of the average uranium enrichment up to the value of 3% but also by virtue of improvement of neutron-physical characteristics of fissile core that allows NPPs saving up to 10% of new fuel in bulk.

The expenses of FC "TVEL" for performance of research and development works on improvement of the existing types of nuclear fuel and creation of new ones were 1,230 million rubles in 2010. The anticipated expenses in 2011 are 1,750 million rubles.

The improvement of fuel manufacturing technique**In 2010 the following works were performed:**

- Technologies of zirconium and hafnium separation with the chloride extractive rectification technique, technology of magnesium-thermal reduction of zirconium tetrachloride;
- "Transitional" technology of shell-type pipes manufacture: with the use of shell with diameter of 249 mm, radial forging counter bore. Laser marking and cutting to size for V-1000 cases was implemented;
- Uranium dioxide powder manufacturing techniques according to pipe for gas and water conveyance technique;
- "Dry technology" of fuel pellets manufacture;
- Technology of half-way manufacturing of VVER fuel assemblies' end-pieces according to precision casting technique.

Technological development in the area of uranium enrichment

Technological development of distributive productions is performed on the basis of the following documents:

- A list of research, development and engineering works on separation-sublimation complex development for 2010;
- A list of research, development and engineering works on separation-sublimation complex development for 2011;
- The program of distributive productions modernisation for the period up to 2020 (the project).

In 2010 the tests of initial and pilot batches of gas centrifuges of 9th generation were completed, the mounting series for pilot production was manufactured in 2011. In 2012 the modernisation of distributive production of FC "TVEL" will start on the basis of more effective gas centrifuge model. In 2010 nearly the whole planned volume of research and development works on creation of perspective gas centrifuges was performed for the realisation of innovative development plans and promotion of Russian gas centrifuge technological platform on foreign markets. Research and development works on creation and implementation of new models of auxiliary equipment for distributive production and search of new techniques of isotope separation are performed.

Expenses for fulfilment of research and development works on gas centrifuges development made up 785 million rubles in 2010. The anticipated expenses in 2011 are 1,243 million rubles.

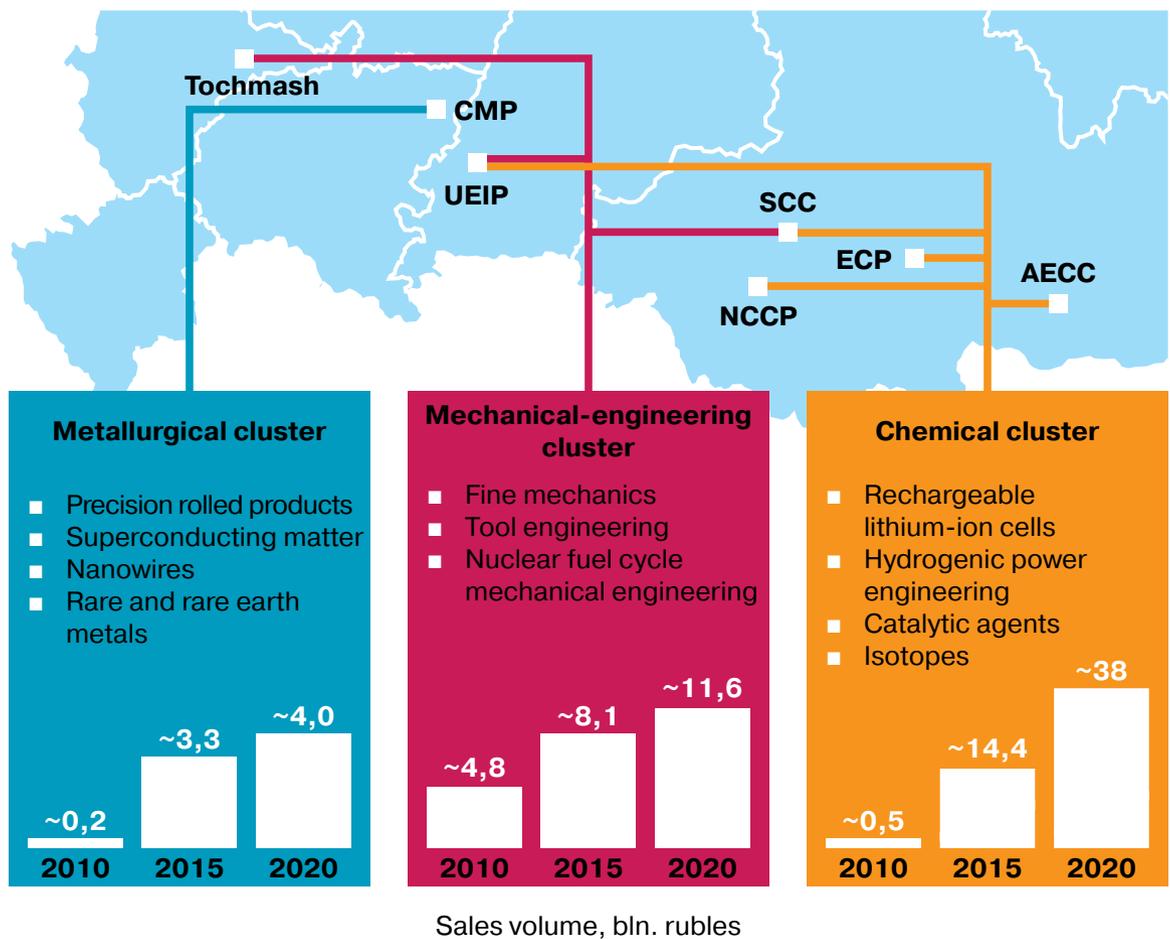
In order to create conditions for the formation of sole processing platform on GS development three branch design departments were centralized in 2010 (NSEC, EDO-NN, Centrotech-SPb) on the basis of the Head Design Department (NSEC). The present union will allow concentrating engineering competences and preventing doubling of functions.

In 2010-2011 the following centres will be formed in the Head Design Department: test centre; centre for development, verification and unification of calculation techniques; centre for analysis, technical and economic design and innovation support, development and technological solutions on manufacture and GCs operation with the use of techniques and facilities of FC "TVEL".

5.2 Innovation Activity in the Non-nuclear Sector

Development of innovations in the non-nuclear sector is aimed towards the growth of increasing share in the total revenue of FC "TVEL". Three clusters of innovation development: metallurgical, mechanical-engineering and chemical were singled out on the basis of existing in the Company enterprises of scientific and technological potential.

Picture 5.2.1.
Innovation
development
clusters
of FC "TVEL"



In the framework of every cluster prospective directions of development in contiguous markets taking into account the ability of exploiting available resources and competencies of enterprises of FC are distinguished. In 2010 a preliminary analysis was performed and statement of reasons of the realisation of a range of capital investment projects was made. Project concepts were defined, business plans were developed, and investment decisions were taken.

Metallurgical cluster

Precision rolled products

In 2010 the organisation and mastering of manufacturing rolled products of steel and nonferrous alloys for the enterprises of the machine-building complex carried out. The following results were achieved:

- Titanium PT-1M and PT-7M seamless pipes production method was mastered. 15 tons of final products were produced and delivered to customers. Production method of a bar stock made of hard-to-deform titanium VT16-0 alloy production was mastered. Test batch for the aviation industry was produced. Contracts on titanium rolled products supply were concluded.
- In the framework of the project on creation of stainless steel pipes production in 2010 research and development activities were carried out on developing the technology of ferrite class steel pipes 18.0x2.0x4750 production. Positive results were achieved. Production aimed at ferrite products release is certified. Production of a pilot batch with the aim of rhythmicity and optimization development of production logistic activities. Alternative layout solutions were considered and analysed and “Align Positions upon the Project “Organisation of Production of Stainless pipes” was identified and approved. A long-term contract for ferrite class steel pipes supply was agreed. The production cycle of ferrite class steel products manufacturing in the extent of 196 tons per year was identified. 183 tons of final products to the amount of 159 million rubles were produced and sold.

Pilot batches of superconducting matters production

In 2010 JSC CMP started the production of industrial batches of superconducting materials on the basis of stannum niobium and stannum titanium for the international project ITER. In 2010 in accordance with international treaties 14000 kg of Nb₃Sn, 16000 kg NbTi of superconductive strands were produced. Mastering 50% of design capacities of superconducting matters production was provided.

The sales revenue size of sold pilot batches of low temperature superconducting materials in 2010 made up 1,339.8 million rubles.

In the framework of resolving a task of diversification and commercialisation of superconducting materials production in 2010 research and development activities were held and the first classifying batch of electrical wire assemblies for the MR-imaging units under commercial drawings of an overseas customer was produced (high-temperature superconductors were used of the first and second generation on the basis of MgB₂).

Nanowires

In 2010 the pre-investment activities under the project of creation of industrial production of electro technical ultra-high strength and electric conductivity wire assemblies were held on the basis of the new class nano structural materials developed by JSC VNIINM.

The project is realised in collaboration with JSC RUSNANO. In 2010 basic conditions of the project realisation were developed and agreed with JSC RUSNANO. A business plan was developed, marketing research conducted, completed assessment of tangible assets and intellectual property used in the project, carried out technological examinations and legal auditing. The project was approved by the Coordination Operating Committee of FC Rosatom under the works on the collaboration activities with JSC RUSNANO projects of the JSC RUSNANO Supervisory Committee. FC "TVEL" Investment Committee has taken a decision on the start of the investment phase in 2011.

Organisation of rare-earth metals production

The aim of the project is the organisation of industrial production of pure and specially-pure compounds of rare and rare-earth elements especially for satisfying domestic needs of enterprises of nuclear park and projects realised in high-technology fields.

In 2010 a preliminary analyses of the project was held.

Mechanical-Engineering Cluster

Equipment to treat spent and fresh fuel

JSC Tochmash largely produces PT cartridges (bundle of fuel elements) for spent nuclear fuel. Within the scope of the given direction it is planned to develop and realise a range of projects on the enterprises of machine-building complex of FC aimed at broad product line creation for the intersection usage.

In 2010 a preliminary project analyses was held, investigations on the prospective product types were completed:

- Spent fuel canister RBMK-1000;
- Spent fuel canister VVER.

FC Auxiliary Department Centralisation

In 2010 the development of the project auxiliary department centralisation of Fuel Company “TVEL” was held for the following purposes:

- Main production unit cost reduction on the services of the auxiliary departments owing to concentration, specialisation and centralisation of the enterprises reorganised management;
- Enlarging the share of the third-party orders in the total volume of products sold, which includes innovative types of products production;
- Increase in labour productivity;
- Preservation of competences, reliability and efficiency of meeting the demands of the primary activity on the services of auxiliary departments;
- Singling out centralised auxiliary production facilities of the subsidiaries and affiliates of the company JSC “TVEL”.

In 2010 preliminary measures on the centralisation project formation were taken. Organizational and technical auditing of 17 enterprises was carried out. The programme of centralisation aimed at reorganisation of tool, instrumental, repair and mechanical enterprises of the Fuel Company was developed and approved.

Chemical cluster

Rechargeable Lithium-Ion Cells

The direction of rechargeable lithium-ion cells corresponds to the initiative of state corporation Rosatom on the energy storage. In 2010 a development concept of the given direction as a part of a range of interconnected projects aimed at consistent forming of the whole production chain of rechargeable lithium-ion cells was formed.

The project on production of cathode material for rechargeable lithium-ion cells creation is realised in collaboration with JSC RUSNANO. In 2010 the project was approved by JSC RUSNANO Supervisory Committee and FC "TVEL" Investment Committee. Feasibility studies of the choice of the optimal layout of the industrial production of cathode material were performed. Market research was conducted on the completed materials of rechargeable lithium-ion cells. The specification for the cathode material on the basis of ferrum lithium phosphate was developed. Contract for the creation of pilot production cathode material rechargeable lithium-ion cells in the volume as large as 20 tons per year at JSC NCCP was concluded.

Hydrogenic Accumulating Mechanisms

The project is aimed at the creation of production of power installations, electrolysis units and electrochemical generators based on oxygen-hydrogen fuel cells and the production of power installations using those elements.

In the course of realisation of the project it is planned on the basis of electrochemical transducer plant UEIP JSC activities to create production. Hydrogenic accumulating mechanisms market development forecasts being confirmed, the enlargement of production and/or expansion in adjacent market segments is planned.

In 2010 a preliminary analysis of the project was held and an application for its commencement was prepared.

Automotive Catalytic Agents Production

The project is based on the developed and successfully proven technologies of nano patterned catalytically active coatings, possessing advanced oxygen capacity and temperature resistance under the lower expense of nonferrous platinum group metals (up to 10-15% per item), which allows for the production of automotive catalytic agents, different in the range of specified advantages. The project is realised in collaboration with JSC RUSNANO and a Strategic Co-investor. In 2010 together with co-investors principal conditions of the project realisation were developed and agreed. A business-plan was developed, an assessment of tangible assets used in the project realisation conducted, technological examinations required and legal auditing were carried out.

The project was approved by the Coordination Operating Committee of FC Rosatom under the works on the activities on collaboration with JSC RUSNANO and projects of JSC RUSNANO Supervisory Committee. FC "TVEL" Investment Committee has taken a decision on the beginning of investment phase of the project. In 2010 292.64 thousands items under the annual sales revenue output of 588.74 million rubles were produced.

Isotopes

JSC "PA Electrochemical Plant" is one of the largest manufacturers of stable isotopes by the centrifugal method. At present B 95 isotopes and 19 chemical elements are produced.

In 2010 analysis was carried out for the new direction of isotope production development taking into account business conditions and possible enterprises:

- 10B (Bohr -10) — there exists an intra-industrial need up to 1000 kg/year (\$4 million.), domestic manufacturing is lacking. In accordance with the expert judgments centrifugal apportionment technique of this isotope is more cost-effective.
- 64Zn (Zinc -64) — production has been mastered, it is possible to be employed at the domestic nuclear power reactors.
- 150Nd (Neodymium -150) and isotopes of other rare-earth metals (gadolinium, erbium, hafnium, ytterbium, lutetium, palladium and others.).

Common projects with JSC RUSNANO

In accordance with the decision of the State Corporation Rosatom in 2010 on the basis of JSC "TVEL" a Research and Development Centre was organised aimed at the coordination of the realisation of common projects with JSC RUSNANO. The Research and Development Centre of JSC "TVEL" provided support of the organisations of the State Corporation Rosatom and JSC RUSNANO when initiating requests, execution of business procedures in the State Corporation Rosatom and JSC RUSNANO, execution of the corresponding documents, and decision-making process. During the course of 2010 an inventory check of the applications and projects of the enterprises of the State Corporation Rosatom, was carried out being under consideration in JSC RUSNANO or planned to be supplied to JSC RUSNANO at the stage of execution.

With the aim of initiation of new projects during 2010 in collaboration with JSC RUSNANO two strategic sessions with participation of industrial development engineers and eventual buyers of the products on the basis of nanotechnologies were held. The representatives of JSC UEIP, JSC SCC, JSC NCCP, JSC VNIINM, JSC KMZ, Centrotech-SPb CJSC, JSC CMP, JSC EDO-NN took an active part in these sessions.

As a result of the activities held in 2010 enterprises of FC Rosatom, 33 new projects were initiated. In general applications to the 11 projects were filled at JSC RUSNANO, 7 of which were approved to be financed by the Supervisory Committee of JSC RUSNANO, including 4 projects from FC "TVEL" enterprises.

Realisation of the common projects will help to reduce the risks of FC "TVEL" and other enterprises in the sector of innovative products integration into industrial production.

Four out of seven projects approved by JSC RUSNANO Supervisory Committee were initiated by the branch organisations of FC "TVEL":

- Nano-covering-atom (services on functional nano patterned coverings coating rendering) — JSC VNIINM;
- Superconductors (creation of industrial production of nano structural electro technical ultra-high strength and electric conductivity wire assemblies) — JSC VNIINM;
- Automative Catalytic Agents (creation of high-technology production of catalytic and new-generation neutralization tanks for gasoline and diesel engine automobile transport complying with the standards Euro-4/5/6) — JSC UEIP;
- Cathode material (creation of industrial production of nano sized composite cathode material for rechargeable lithium-ion cells) — JSC NCCP.

Within the frame of activities over the project business plans were developed, market research conducted, assessment of tangible assets was fulfilled, technological examinations and legal auditing were performed. As a result the stated projects were approved by FC "TVEL" Investment Committee, Coordination Operating Committee of FC Rosatom on the activities on collaboration with JSC RUSNANO projects and those of the JSC RUSNANO Supervisory Committee.

№	Project	Applicant
1	Creation of the industrial production of nano structural electro technical ultra-high strength and electric conductivity wire assemblies	JSC VNIINM
2	Nano-covering-atom	JSC VNIINM
3	Automotive Catalytic Agents	JSC UEIP
4	Rechargeable lithium-ion cells	JSC NCCP
5	Creation of production of jointing and antifriction constructional material on the basis of nano modified polytetrafluoroethylene	FSUE PCSRI ¹
6	Detection units	FSUE AARI ²
7	Ulianovsk nano centre (infrastructure project)	JSC SSC SRIAR ³ (participator of the project)

Table 5.2.1.
Innovation projects
agreed with
JSC RUSNANO
Supervisory
Committee

¹ Federal State
Unitary Enterprise
Physico-Chemical
Scientific
Research Institute

² Federal State
Unitary Enterprise
All-Russian
Automation
Research Institute

³ JSC State
Scientific Centre
Scientific
Research Institute
of Atomic
Reactors

Total investments in the stated projects made up 4,597 million rubles, of which 2,130 million rubles cover FC “TVEL” subsidiary enterprises, which includes 147 million rubles in the form of intellectual property, real property assets and equipment (the majority — marginal assets) — 435 million rubles as well as in the form of monetary funds directed to real property assets, intellectual property, equipment repurchase — up to 640 million rubles. In 2010 for the realization of projects there were allocated 390 million rubles, in 2011 the investments are to make up 1,120 million rubles.

As a result of the project realisation there will be created new high-technology enterprises, the consolidated revenues of which after the attainment of projected capacity are to exceed 10 million rubles by 2016 (in 2011 revenues in the direction of “Automotive catalytic agents” is planned to make up 537 million rubles, in the direction of “Superconductors” — 14 million rubles and in the direction of “Nano-covering-atom” — 10 million rubles). In the framework of the given enterprises it is planned to create more than 500 new working places.

5.3 Intellectual Property Protection

Legal protection and intellectual property protection in FC "TVEL" is performed in accordance with the requirements of the Law of the Russian Federation, above all, in accordance with the requirements of Chapter 4 of the Civil Code of the Russian Federation (Chapter VII "Right to the result of intellectual activity and means of individualization").

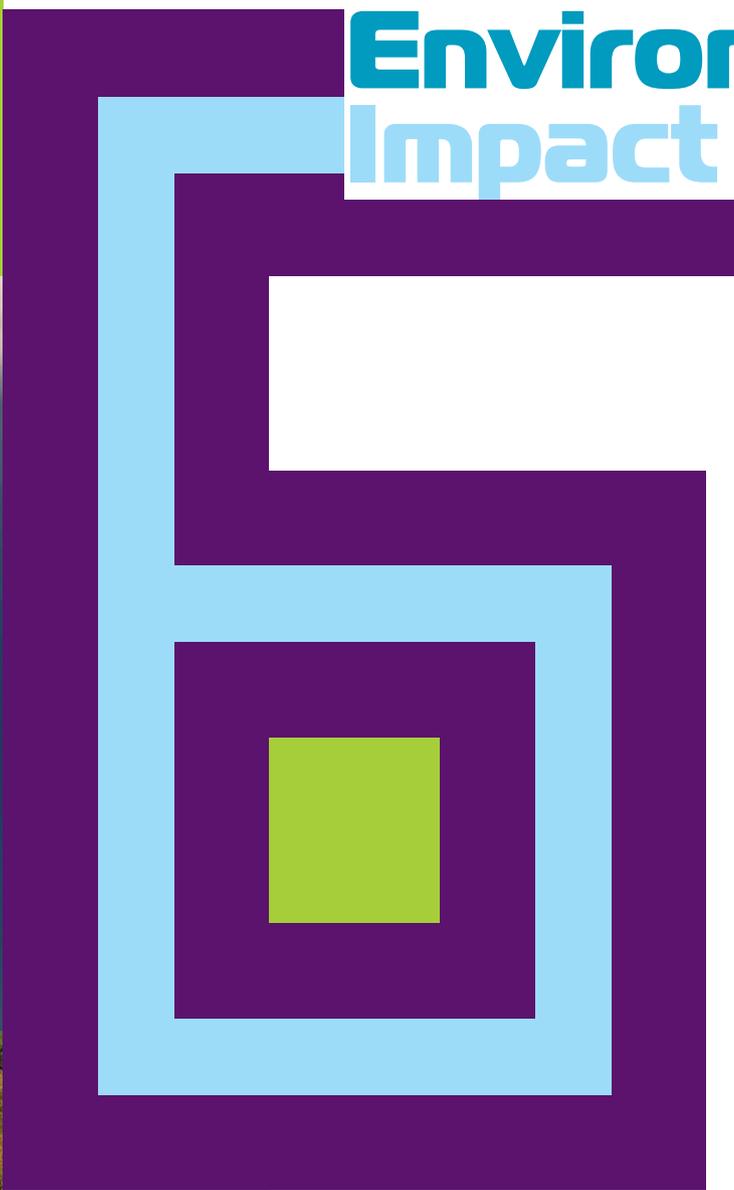
		2008	2009	2010
Table 5.3.1. Number of inventions, useful models and industrial prototypes registered	Inventions: Russian/foreign, pcs	73/3	74/4	49/10
	Useful models: Russian/foreign, pcs	21/-	14/1	7/-
	Industrial prototypes: Russian/foreign, pcs	2/-	3/-	3/-

		2008	2009	2010
Table 5.3.2. Number of applications for the protected results of intellectual activity filled	Applications for the useful models: Russian/foreign, pcs	98/9	108/7	98/5
	Applications for the inventions: Russian/foreigner, pcs	18/1	15/-	13/2

A drop in number of the inventions and useful models registered in 2010 is connected with the fact that part of the inventions and useful models, essential from the point of view of non-disclosure are registered as secret or "know-how" objects, protected as commercial secrets.







Environmental Impact

- 6.1** Environmental Safety Management
- 6.2** Measures for environmental impact reduction
- 6.3** Environmental impact indices
- 6.4** Planning of activities in environmental protection field
- 6.5** Nuclear and radiation safety
- 6.6** Energy saving and increase of energy efficiency

6.1 Environmental Safety Management

The main aim of FC "TVEL" in the area of environmental safety management is minimisation of the negative environmental impact of the production and exploitation of nuclear fuel.

The principal corporate document regulating the activity of FC "TVEL" in the area of the environment and ecological safety provision is Ecological Policy of JSC "TVEL" which defines the principals of activity of the company in the field of ecology:

- provision of compliance with the Russian Federation environmental legislation;
- implementation technologies, methods and means of the environment protection providing attainment and maintenance of nuclear, radiation and other components of the environmental protection on the world's best level aimed at prevention of the hazardous effects on an individual or the environment at the operating, developing and prospective enterprises;
- priority of measures aimed at prevention of hazardous exposure on an individual and the environment;
- system and multifaceted approach to solving the problem of the ecological safety provision on the basis of the modern concepts of hazards and ecological losses assessment;
- constant readiness to prevent and effectively liquidate consequences of occurrences, incidents, emergencies and other emergency situations in the field of ecology;
- openness and availability of the ecological information, orientation on constructive interaction with public.

FC "TVEL" activity on reducing the negative impact of the enterprises on the environment is characterised by the sector specifically and is realised in two directions:

- Liquidation of the first nuclear project "legacy" formed as a result of fulfilling defence government programmes at the enterprises of FC "TVEL", which presupposes large scope of works on shutting down nuclear industry facilities and recultivation of the contaminated areas;
- Reducing the influence of enterprises on the environment, connected with current industrial activity. In the framework of the given direction it is required to develop the System of Ecological Management, to implement modern resource-recovery production technologies, to fulfil current environmental actions and monitoring of the environmental state.

In accordance with the stated directions of activity streamed at reduction of the negative impact on ecology FC “TVEL” enterprises annually execute environmental protection plans. In 2010 a consolidation Plan of Realization of the Ecological Policy of FC “TVEL” for 2010–2015 was developed comprising organizational and production and technical measures in the area of environmental protection.

Main directions of the organisational measures:

- Development of the Environment Management System, corresponding to the requirements of international standard ISO 14001;
- Auditing of the management system;
- Staff training/instruction on the issues of cost-effective use of resources and reducing the impact on the environment;
- Development of consultations with local populations/communities and parties concerned on the issues of environmental protection.

Main directions of the production and technical measures:

- Resolving the accumulated issues in the area of environmental protection;
- Improvement of the environmental activity and reduction of the influence of the current activity on the environment;
- Development of the environmental monitoring system;
- Energy saving.



Figure 6.1.1. Certificate of conformation of the environment protection management system, ISO 14001:2004

At the enterprises of FC "TVEL" (JSC NCCP, JSC MSZ, JSC CMZ, JSC CMP, SC "PA EP", SCC OJSC, JSC AECC, UEIP JSC) having a considerable impact on the environment, a System of Ecological Management has been implemented, corresponding to the international standard ISO 14001. With the aim of raising cost-effectiveness of SEM new corporate standards in the area of environmental safety management have been introduced which modernised current systems. In 2010 enterprises of FC JSC "TVEL" UEIP, JSC NCCP, JSC AECC, MPP OJSC and OJSC KGW successfully passed certification audit; JSC CMP, JSC MSZ, JSC NCCP and SC "PA EP" passed observational audit and confirmed the validity of their certificates.

A significant contribution in 2010 was the increased effectiveness of the environment safety management system at FC "TVEL" and the development of the consistent method of identification of ecological aspects and risk assessment. In 2011 it is planned to implement this Method at the enterprises of FC "TVEL" which will allow directing the funds to the most essential issues in the ecological field.

Legal aspects of the activity in the sphere of environmental protection

One of the main issues in the sphere of environmental protection is providing observance of all the requirements of current law and all the established limits and normative standards.

The operating team of JSC "TVEL" carried out monitoring of the permissive ecological documentation at all the enterprises and defined the list of permissions, the validity of which was terminating. This allowed in-advance preparation to prolong or to receive the necessary permissible documentation.

In 2010 considerable changes were introduced in the area of permissible documentation execution in connection with the entry into legal force of the Russian Federation government order No. 717 dated 13.09.2010. JSC "TVEL" carried out information sharing of its enterprises and provided support (as well by applying to the Federal Service for Supervision of Natural Resource Usage, Federal Water Resources Council, Ministry for the Protection of the Environment and Natural Resources of the Russian Federation) with the issue of organisation of the procedure of permissions execution and bringing into compliance standard documents of the admissible influence on the environment.

In 2010 by order of the State Corporation Rosatom JSC “TVEL” took active part in the perfection of the standardised documents in the area of environmental safety. In particular the following projects on federal laws were prepared:

- federal law draft “About Amending Certain Russian Federation Legislative Acts (in the aspect of issues of natural damage liquidation, including the one connected with the previous industrial activity)”;
- federal law draft “On Amendments to the Federal Law “On the Technical Regulation”.

Scientific provision of the activity in the area of environmental protection of the enterprises of FC “TVEL”

FC “TVEL” organises an all-round expert and scientific support of its enterprises in the course of resolving existing ecological problems. At JSC “TVEL” a department of the Scientific and Technical Council operates on the subject: “Provision of ecological, nuclear and radiation safety”. In 2010 at the meetings of the department the issues of decommissioning of the objects “of legacy” of the first nuclear project and soils clean-up of mercury were discussed.

FC “TVEL” interacts with large scientific organisations of the nuclear sector as well as with the company VNIINM, which entered the network of management of the company FC “TVEL” in 2010, a company that has great experience in scientific work in the field of ecological issues solving. In 2010 JSC VNIINM held experimental work on soils depuration at JSC MSZ by means of the new method.

Reporting in the area of environmental protection of FC “TVEL”

Activity of the enterprises of FC “TVEL” in the area of environmental protection is open: enterprises interact with non-governmental organisations, local administrations and population and reveal information on the environmental protection to the full extent.

In accordance with the State Corporation Rosatom order “On the Improvement of Ecological Policy Realisation of the State Corporation Rosatom”, as well as with Methodological Instructive Regulations on the realisation of the ecological policy of the State Corporation Rosatom and FC “TVEL” there were organised the works on the reports preparation on the realisation of the Ecological Policy.

The reports on the ecologically-significant enterprises of FC “TVEL” are available on the site of the Social Council of the State Corporation Rosatom at address; http://osatom.ru/library/eco_rep/.

6.2 Measures for environmental impact reduction

A series of measures aimed at improving environmental safety were conducted in 2010 in order to execute the Plan of Implementation of Ecological policy of JSC "TVEL" (see Table 6.2.1.). Measures were financed at the expense of own funds from FC "TVEL" and within the budget of the Federal Target Programme "Nuclear and Radiation Safety in 2008 and for the period till 2015."

About 40 events totalling 1,594,055 million rubles were held in 2010 at the expense of the Federal budget, special reserve funds of the State Corporation Rosatom and own funds of FC "TVEL" enterprises.

The momentous event of 2010 was the completion of the decommissioning of a nuclear facility at one of the production sites of NF fabrication units of FC "TVEL" (according to the variant "green-field site") and its removal from regulatory control and supervision in accordance with the decision of the Rostekhnadzor (Russian Federal Service for Ecological, Technical and Atomic Supervision) dated 12.11.2010. This is the first in the nuclear industry experience of complete decommissioning of the nuclear- and radiation-hazardous sites.

FC "TVEL" plans to replicate this experience in the implementation of similar projects in other enterprises. From 2016 it is planned to continue the programme of decommissioning of industrial uranium-graphite reactors (PUGR), conservation of LRW pools and sludge storages at JSC "SICP", decommissioning of fuel produce for PUGR at JSC "NCCP" and JSC "CMP".

The experiment-demonstration centre on the basis of JSC "SICP" was found to create an industrial and technological base for decommissioning of PUGR. This is the first step to form the base company for UGR decommissioning by the formation of a separate scientific and production pilot centre (PC) at the base of the Reactor plant JSC "SICP".

Measure	Achieved effect
Cancellation of chemical etching of fuel elements of RBMK-1000 of JSC "MSZ".	Reduction of aggressive chemicals entering the environment: at 50% fluoride and nitric acid at 8%.
Creation of rehabilitation system of headwater, polluted by RAW, accumulated in tailings pond of JSC "CMP".	Reduced risk of soil contamination and water pollution on the adjacent territory of waste ponds.
Continued reconstruction of gas purification system of TPP JSC "SICP".	Reduction of enterprises' emissions by 1200 tons, or by 4.4% of emissions in 2009.
The introduction of recycling water supply systems at JSC "AECC". Work continues, completion date — 2013	Reduction of waste water disposal by 5.1 million cubic meters, or by 37% of disposal volume in 2009
Replacement of the refrigerating equipment of JSC "PA EP" to units working with safe coolants. Works continue, completion date — 2014	Reducing emissions of Freon-113 three-fold (0.16 tons per year) of Freon-12 two-fold (4 tons per year).

Table 6.2.1.
Key results of execution of the Plan of implementation of Ecological policy

The main tasks of creation of PCs are:

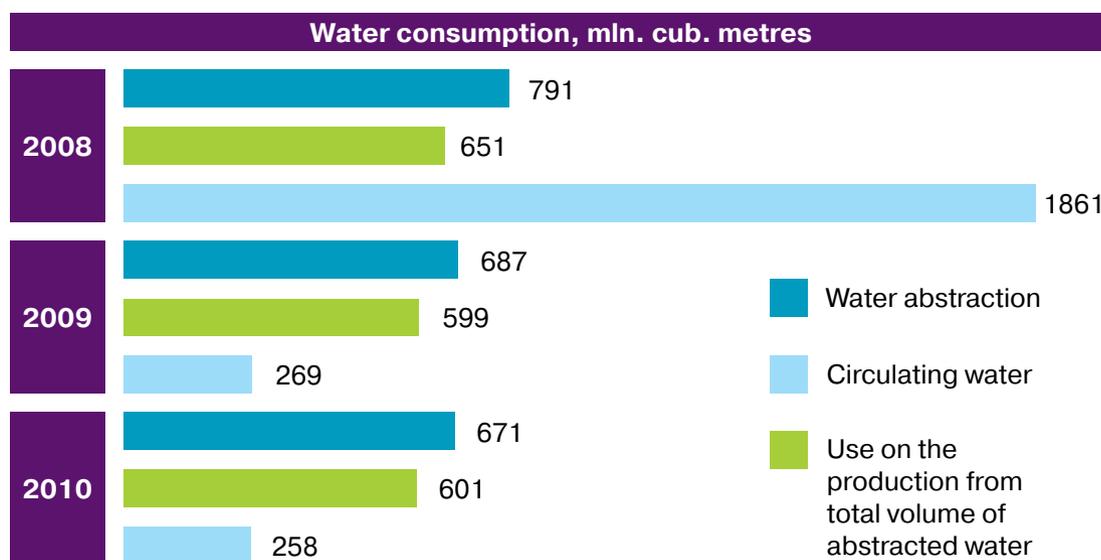
- Development of universal innovative technologies for decommissioning of UGR;
- Increased transparency of pricing of provider of service of UGR decommissioning;
- Increased transparency of formation of expenses of enterprises, whose balance contains the stopped UGR;
- Creating of a major market participant who provides bundled services of UGR decommission on the sectorial, national and international level.

6.3 Environmental impact indices

The information, relating to the activities of enterprises before their inclusion in the control network of FC "TVEL" was used to ensure comparability of data by analysis of consolidated indicators of environmental impact of FC "TVEL" enterprises over the period of 2008-2010.

Water consumption and water disposal

Fig. 6.3.1.
Water consumption



There has been a reduction of water abstraction over the past three years: this is due to conduction of environmental measures and changes in the structure of productions. In 2010, the share of water abstraction was 75% of the established norm.

Significant reduction in the amount of water in the water circulation systems connected with the cessation of operation of industrial reactors of JSC "SICP"; the entire volume of water was used in cooling systems.

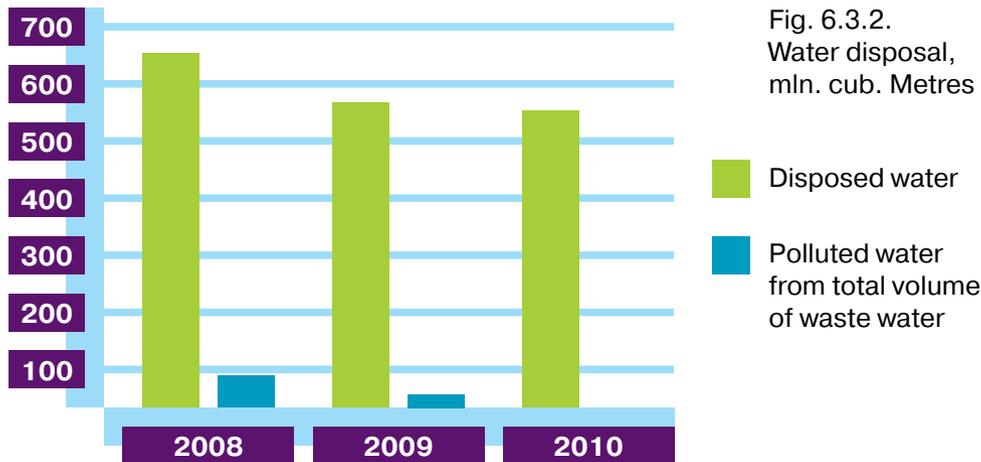


Fig. 6.3.2.
Water disposal,
mln. cub. Metres

■ Disposed water
■ Polluted water from total volume of waste water

The difference in the balance of abstraction/ disposal of water is because the part of water is transferred to outside users, from whom water gets into the sewer networks, which do not belong to enterprises.

The conduction of measures also allowed reducing disposal of polluted waste water volume. Generally, polluted water formed due to insufficient cleaning.

Disposal of waste water, containing radionuclides

Discharge of radionuclides by enterprises of FC “TVEL” was formed mainly of discharges of JSC “SICP”. Urgency of the problem of discharge of radionuclides significantly reduced since 2008 due to the PUGR shutdown. In 2009-2010 discharge of radionuclides is absent on all enterprises of FC “TVEL” with the exception of JSC “MSZ”, where it was in 2010, of an insignificant amount — $4.85 \cdot 10^8$ Bq.

Emission of polluting substances

Fig. 6.3.3.
Emissions of polluting substances, thous. tons

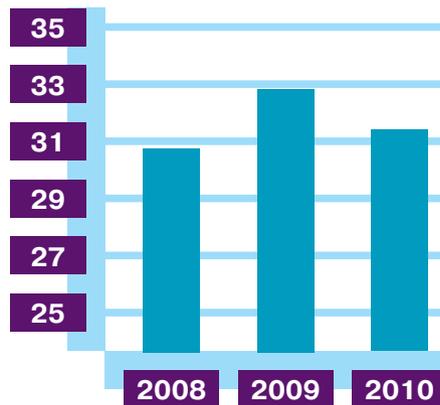
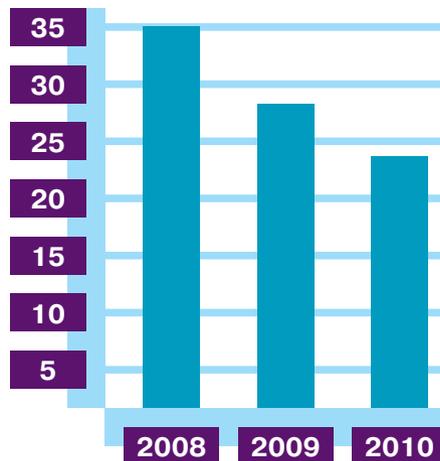


Fig. 6.3.4.
Emissions of ozone depleting substances, tons



Polluting substances emissions during the past 3 years has slight variations; there is no exceeding of the permitted gross emissions. Reduction of emissions is complicated by the introduction of restrictions on the consumption of natural gas during the winter that leads to increased use of solid fuel, combustion emissions of which are significantly higher.

In 2010 emissions of polluting substances were mainly formed by JSC "SICP" (84.3% of total emissions) and JSC "CMP" (9.5%). Large TPPs operate on the said enterprises, which provide energy not only for enterprises, but also the regions of location, including dwelling houses and social facilities. TPP JSC "SICP" is of particular importance for the region of location in connection with the accident at the Sayano-Shushenskaya HPP.

Volume of emissions of ozone depleting substances (Freon) in the period from 2008 to 2010 steadily decreased, due to the replacement of refrigeration equipment at the JSC "CMP", the implementation of measures for recovery of refrigerant at JSC "CMP", reduction of the use of Freon in their manufacturing operations and replacement are less aggressive to environmental substances.

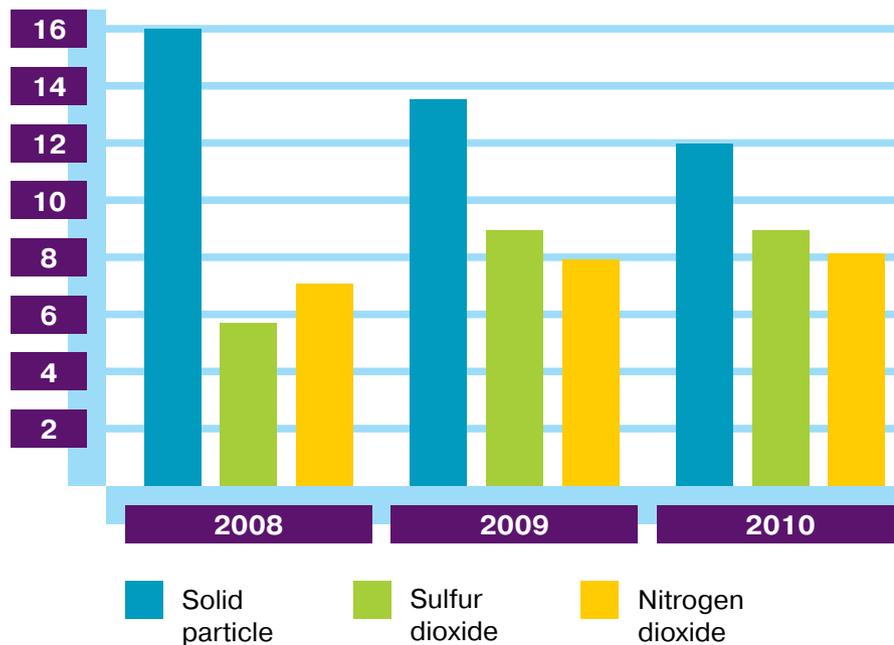
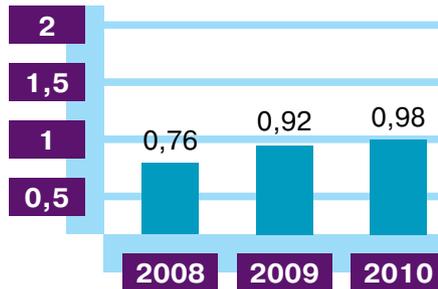


Fig. 6.3.5. Emissions of specific polluting substances into the atmosphere (NO₂, SO₂ solid particles), thous. tons

Increase of volume of sulphur dioxide and nitrogen dioxide emissions in 2009 was due to increased energy production in TTP JSC “SICP” in connection with the shutdown of production reactors and the necessity of using replacing capacities. Annually repairing works and modernisation of gas-cleaning equipment are held at the TTP JSC “SICP”, at the same time reduces the amount of solid fuel used for the benefit of the use of gas — this causes the reduction of emissions of solid particles. These measures allow working within specifications.

Emissions of radionuclides into the atmosphere

Fig. 6.3.6.
Emissions of
alpha-active nu-
clides by
FC "TVEL"
enterprises

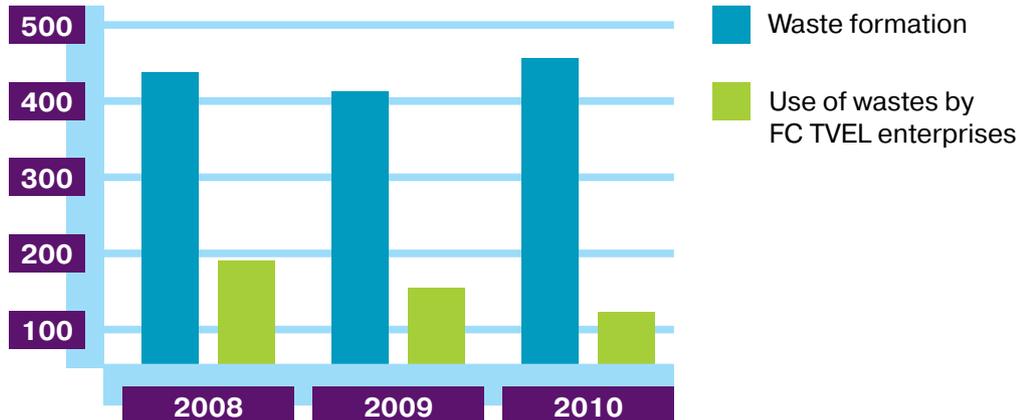


Dynamics of radionuclide emission of enterprises belonging to the control network of FC "TVEL" is shown in Fig. 6.3.6.

The main contributions to the total emission of radionuclides by FC "TVEL" enterprises make JSC "SICP", JSC "NCCP", and JSC "CMP". The actual emission of radionuclides by FC "TVEL" enterprises in 2010 did not exceed the permitted established emission of radioactive substances — $1.78 \cdot 10^{14}$ Bq.

Management of manufacture and consumption waste.

Fig. 6.3.7.
Manufacture and
consumption
waste,
thous. tons



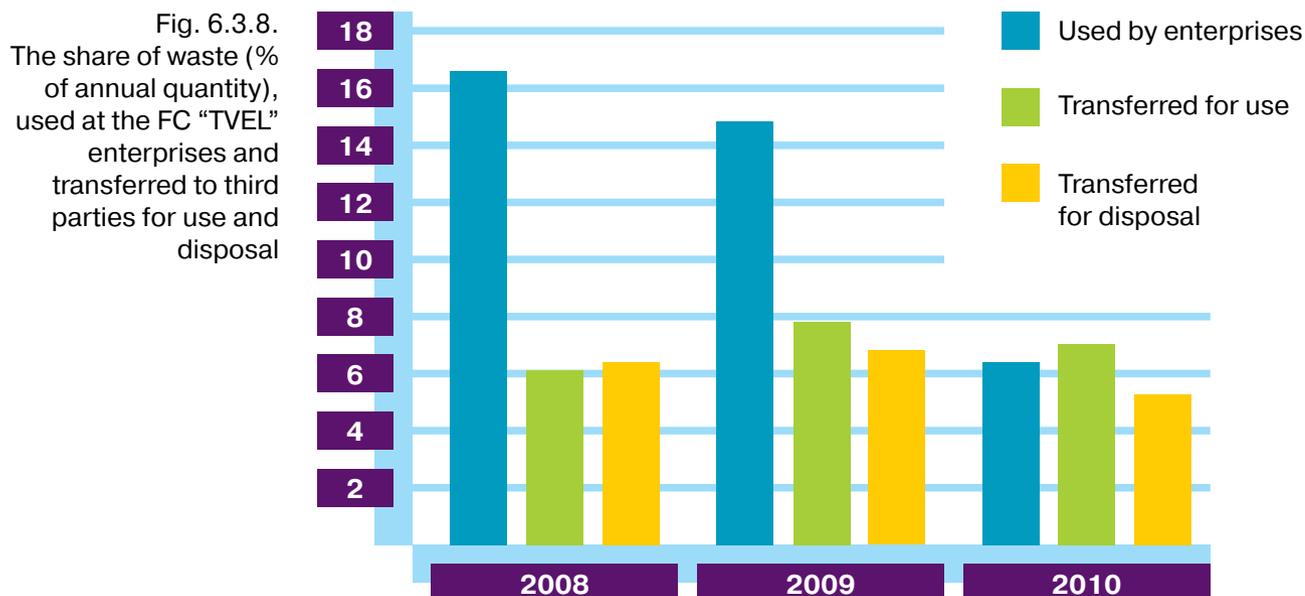
Waste consists mainly of waste of hazard class V (85.4% in 2010) and is formed mainly by JSC "SICP" (waste of hazards class V presented by ash slag from combustion of solid fuel on TTP).

In addition, in connection with the implementation of measures for decommissioning of facilities at the industrial sites of enterprise, large quantities of construction waste are formed, which further contributes to the overall waste generation.

Waste formed (thous. tons)	2008	2009	2010
All, of them:	425,9	400,6	451,1
I class of hazard	30,3	6,4	0,17
II class of hazard	14,6	14,8	12,9
III class of hazard	28,5	22,1	6,6
IV class of hazard	62,2	42,4	32,7
V class of hazard	289,9	314,9	385,3
Transferred to third parties, including:	79,1	81,2	79,2
For use	25,1	30,1	31,6
For neutralization	16,3	16,0	13,6
For storage	10,8	9,2	10,6
For disposal	26,9	25,9	23,4
Placed at the own facilities	255,4	268,2	339,5

Table 6.3.1.
Waste formation
at the FC "TVEL"
enterprises

Manufacture and consumption waste of FC "TVEL" enterprises is 27 times less than the average in the Russian Federation (in relative indications of manufacture and consumption waste per 1 ruble of value of output).



Reduction of the relative use of waste connected with the withdrawal of non-specialised manufactures to certain organisations at the FC "TVEL" enterprises. Additional contribution to the reduction of use of waste makes the unevenness of formation of waste which is used repeatedly. In addition, the reduction of use of waste connected with an increased relative amount of waste of hazard class V (commonly, waste of III-IV class of hazard is used). From 2008 to 2010 the formation of waste of hazard class III reduced by 21.9 thous. tons or 76.8%, waste of hazard class IV reduced by 29.5 thous. tons or 47.4%.

Contamination of the territory with radionuclides

Contaminated with radionuclides territories are within the boundaries of industrial sites of JSC "MSZ", JSC "NCCP", JSC "CMP", JSC "SICC" and JSC "MPP". Contamination resulted from the activities of enterprises on improvement of the country's defence capacity during the first nuclear project. From 2008 to 2010 rehabilitation works of the territories were held in JSC "NCCP", JSC "SICC" and JSC "MPP". Territory rehabilitation works at the other enterprises are at the design decisions preparation stage; execution of work is planned for a later date.



Fig 6.3.9.
Territories of FC "TVEL"
contaminated with
radionuclides

Environmental control costs

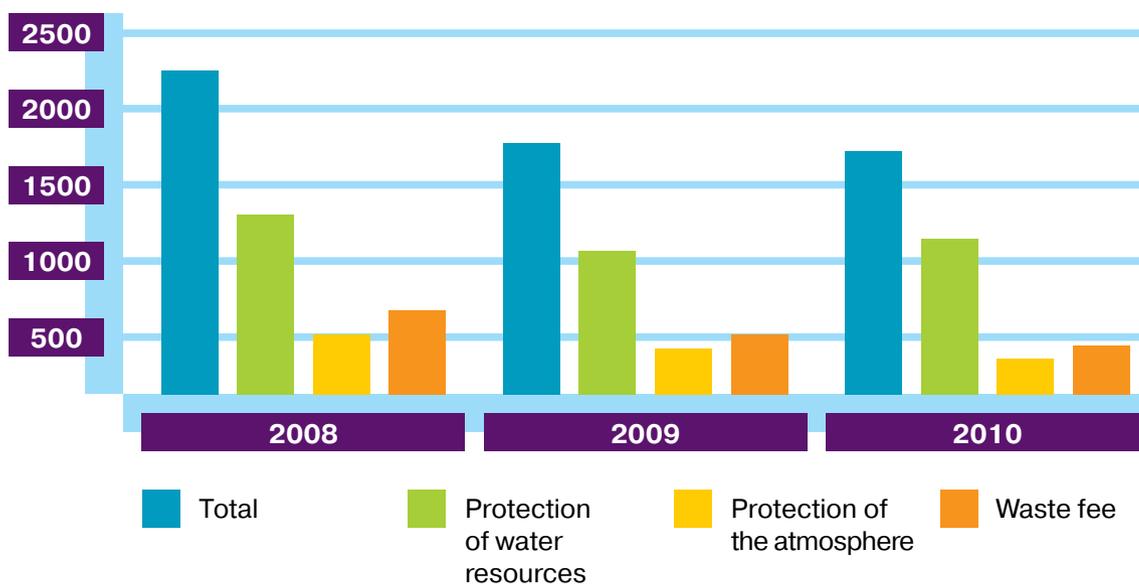
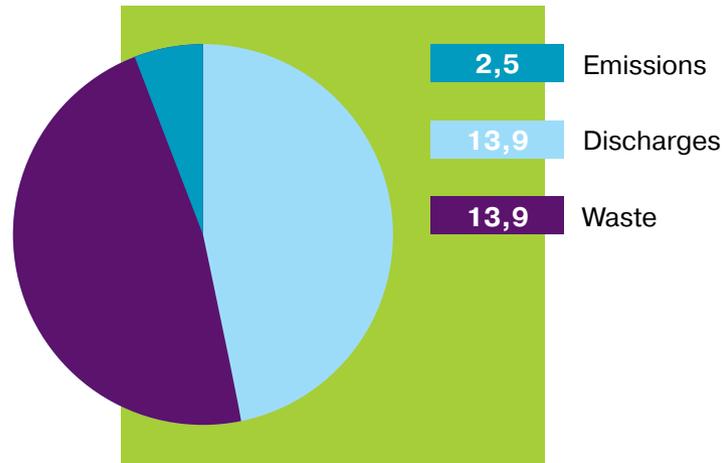


Fig. 6.3.10.
Environmental
control costs,
mln. rubles

The total costs for the environmental protection of FC "TVEL" tend to decrease, caused by the active restructuring. Non-specialised manufacture assets are brought out of the enterprises, including the maintenance department, recreation facilities, and others, which leads to a partial reduction of the environmental impact of FC "TVEL".

Proportion of costs indicate a significant emphasis on water protection, expressed in measures of upgrading and reconstruction of water purification systems, water circulation and recycling of water resources.

Fig. 6.3.11.
Structure of
environmental costs
in 2010, mln. rubles



There were no fines or significant comments on the work of the FC "TVEL" enterprises from the regulatory authorities in 2010 (in 2008 the amount of fines was 60 thous. rubles, in 2009 — 70 thous. rubles).

Non-exceedance of the permitted standard established impact of FC "TVEL" enterprises on the environment is a testament to preservation of favourable ecological conditions in the regions of presence, both through self-recovery of ecological systems, and by conducting of additional environmental protection measures on the part of FC "TVEL".

Relative impact on the environment of FC “TVEL” enterprises in the regions.

The contribution of environmental impact of FC “TVEL” enterprises of the location area generally does not exceed 5% of the overall impact of industry on the ecology of the corresponding regions. An exception is the JSC “SICP”, whose contribution to the environmental impact of the Tomsk region of emission is 7.4% (mostly emissions of TTP, the main source of energy of Seversk and Tomsk); of discharge is 81.9% (due to the absence of own waste collector in Seversk, that is why all of the discharge goes through the collector of JSC “SICP”); of waste is 46.9% (mostly ash slags, resulting from combustion of solid fuels on TTP).

The share of the influence of other FC “TVEL” enterprises in the overall impact of economic activities on the environment in the regions of location is negligible.

Taking into account the great impact of JSC “SICP” on the environment in Tomsk region, FC “TVEL” actively works with local authorities and non-governmental organisations on environmental issues.



SCC JSC,
The ecozone

6.4 Planning of activities in environmental protection field

The main measures for 2011 and for the future:

- Conducting comprehensive and special-purpose inspections of all the enterprises;
- Conducting audits of EMS (JSC "MSZ", JSC "CMP", JSC "NCCP", JSC "MPP");
- Organisation and coordination of introduction of integrated management system of the environment. It is planned to develop and implement the main managing documents, and conduct audits at the enterprises and divisions of FC "TVEL" according to an integrated management system, which is designed to combine the quality management system of environment, health care and labour safety. At the first stage in the scope of the system will be included JSC "MSZ", JSC "CMP", JSC "NCCP", JSC "MPP", and JSC "CC". Further, the system will include enterprises of separation-sublimation complex and enterprises of scientific support and the production of gas centrifuges;
- Estimation and examination of the use of international experience in the field of statistics of greenhouse gas emissions;
- Developing of monitoring systems of the impact on the environment of FC "TVEL" enterprises, which will help develop measures to reduce environmental impact.

It is planned to implement the following measures within the current production activity of enterprises:

- JSC "MSZ" — organisation of index accounting of the waste water volume in the sanitary sewer system;
- JSC "AECC" — installation of meters at the centres of entry of hot water and the lead-in hoses of the economic and industrial water;
- JSC "UEIP" — organisation of accounting of water disposal of domestic effluents from industrial sites of the plant by index methods; reduction of water disposal by optimisation of water consumption (completion of works is planned for 2013);
- JSC "PA EP" — conduction of works to reduce energy consumption: replacement of ventilating fans and reconstruction of power supply systems, modernisation of two refrigerating machines and switching to ones less dangerous for the environment coolant, which will reduce emissions of ozone-depleting substances;
- JSC "NCCP" — development of rehabilitation project for the territories contaminated with mercury.

6.5 Nuclear and radiation safety

In 2010 FC “TVEL” solved the following problems of nuclear and radiation safety:

- Safety of the decommissioning of nuclear and radiation hazardous sites (NRHS) and the rehabilitation of contaminated sites of (URZ) territories, implemented under the federal target programme “Nuclear and Radiation Safety in 2008 and for the period till 2015 “(FTP NRS);
- Compliance (non-exceedance) of established by standards of individual doses limits and other standards of radiation safety;
- Organisation and providing of works to get necessary licenses from Rostekhnadzor;
- Organisation and providing of works to get permits for transportation of radioactive materials, coordination of works on modernisation of existing and creation of new transport-packing sets;
- Implementation of production activity by FC “TVEL” enterprises in accordance with requirements of the Russian Federation legislation, federal standards and rules in the field of nuclear and radiation safety.

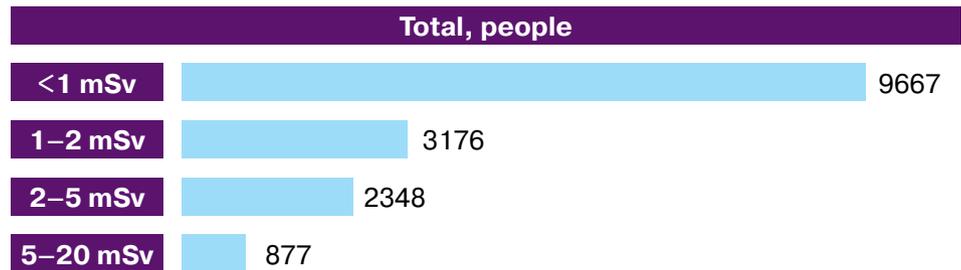
All the necessary licenses and permits for the operation of FC “TVEL” enterprises in the production and transportation of products, production modernisation were received or re-registered in 2010. The works on modernisation of the monitoring systems of the parameters of nuclear and radiation safety at the FC “TVEL” enterprises and ensuring that the systems of nuclear and radiation safety of enterprises comply with requirements of normative documents were also continued during the reporting period.

There were no excesses of safety parameters and base dose limits established by standardised documents on nuclear and radiation safety, as well as breaches that may be classified as accidents and incidents according to INES scale at the FC “TVEL” enterprises in 2010.

Individual effective radiation dose for staff at the FC “TVEL” enterprises in 2010 was controlled for 16,046 people working in conditions of radiation hazards (group A staff). The average annual individual effective dose for the group A staff of all radiation dangerous FC “TVEL” enterprises remained at last year’s level and amounted to 1.4 mSv.

The maximum doses were 15.3 mSv at JSC "SICP" (for production machine operator) and 12.5 mSv at JSC "CMP" (for shipper of storage site).

Fig. 6.5.1.
Distribution of A group staff
according to individual
doses of radiation in 2010



There are no staff at the FC "TVEL" enterprises who received annual effective dose more than 20 mSv.

In accordance with the estimation of radiation risk to the ARMIR system (automated work place by estimate of individual risk), the number of persons with individual radiation risk more than 10-3 was 51. The average age of employees with a given level of risk was 60 years old, average work experience in radiation hazards — more than 30 years; the risk was caused by significant radiation doses in the initial period of their production activities.

6.6 Energy saving and increase of energy efficiency

Energy saving is one of essential directions of increase of the economic efficiency of FC “TVEL” enterprises, and an important factor is a decrease in environmental impact by reducing equivalent CO2 emissions.

Energy audits of 15 enterprises of FC “TVEL” and thermal imaging examinations of buildings and constructions of 3 enterprises were conducted in 2010. Energy saving and increase of energy efficiency programmes for 2010-2014 were designed for surveyed enterprises as the result of energy audit.

The main tasks of the Energy Saving and Increase of Energy Efficiency Programme are:

- Improving the competitiveness of enterprises and ensuring efficient operation of enterprises.
- Reduction of energy resources consumption by 15% in relation to base one in 2009 in comparable conditions.
- Reduction of cost standards of energy resources for manufactured products.
- Accounting of produced and consumed energy resources.

Reduction of energy resources consumption by 5 % was established as a target indicator of improving of energy efficiency for the year 2010.

After conducting organisational operational measures the economy by types of energy resources made up: electric energy 6.7% (260.89 million kW/h); thermal energy 10.3% (422.33 thous. Gcal) Economy for energy resources consumption by FC “TVEL” enterprises was 626.2 million rubles (prices of 2009).

Fig. 6.6.1.
Dynamics of electric
energy consumption
of FC "TVEL"
enterprises

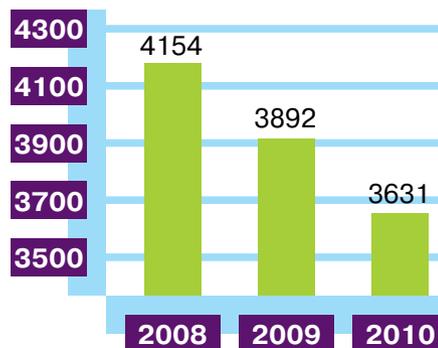


Fig. 6.6.2.
Dynamics of thermal
energy consumption
of FC "TVEL"
enterprises



Reduction of energy resources consumption in 2010 was achieved due to the following organisational operational measures:

- installation of compensating devices over the centres of reactive loads;
- creation of automated control systems of thermal energy consumption for heating of industrial buildings;
- modernisation of refrigeration machines and optimization of work of refrigerating stations;
- electric light savings, unloaded and reserve transformers, heating of unused buildings etc.

Implementation of the following measures on increase of energy efficiency is planned in 2011 at the FC “TVEL” enterprises:

- Thermal imaging surveys;
- Pilot project of JSC “CMP”:
 - a) Introduction of a frequency controlled motor control devices for electric drives with possible replacement of electric drives (FCD);
 - b) replacement of illumination devices with modern energy effective one with the possibility of organisation of automated switch on;
 - c) ventilation systems modernisation;
 - d) replacement or modernisation of compressors or air supply systems;
- Installation of frequency controlled drives;
- Creation of automated accounting systems of energy resources for:
 - a) formation of complete energy profile of the State Corporation Rosatom;
 - b) ensuring of interaction with existing measurement systems;
 - c) automated report formation;
 - d) accounting, control of execution and monitoring of implementation of “Energy saving and increase of energy efficiency program”;
- Modernisation of illumination systems;
- Modernisation or replacement of utility systems and equipment.

Financing of 3.05 billion rubles is provided in 2011 in order to implement the Energy Saving and Increase of Energy Efficiency Programme.



Economic impact

- 7.1 Procurement activities
- 7.2 Assignment to state budgets
- 7.3 Stimulation of business activity
in CATU and single-industry cities

Being the major exporter of high-tech products and one of the largest recruiters in the majority of regions of presence of its enterprises FC "TVEL" has significant economic impact both on localised and federal levels.

Kea areas of economic impact are:

- Increase of presence on the markets of nuclear fuel and its components;
- Creation of new work places;
- Investments into the development of innovative products manufacture;
- Procurements from local and all-Russian suppliers;
- Repayment of taxes into budgets;
- Support of new economic entities created within the scope of restructuring of FC "TVEL" enterprises and stimulation of their business activity.

Table 7.1.
Description of various
objects of economic
impact and ap-
proaches to manage-
ment in the Report

Objects of the Company's economic impact	Sections of the Report containing the description of impact
Markets for nuclear fuel and its components.	1.3. Market position of FC "TVEL"; 2.1. Strategy of FC "TVEL".
Labour market.	2.4. Programme "New Image"; 8.4. Social protection within the scope of restructuring of FC "TVEL".
Centres of innovative growth of the Russian economics.	5. Innovative activity.
Markets of acquired auxiliary materials used in operational procedures on FC "TVEL" enterprises.	7.1. Procurement activities.
Public finances.	7.2. Assignment to budget.
Structure, number and activity of economic entities of the regions of the Company's presence.	2.4. The Program "New Image"; 7.3. Stimulation of business activity in CATU and in single-industry cities.

One of the main principles of FC “TVEL” activity on economic impact management is the consideration of the position of parties concerned. The Company relies on its Public Position in the sphere of sustainable development (see Section 1.5.) within the framework of which the Company’s approaches to economic impact management are also stated in the scope of formation of relations with them.

Establishing and distribution of economic cost

One of the most important factors of economic impact is the distribution of created economic cost of the issued products by the Company, within the manufacture of which various third-party resources are involved. Data on established and distributed economic costs indicate how the expenses of all participants of the manufacturing process are compensated.

Net sales as well as returns on asset sales and financial investments.	1 15 094
Operation costs.	40 469
Salaries and other payments and benefits for employees.	33 902
Payments to asset suppliers.	3 434
Tax gross-up payments.	24 507
Investments in companies and charity	537
Retained economic costs.	12 245

Table 7.2.
Established and distributed economic cost

7.1 Procurement activities

The State Corporation Rosatom Uniform Industry-Wide Procurement Standard (UIPS) has been applied since the end of 2009. The procurements of FC "TVEL" and its subsidiaries and associates are performed on a competitive basis by means of public and transparent procurement procedures. The information on procurements is published on the special site of Rosatom State Corporation <http://zakupki.rosatom.ru>.

The main index of efficiency of procurement activities management is the openness: share of procurements in monetary terms performed by organisation of public open competitive procedures. In 2010 the openness index was 64.5% (according to the method of Rosatom State Corporation). Rosatom State Corporation established the target value of procurement activities openness at the level of 80% for 2011.

The important index of procurement activities openness is the share of auctions held at electronic trading platforms. In 2010 the share of electric auctions was 10%. The target value of auctions held at electronic trading platforms is established for 2011 at the level 20%.

According to the requirement of anti-trust legislation FC "TVEL" does not have the right to set preferences to suppliers on the territorial basis. Consequently local suppliers participate in competitive procedures on a common basis; special approaches to the work with local suppliers are not applied. In 2010 the share of procurements from local suppliers made up 27% in average.

As a result of procurement procedures on the open competitive basis the total amount of savings of the enterprises included to the control network of FC "TVEL" made up 1,632 million rubles in 2010.

The calculation of creation and division of economic cost was performed in accordance with the Passport for calculation of indicators and Indices of public records of Rosatom State Corporation on the basis of data on RAS (Russian Accounting Standards).

Table 7.1.1.
Procurements
of FC "TVEL"
enterprises
for 2010

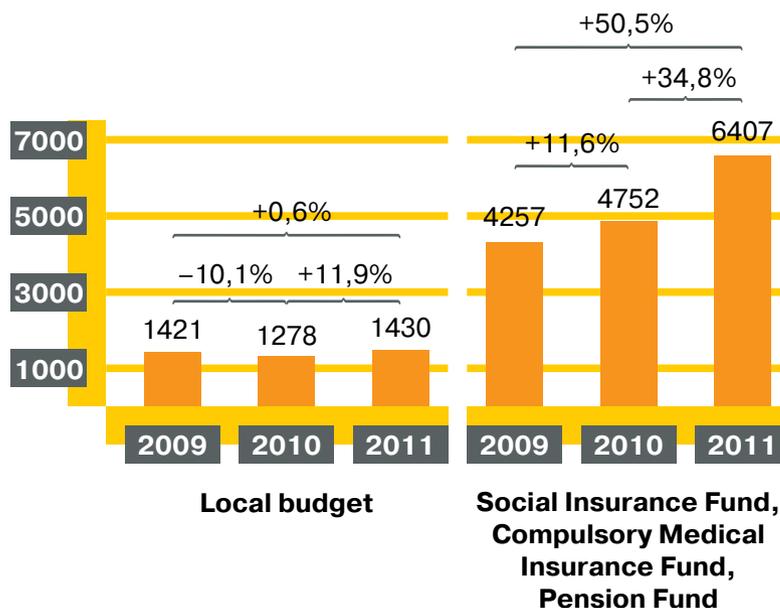
Region of presence	Enterprise	The amount of contracts concluded, thous. rubles	Including local counterparties, thous. rubles	
			MTR	Services and works
Moscow region	JCS TVEL	671 858	128 681	927 610
	MSZ JSC	1 910 752		
	MPP OJSC	104 301		
	VNIINM JSC	405 121		
Tomsk region	SCC OJSC	5 049 621	204 985	1 450 726
Novosibirsk region	NCCP JSC	1 466 579	57 624	441 980
Vladimir region	KMP JSC	1 420 333	91 841	690 271
	VPA Tochmash OJSC	875 698		
Sverdlovsk region	UEIP JSC	8 990 862	370 240	2 760 521
	UGCP LLC	150 173		
	NIMP LLC	140 112		
Irkutsk region	AECC OJSC	2 264 787	89 241	680 426
The Udmurt Republic	CMP OJSC	3 942 736	158 321	1 205 432
The Krasnoyarsk Territory	PA ECP JSC	10 954 520	450 412	3 150 247
Total		47 154 477	1 551 345	11 307 213

7.2 Assignment to state budgets

FC "TVEL" regularly makes tax payments to state budgets at all levels. The majority of enterprises of the Company are large taxpayers to local and regional budgets. Therefore, the completeness and promptness of tax payments of all levels is the warrant of normal performance of financial systems in the regions.

Gross tax payments jointly paid into budgets of different levels by FC "TVEL" made up 24,507 mln. rubles in 2010.

Figure 7.2.1.
Payments of FC "TVEL"
enterprises to state
budgets for 2009—2010
(2011 — forecast),
mln. rubles



In 2010 the substantial growth of allocations to extra budgetary funds of social, medical and retirement benefits (by 11.6%) was observed that is connected with increase of salaries in the enterprises of FC "TVEL". In 2011 even more substantial growth of the present allocations is planned against the increase of rates of insurance and further increase of the rate of remuneration.

In 2011 the increase of tax payments to local budgets (property tax, real estate tax, transport tax, polluter pays charges) is anticipated, that is connected with the start and extension of activity of affiliates created within the scope of FC "TVEL" restructuring.

7.3 Stimulation of business activity in CATU and single-industry cities

The most important task solved within the scope of FC “TVEL” restructuring is the stimulation of business activity and development of social infrastructures of territories of CATU and single-industrial cities.

This task is solved within the framework of the programme on creation of “New Image” of FC “TVEL” enterprises (see Section 2.4). Selection of non-core subdivisions to affiliates within the scope of restructuring of FC “TVEL” enterprises is to allow creating new “growth points” and stimulating the development of social infrastructure. This will lead to the creation of new working places in service industries, saturation of this segment of consumer’s market and will encourage the increase of comfort of inhabitation on these territories.



Figure 7.3.1. Impact of restructuring on development of local economics



Social impact

- 8.1** Human resources
- 8.2** Staff numbers and staff composition
- 8.3** Realisation of social policy
- 8.4** Labour safety
- 8.5** Social guarantees in the process of reorganisation of FC “TVEL” companies

8.1 Human resources

Objectives and issues of the staff policy

The main objective of the FC "TVEL" staff policy is security and efficient use of the capacity of the workforce for FC "TVEL" strategic issues to be realised.

For the objective in view to be reached the FC "TVEL" management considers it necessary to resolve the following the issues:

- Providing a competitive performance level by means of reduction of the operation labour intensity;
- Improvement of staff competence, primarily, competence of the operation labour intensity increase as well as research and technology competence;
- Increase in the level of staff satisfaction;
- Formation of a new organisational culture of the innovations and efficiency particularly by means of reforming business values and the RPS development.

Improvement of the Human Resources System in 2010

During 2010 on the assumption of the issues the company faced the projects targeted to create a basis of future reformations in the human resources system were realised. The following measures were carried out:

- Introduction of the RPS as new value basis;
- Development of the transparent and fair motivation system (labour compensation, social policy);
- Development and long-term planning of the number and labour intensity management system;
- Development and introduction of the operating efficiency estimation and the estimation of workforce capacity;
- Development of the formation system and staff reserve and job rotation advance;
- Development of the professional and business education system, particularly development of the system of the cooperation with educational establishments.

In 2010 FC “TVEL” introduced the Single Unified Remuneration System (SURS) at the MPP OJSC, MSZ JSC, NCCP JSC, CMP OJSC, JSC PA EP, JSC CMP, JSC AECC, JSC UEIP. As a result of the SURS introduction salary level of similar positions was harmonised in the scope of one enterprise and the dependence of the salary from the results of the division, enterprise, organisation department activity, professional level and labour quality of the employee was established. On the SURS basis the materials on the staff motivation at the JSC VNIINM were prepared and coordinated with Rosatom State Corporation. Owing to this the remuneration to the JSC VNIINM top executive officers was brought into compliance with SURS.

During the accounting business period at FC “TVEL” the KPI maps were developed to the executive managers’ level; at the FC “TVEL” enterprises — to the level of the directors general and their deputies. Introduction of the KPI maps allows increasing transparency of the motivation system owing to the determination of the dependence of the employees’ annual remuneration from the execution of the FC “TVEL” strategic and current objectives as well as employees’ individual objectives.

In 2010 at the FC enterprises Single Social Policy targeted to increase labour intensity, to create conditions for social security of the employees and staff stability was introduced.

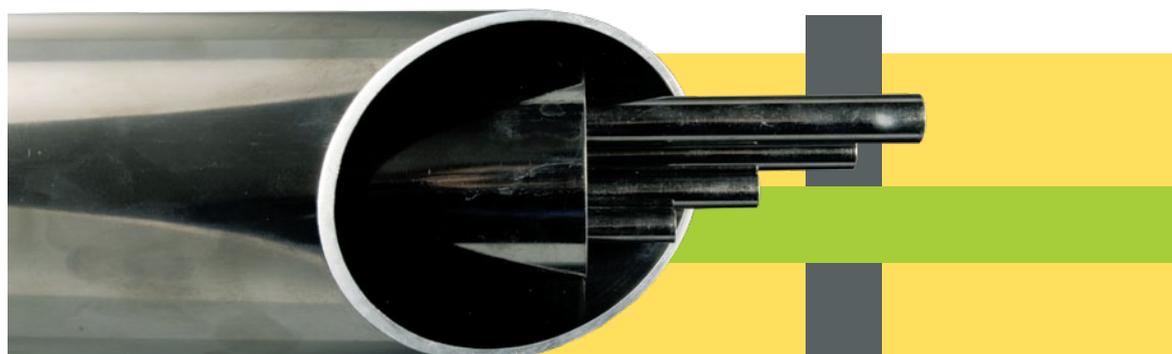
In 2010 an External Recruitment System, according to which every candidate will receive an admission score of the professional knowledge and skills made by the organisation department manager and an estimation of competences checked by professionals from the Human Resources Office, was developed. The External Recruitment System enables to provide employment of the best candidates, qualification of which corresponds to the requirements of the position and the competence level. Generally, in 2010 170 candidates were employed, which included 58 employees from the enterprises of the FC “TVEL” network, 16 employees from other enterprises of the nuclear sector.

Also in 2010 for the purpose of increasing efficiency of human resource management the training and development of the cooperative working groups of business processes of the human resources management were carried out. The working group “Assessment and Staff Development” completed 112 academic hours of training; the working group “Labour Organization and Rating” with 72 academic hours; the working group “HR- accountability” with 16 academic hours. Furthermore the regulatory activity of the main human resources management processes continued in 2010.

Table 8.1.1.
Corporate regulations of the human resources management processes adopted in 2010

Regulation	Objective of the adoption
Changes in the Provision on the remuneration and stimulation of labour.	Providing of transparent and fair remuneration system, increase of the labour compensation fund
Methodological recommendations on the filling reporting forms on staff.	Unification of the staff accountability system for well-timed and qualitative management decision-making.
Provision on the employee training and development.	Introduction of the employee training system in accordance with standards of nuclear sector, strategic objectives and features of FC "TVEL" business processes; division of the area of responsibility between organisation departments participating in the process of employee estimation, training and development.
Provision on the formation and development of the institute of internal trainers.	Creation of the progressive knowledge and skills cascading system.
Provision on the annual staff evaluation RECORD.	Unification of the evaluation criteria effective activity of the staff as well as approaches to job rotation and employee development; analyticity increase of the information about staff to realize accurate perspective planning.
Work regulation of the three-side social issues commission.	Collective decision-making on the social policy improvement; unity of efforts to secure social stability in the company habitat.
Provision on the optional insurance from industrial accidents and occupational diseases.	Improvement of the employee social security level.

Regulation	Objective of the adoption
Standard provision on non-state pension coverage (NPC) of the employees.	Additional material aid of the employees after well-deserved rest; motivation of the competent staff.
Standard provision on rendering of assistance to the employees obtaining residential space.	Attracting and Retaining of the young people and competent (key) staff, motivation of the employees to improve labour intensity; improvement of the employees' housing conditions.
Provision on the realization of the competition of the projects for "the best solution/elaboration" at the FC "TVEL" enterprises.	Development of creative potential of the staff; motivation for the high rate achievement in research and technology, management, economy and other types of activity.
Provision on the profession skill competitions among the wholesale occupations employees at the FC "TVEL" enterprises.	Exposure and evaluation of the best employees in the occupations; motivation for professional skill improvement, development of the organisational culture.



FC "TVEL" project initiatives in the area of human resources management

Table 8.1.2.
Results and plans on the realisation of the FC "TVEL" project initiatives in the area of human resources management

Project initiatives	Results of 2010 and plans for 2011
Forming of staff reserve.	<p>Results of 2010:</p> <ul style="list-style-type: none"> ■ Staff reserve according to the first control line of the FC "TVEL" enterprises — 328 (directors general and deputies) formed; ■ Pilot programme unit of the staff reserve development in cooperation with Skolkovo Moscow School of Management is carried out (50 successful candidates); ■ Foreign training on probation (URENCO, Cameco), training on probation at the FC "TVEL" enterprises were organised; ■ Training of the managers of the appropriate companies on the subjects "System design of business", "Structural and functional model building of the subsidiaries and affiliates", "Principles of financial management", "Introduction to strategic management", "Effective marketing" were carried out. <p>Plans for 2011:</p> <ul style="list-style-type: none"> ■ Realisation of the Fuel Company Integrated complex programme of staff reserve development (53 persons) with 310 ac.(academic) hours per person; ■ Forming of staff reserve of the scientific unit, RPS staff reserve, reserve of the managers of the appropriate companies; ■ Realisation of the development programme for managers of the appropriate companies with 190 ac. hours per person.
Organisation of the cooperation with HEIs	<p>Results of 2010:</p> <ul style="list-style-type: none"> ■ Evaluation of the training efficiency of the students who came to work at the enterprises after graduating from HEIs and finishing SEIs (92 graduates in 2010 including 40 graduates from NRNU "MEPhI") was made; ■ Conception of cooperation with NRNU "MEPhI" is formulated. Its main priorities are: <ol style="list-style-type: none"> a) Complex continuous informing of the NRNU "MEPhI" students about FC "TVEL" activity to form its positive image;

Project initiatives	Results of 2010 and plans for 2011
	<p>b) Motivated attracting of the NRNU “MEPhI” high-potential students for the FC “TVEL” vacancies;</p> <p>c) Adapting of the NRNU “MEPhI” educational programs for strategic requirements of the FC “TVEL” enterprises taking into account state requirements;</p> <p>d) Use and development of the NRNU “MEPhI” opportunities to organise upgrade qualifications, post-graduate education, doctoral studies of the company’s employees.</p> <p>Plans for 2011:</p> <ul style="list-style-type: none"> ■ Determination and assignment in the regulatory documents the necessity of target recruitment of the graduates; ■ Conclusion of the agreement on target preparation with specialized HEIs.
<p>Development and control of the regular aspects of the RPS introduction.</p>	<p>Results of 2010:</p> <ul style="list-style-type: none"> ■ Provision on the motivation of the employees involved in RPS development was conducted; ■ Staff appointments of the employees who succeed in RPS development were planned and fulfilled; ■ Working groups and competent managers training on the use of RSP means was carried out. <p>Plans for 2011:</p> <ul style="list-style-type: none"> ■ Development of the RSP motivation system; ■ Adoption of the staff policy in the area of RPS development.
<p>Reforming of business values.</p>	<p>Results of 2010:</p> <ul style="list-style-type: none"> ■ Key values of the FC “TVEL” enterprises staff were determined by expertise. <p>Plans for 2011:</p> <ul style="list-style-type: none"> ■ Monitoring of the staff engaged in HEWITTE system application; ■ Forming and promotion of new values.

Project initiatives	Results of 2010 and plans for 2011
Attracting staff to the scientific unit.	<p>Results of 2010:</p> <ul style="list-style-type: none"> ■ 153 persons are accepted to the JSC VNIINM including 60 employees under 35; ■ 5 persons are enrolled for the post-graduate education to the JSC VNIINM; ■ In the scope of the current Provision "On training for the students of HEIs and other educational institutions at the JSC VNIINM" a grant in the amount of 22,000 RUR per month for training at the JSC VNIINM is determined. <p>Plans for 2011:</p> <ul style="list-style-type: none"> ■ Plan development of the target demand of the graduates recruitment till 2015; ■ Selection of the students of 3th, 4th, 5th courses of study at the NRNU "MEPhI" for their training and further recruitment; ■ Correcting academic program of the NRNU "MEPhI" specialized sub departments for training the target recruitment groups. Creation of the target recruitment groups.

Staff professional development

The achievement of the strategic objectives the FC "TVEL" is impossible without employees who are able to solve the issues on the efficiency at all the Company activity levels. An increase in staff competence is a prior issue of the Company's staff policy.

An average number of training hours per one FC "TVEL" employee constitutes 9.2 hour per year. Attention is drawn to the improvement of the Company managers upgrade qualifications.

Table 8.1.3.
Average number
of training hours
per 1 employee
for categories

Workers	4,9
Professionals and executives	19,2
Managers	30,5

Motivation system, evaluation and upgrade qualifications of the top executive managers

The motivation system of the top executive managers and other managers is based upon Rosatom State Corporation Single Unified Remuneration System (SURS). Salary of the managers consists of fixed amount plus annual bonus, payment of which depends upon the implementation of Key Performance Indicators (KPI).

The KPI system is directed to increase the efficiency of the Company strategic objectives achievement due to formulating managers and employees objectives, providing their interaction with the Company objectives. KPI's are developed according to the state policy in the area of the use of nuclear energy, and competitive conditions of the Company functioning, FC "TVEL" strategies and development programmes and provide economic, ecologic and social efficiency. The Company has been using a KPI system for 2 years, which has demonstrated higher performance.

Most of the FC "TVEL" and the Company's enterprises top executive managers have great experience in the nuclear branch and higher levels of competence development.

Each year the Company's top managers activities and efficiencies are estimated including assessment of particular objectives achievement, competence, professional and technical knowledge as well as business knowledge and skills, job rotation and continuity planning, and planning of each employee's development.

With the introduction of new strategic challenges, study groups and sessions with attracting key lecturers and experts of international level are held, training to study the best practical aspects and to receive experience are organised at foreign and Russian enterprises.

In order to attract managers from other branches all the candidates are exposed to careful selection by means of competence interviewing, group professional interviewing with current top executive managers and Rosatom State Corporation key workers, psychological questionnaires and ability tests.

All the members of the top management team undergo training and examination to be entitled to administer an enterprise of a nuclear branch and to receive an authorisation certificate in the area of nuclear energy use in two regulatory bodies: Rosatom State Corporation and Rostechнадзор. Training programmes include, in particular, aspects of nuclear, radiation and environmental safety.

8.2 Staff numbers and staff composition

The number of staff at FC "TVEL" as at December 31, 2010 constituted 50,635 employees. In 2010 a significant 20.2% decrease in staff numbers was seen at FC "TVEL" as compared to the previous period and associated with asset reorganisation. To the maximum extent staff withdrawal from the category of auxiliary workers saw a change of 32.8%.

		2009	2010
Table 8.2.1. Overall staff numbers with a breakdown by category	By the consolidation network (total), persons including:	63 373	50 635
	Direct workers	21 633	18 515
	Auxiliary workers	21 067	14 399
	Managers	6 774	5 788
	Experts	13 099	11 296
	Executives	800	637

Among the employees, men constitute the major part of the staff (63.5%, 32,176 persons).

Table 8.2.3. Average age of employees (by categories)	Average age by the consolidation network, years, including:	43,2
	Direct workers	42,0
	Auxiliary workers	43,3
	Managers	47,0
	Experts	43,0
	Executives	44,0

By regions	Moscow	Moscow rgn.	Vladimir rgn.	Udmurt Republic	Novosibirsk rgn	Sverdlovsk rgn	Tomsk rgn.	Krasnoyarsk Krai	Irkutsk rgn.
List staff number, persons, including:	2032	3290	6183	4734	2475	9969	10794	5699	4359
Direct workers	47	262	2287	2006	661	3604	4277	2198	2073
Auxiliary workers	356	1315	1975	1336	795	3103	3314	1604	601
Managers	523	528	705	530	369	974	1018	663	478
Experts	1079	1174	1176	838	622	2092	2083	1119	1113
Executives	27	11	40	24	28	196	102	115	94

Table 8.2.2. Staff numbers with breakdown by category and regions 2010

The average age of FC “TVEL” employees is 43.2 years. Average of the experts under age 35 years is 25.9%.



Fig. 8.2.1. Age distribution of FC “TVEL” employees

Table 8.2.4.
Turnover of
employees by
regions

Region	Moscow	Moscow rgn.	Vladimir rgn.	Udmurt Republic	Novosibirsk rgn.	Sverdlovsk rgn.	Tomsk rgn.	Krasnoyarsk Krai	Irkutsk rgn.
Turnover factor, %	5,1	1,5	8,1	0,5	1,0	2,8	1,6	2,6	3,2

Average estimate of the turnover factor of FC "TVEL" in 2010 constituted 3%. The maximum is reported at the enterprises in the Vladimir and Moscow regions. Actual turnover in Vladimir region constitutes 5.7%. Additional 2.4% of the turnover is the result of the type of shift chosen by the employees to outsourcing enterprises by voluntary redundancy (not by transfer). In Moscow the turnover factor is higher than in other regions in view of a more developed labour market and at the same time this turnover factor combined with the employees' retirement secures the necessary inflow of young professionals without an increase of staff numbers and loss of key competences.

The average salary at FC "TVEL" enterprises significantly exceeds average salary levels in corresponding regional labour markets.

The ratio of the initial level salary and established minimum salary in the key regions of FC "TVEL" enterprises activity is from 1.02 (Moscow region, MSZ JSC) to 3.21 (Sverdlovsk region, JSC UEIP).

Enterprise	Average salary, RUR.	Average earning level at the regional labour market, RUR.
JSC AECC	34473	26180
JSC SCC	32373	23590
JSC PA EP	34771	25328
JSC UEIP	36074	25538
JSC NCCP	28719	23383
JSC CMP	28920	21000
JSC MSZ	43306	26772
JSC KMZ	20592	16680

Table 8.2.5.
Average salary level compared to average labour market level

In 2010 an increase of average salary compared to the previous year at FC “TVEL” constituted 21,4%, in 2011 an increase of 27,9% is planned. Salary ratio of men and women working at the Company is 1:1 for all the categories of the employees.



Fig. 8.2.2.
Salary growth dynamics for 2009—2011

Overall expense amount for FC “TVEL” staff in 2010 constituted 33 909 063 thous. rubles.

8.3 Realisation of social policy

Apart from obligatory social protection, compensation and benefits established by the labour legislation corporate at FC "TVEL" enterprises the following social programmes have been developed:

- non-state pension coverage;
- voluntary medical service;
- housing programme;
- health resort treatment and leisure of employees and their children;
- arrangements for food/catering;
- support of long-service and retired employees of the branch;
- organisation of cultural and sporting events.

Overall expenses amount for the social events of FC "TVEL" in 2010 constituted 2.7 mln. rubles. Average social payments per employee constituted 47.6 thous. rubles a year.

Pension plan

More than 20 thousand people were involved in the programme of non-state pension coverage in 2010.

FC "TVEL" realises pension plans for material aid of the employees who worked in good faith at the enterprises and took a well-deserved rest. The FC "TVEL" pension plans are worked out to promote employees loyalty by means of the incentives for long-service employees on the one hand and secure painless staff withdrawal thereby giving the opportunity of attracting and retaining young people on the other hand.

The obligatory condition of participation in the corporate pension plan is a voluntary co-financing on the employee's part at the rate of not less than 0.8% of monthly salary.

The employer transfers in-payments to the National Pension Fund proportionally to the employee's in-payments.

An employee is entitled to take a decision to participate in the state pension co-financing programme (Scheme No. 1 of the corporate pension plan) or to transfer in-payments only to the National Pension Fund (Scheme No. 2 of the corporate pension plan) or to participate in both programmes.

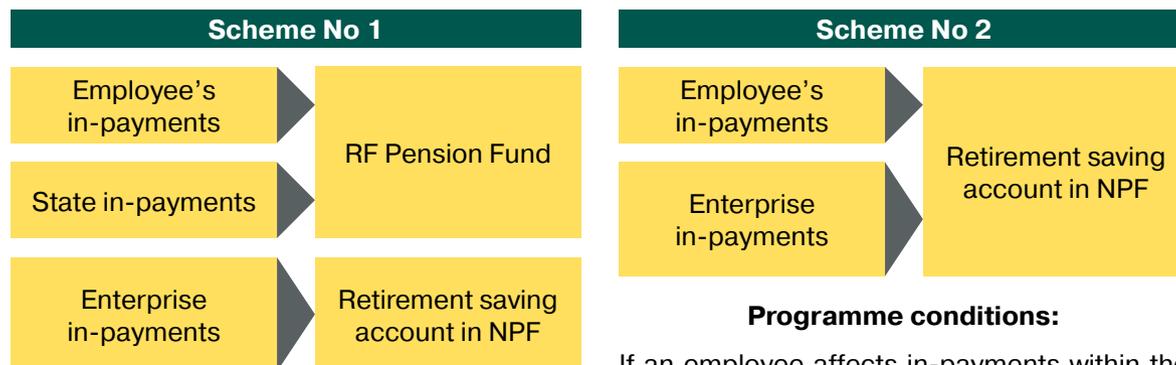


Fig. 8.3.1. Schemes of pension co-financing programmes

Programme conditions:

If an employee participates in the state co-financing programme of pension savings (Federal law No. 56-FA), the employer transfers in-payments to the National Pension Fund proportionally to the employee's in-payments.

Benefits:

- Attraction of additional state resources for employees' pension financing;
- Possibility to determine terms of use of finance transferred to NPF flexibly.

Programme conditions:

If an employee affects in-payments within the scope of supplementary pension coverage, the employer transfers in-payments to the National Pension Fund proportionally to the employee's in-payments.

Benefits:

- Possibility to determine terms of use of finance transferred to NPF flexibly;
- Possibility to plan long-term programmes owing to absence of limits in the period of programme validity.

Expense amount for non-state pension coverage in 2010 constituted 239.8 mln. rubles. In 2011 an increase of expense amount to 586.2 mln. rubles is planned.

Medical service and health resort treatment

Voluntary health insurance (VHI) secures extension of the services rendered to the employees by the programmes of the state guarantee programme (CHI, compulsory health insurance) and budget provisions (FMBA, Federal Medical and Biological Agency). VHI agreements with employees in 2010 were signed in accordance with the company-wide programme in the scope of which health insurance of members of the employees' family is also realised at preferential prices. 100% of the FC enterprises staff are insured by the VHI programmes. Expense amount for supplemental health insurance of the employees in 2010 constituted 446.9 mln. rubles. In 2011 a reduction in expense amount for VHI is expected owing to the FC staff reduction.

Picture.8.3.2.
FC "TVEL" Expense
dynamics for VMI



Within the frame of additional medical employee insurance of industrial accidents (radiation effects risk, temporary or stable occupational disability, death) expenses made up 68.4 mln. rubles. With the aim of FC "TVEL" employees' health promotion annually there are provided subsidised sanatoria and holiday-homes vouchers. In accordance with the integrated social standard of purchasing vouchers 100 vouchers for 1000 employees working under dangerous and harmful working conditions are provided annually.

Housing programmes

A corporate housing policy of FC "TVEL" is directed primarily at young and highly professional specialists as well as for employees' transportation and personnel of the enterprises showing rapid turnover risk.

The housing policy is realised through the medium of corresponding programmes.

Within the frame of programmes on rendering assistance in acquisition of permanent homes a partial compensation for employees expenses on the credit repayments, provided by the credit organisations is realised, however in such cases FC "TVEL" is not a guarantor for the monetary repayment.

An employee may purchase housing within the frame of the Housing Construction Programme ei-

ther during or upon termination of the construction from FC “TVEL” not by instalments, but for the funds received under the mortgage credit in a bank. FC “TVEL” may partially help an employee to repay a part of the credit.

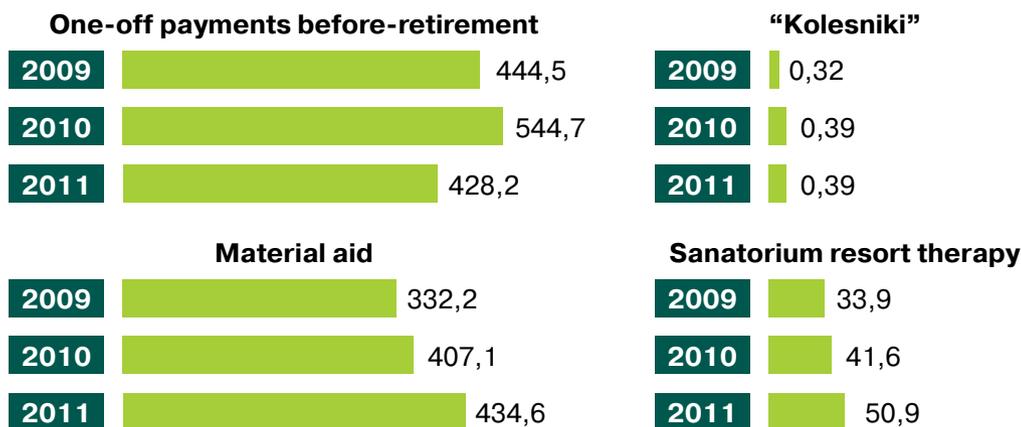
The Temporary Housing Rent Compensation Programme foresees total or partial compensation of the rent expenses of the temporary housing. A drop in expenses for the housing programmes in 2010 was caused by the FC enterprises turning to the new housing policy standards, preparation of regulations and new conditions.



Picture 8.3.3. FC “TVEL” Ex-
pense dynamics
for the housing
programme

FC “TVEL” Long-Service Employees Support Programmes

FC “TVEL” management appreciates highly the contribution of long-service employees who have dedicated many years of their lives to work at the enterprises of the Company, and renders necessary material aid to many of them. In 2010 the total volume of expenses for the programmes of one-off payments before retirement, rendering necessary material aid, sanatorium-resort therapy etc. made up 993.7 mln. rubles (in 2009 — 811.0 mln. rubles).



Picture 8.3.4. FC “TVEL”
expenses on aid
to long-service
employees

Recognition programmes

With the aim of employees motivation for professional growth and raising corporate morale, FC "TVEL" recognises the achievements of its employees.

In 2010 FC "TVEL" employees received the following rewards:

- Award pins I.V. Kurchatov, Ye.P. Slavsky — 115 persons;
- Anniversary medals "65 Years In The Industry" — more than 250 persons;
- State Corporation Rosatom certificates of honour — more than 250 persons;
- State Corporation Rosatom acknowledgements — more than 300 persons;
- FC "TVEL" honorary diplomas— more than 350 persons;
- FC "TVEL" President's acknowledgements — more than 400 persons;
- Badges "Long-Service Employee of the Nuclear Energy Industry" — more than 800 persons;
- Letters of gratitude (long-service employee) — more than 400 persons.

Corporate competition

In 2010 a competition was held among the enterprises of FC "TVEL" groups for the "Best Solution/Invention". More than 87 applications were considered, 19 innovative entities were recognised with bonuses.

As well as 5 professional skills competitions among the workers of FC "TVEL" for the title "The Best in Occupation" were held. 104 employees and 12 enterprises participated in the competitions. 30 employees became winners. The size of bonuses made up from 14 up to 60 thous.rubles.

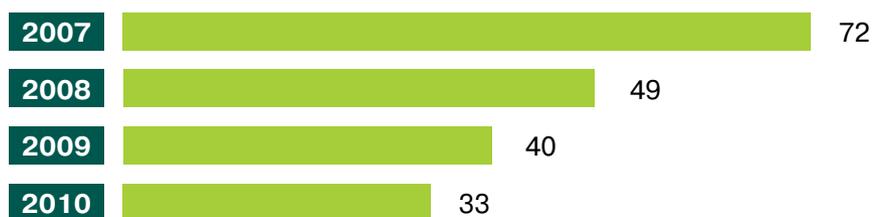
8.4 Labour safety

The level of industrial accidents and occupational diseases influences greatly both economic and social components of FC "TVEL" activity. Accidents and professional diseases prevention causes labour productivity growth, which as a whole increases economic effectiveness of FC "TVEL".

The main aim of FC "TVEL" in the area of health care and workplace safety is the minimalisation of the negative impact of production on employees' health.

Taking this into account, during the reporting year the following tasks were completed:

- Decrease in the number of occupational diseases and industrial accidents;
- organisation and coordination at FC “TVEL” enterprises of works on implementation, support of operations and development of the Corporative system of ecological management and Corporative system of ecological management and labour safety on the basis of requirements of international standards ISO 14000 and OHSAS 18001 (Occupational Health and Safety Management Systems).



Picture 8.4.1.
Number of industrial accidents at the enterprises of FC “TVEL”

FC “TVEL” activity in the area of health care and labour safety is regulated by the standards introduced at FC “TVEL”:

- OHSAS 18001-2007 — Management Systems of Health Care and Labour Safety;
- OHSAS 18002-2008 — Management Systems of Health Care and Provision of Labour Safety. Guidelines on introduction of OHSAS 18001.

In accordance with the Management System of Health Care (MSHC) of the State Corporation Rosatom the proprietary management systems of health care, directed at accidents and professional diseases prevention, employees’ working conditions improvement, function at JSC “TVEL” enterprises.

In 2010 FC “TVEL” took up a course in the area of Corporative System of Ecological Management and Labour Safety, defining the aims, tasks and main directions of activity of FC “TVEL” in the aspect of safe working conditions and employees’ health care provision. Also developed and implemented the Corporative System of Ecological Management and Labour Safety (CSEMLS) which is certified for compliance to the requirements of the international standard OHSAS 18001. The Corporative System of Ecological Management and Labour Safety included managing company JSC “TVEL” and its affiliates: JSC CMZ, SC NCCP, JSC MSZ, JSK MPP, JSC CC.

Within the framework of functioning of CSEMLS, dangers were identified, hazards assessed and measures defined on the management in organisational departments in FC "TVEL". Accordingly the following activities were developed and approved:

- List of hazards and harmful production factors;
- Records of assessment of basic risk levels;
- List of risks.

As the result of assessment of risks, conducted by FC "TVEL" at the enterprises JSC NCCP, JSC CMP, JSC MPP, JSC MSZ, hazards with acceptable high and non-acceptable levels of risk were not identified.

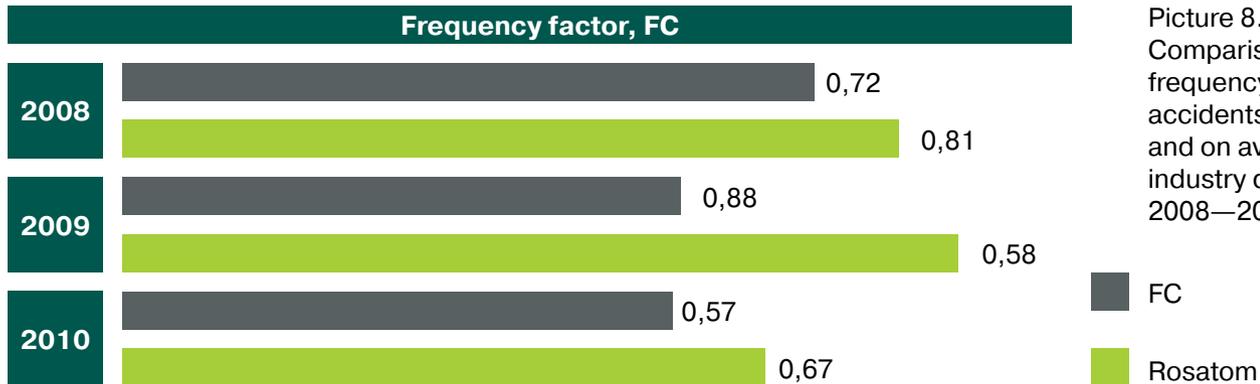
In accordance with the order "On the safety knowledge assessment of the managing staff and professionals of FC "TVEL"" an assessment was conducted of the requirements of labour safety of FC "TVEL" employees.

For the attached persons and contractor organisations performing the activities on the radiation-hazardous sections and objects of FC "TVEL" a dosimeter control was carried out. The number of attached persons and persons of the employees of contractor organisations and affiliates of the company enterprises, controlling individual effective radiation dosages in 2010 made up 1,390 persons.

In the process of the contracts conclusion between the enterprises of FC "TVEL" and contractor organisations, the contracts reflect the obligations of the contractors during the execution of works in the aspect of compliance with labour and industrial safety requirements.

To analyse the relative level of industrial accidents FC "TVEL" uses the frequency factor of industrial accidents, calculated as a number of industrial accidents per thousand of organisation employees. The data on the frequency of industrial accidents at the enterprises of FC "TVEL" are shown in figure 8.3.1.

Presented data characterises the operating efficiency of the company on providing healthy and safe labour conditions and on industrial accidents prevention within the enterprises of FC "TVEL".



Picture 8.4.2.
Comparison of the frequency of industrial accidents at FC “TVEL” and on average in the industry during 2008—2010

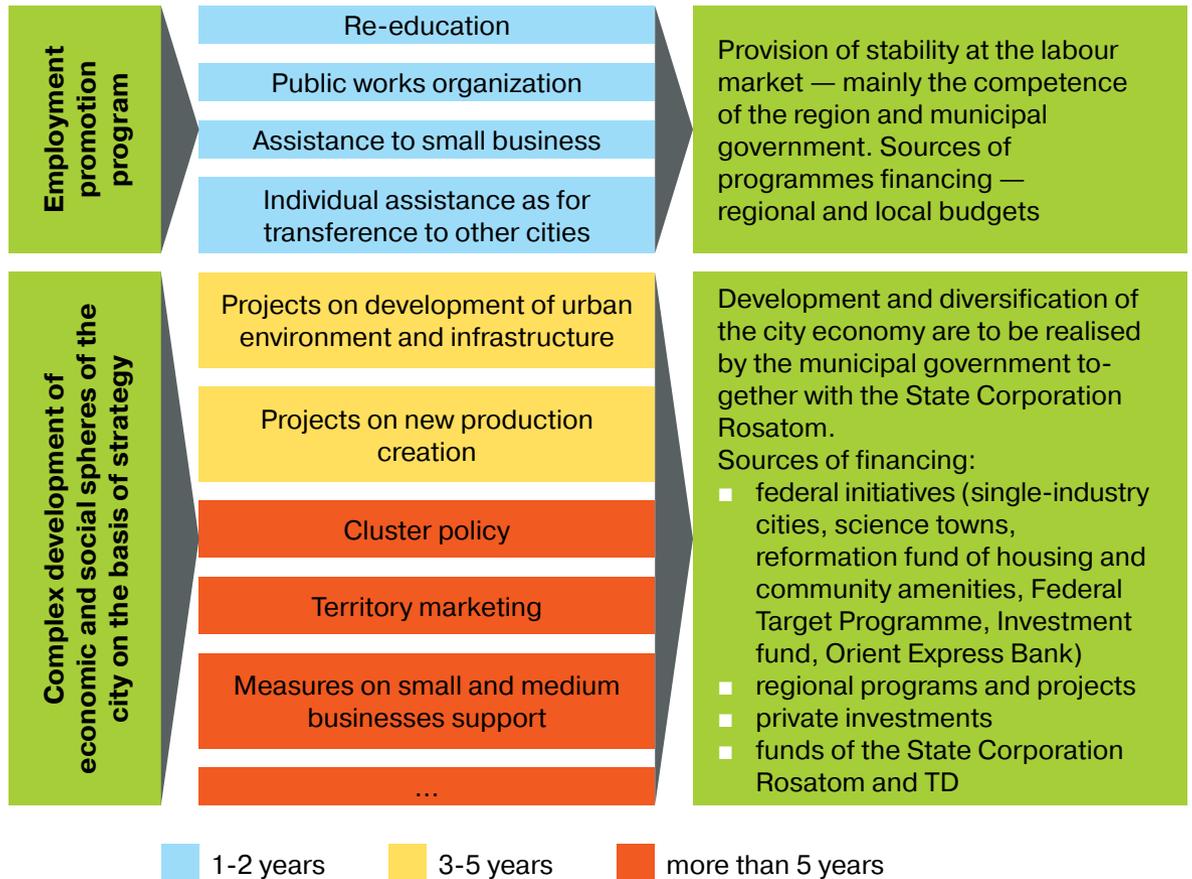
8.5 Social guarantees in the process of reorganisation of FC “TVEL” companies

At the meeting of FC “TVEL” management with the management of the Central office of the Russian Trade Union of Workers of Nuclear Energy and Industry and active trade unionists of FC “TVEL” enterprises (minutes No. 01-08/31 dated 04 — 17 March, 2010) it was agreed to distribute Industrial agreements and statements of the concluded collective contracts of the parent companies for the leaders of affiliates in the course of the year.

According to the decision of the Restructuring Committee dated May 26, 2010 the statements as for co-financing of the objects of the social and cultural appropriation transferred in municipal property in 2010-2011 were confirmed. The size of the year economic maintenance of such objects by FC “TVEL” in 2010 made up 879 mln. Rubles, i.e. financing of the given objects was realised by FC “TVEL” at 100%. In 2011 the co-financing share of FC “TVEL” enterprises made up 408 mln. rubles; since 2012 the transferred objects of social infrastructure will be completely handed to budgetary financing.

When holding competitions within the selected affiliates one of the principal conditions of choosing the winner was preserving by the new owner of current salary level and employees provision with social packages. The given conditions were included in the qualification requirements to the competition participants.

Picture 8.5.1.
Directions of
social risks of
restructuring
reduction



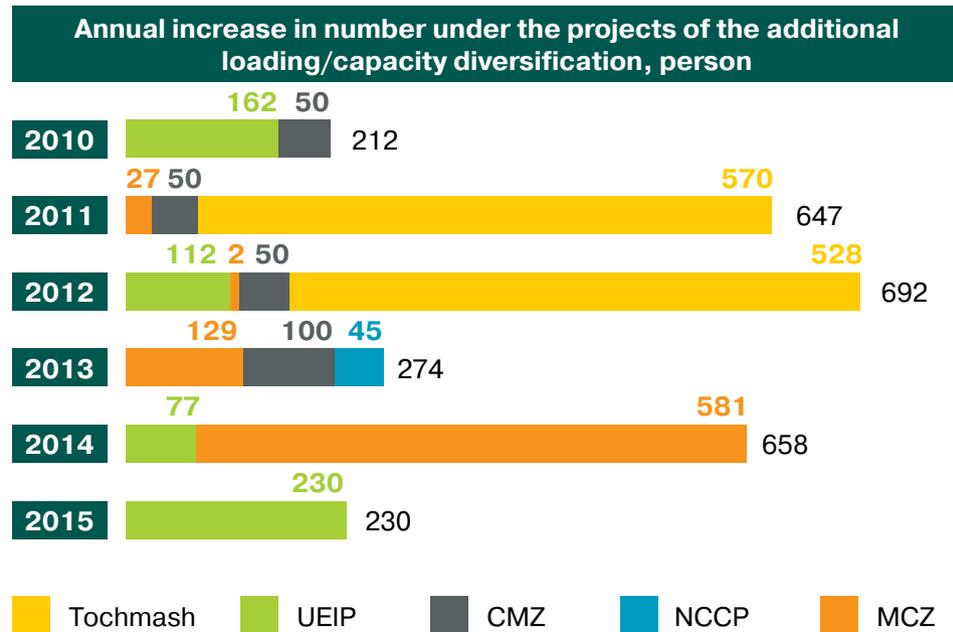
In 2010 agreements were settled with the State Corporation Rosatom divisions, presupposing the possibility of employees transferring to the enterprises of the Divisions compensating transfer expenses.

Those singled-out in terms of restructured personnel will be provided with new working positions, created within the scope of development of all-industrial and innovative production.

		Fuel division efforts	State support directions
Personnel transferred	Services cluster restructuring/development	<p>Development of consumer services in CATU and single industry cities on the basis of the singled out affiliates</p> <p>Preserving the profile of the objects of social and cultural living, transferred into municipal property</p>	<p>Regional programmes of small and medium businesses support</p> <p>Stable financing of the transferred social sphere objects</p>
	Qualified personnel transference	Organization of qualified personnel transference (as well as within the frame of TD and nuclear sphere)	<p>Assistance and organisation of the transfers</p> <p>Formation of the state programme of skilled workers mobility</p>
	SEZ and industrial parks creation	Organization of industrial parks and SEZ on the free sites of the enterprises of the Fuel Complex	<p>Tax preferences provision</p> <p>Assistance and engagement of the investors</p>
	Innovational production	Creation of new working positions at the new innovational enterprises	<p>Assistance and engagement of the investors</p> <p>Organisation of private-public partnership</p> <p>Engagement of financing for the government guarantees</p> <p>Participation in the federal target programmes</p>
	Development of the general professional subjects	Provision of secondary employment in the production of GPS products.	Assistance in receiving regional and municipal orders on capacity utilisation of all-industrial appropriation

Picture 8.5.2. Resolving problems of the transferred personnel

Picture.8.4.3.
Plans for the new
working positions
creation (within the
scope of all-industrial
and innovative
production
development)



8.6 Charitable activity and external social programmes support

FC "TVEL" takes an active part in the economic and social development of the regions where enterprises are located. Taking into account the distance of a range of territories from the federal centre, as well as a special status of certain cities the company aims at rendering assistance to municipal authorities in improving the quality of life of the local population.

The priority directions are support of youth, spiritual and moral education, higher education development, spiritual renewal and sports development.

Paying special attention to development in the area of education JSC "TVEL" set aside considerable funds for the development of the National Nuclear University MEPhI and the State Tomsk Polytechnic University. Besides, JSC "TVEL" pursues its own corporate educational programme "The First Step into The Nuclear Project" for schoolchildren and students of higher educational establishments in the regions where the company operates.

Charity direction	Donation, Million rubles	Share, %
Support of projects of spiritual and moral education of youth.	45	36
Higher educational establishments educational-methodical base development.	31,8	25
Donations on cathedrals restoration (Russian Orthodox Church).	19	15
Assistance to sport institutions.	10	8
Repair works of housing and community amenities objects (Seversk town).	10	8
Creation of the Informational Centre of Nuclear Industry (Novosibirsk city).	6,5	5
Assistance to ecological organisations.	4	3
Total:	126,3	100

Table 8.6.1.
FC “TVEL”
charitable
initiatives in 2010

In 2010 JSC “TVEL” supported the All-Russia public organisation of Russia’s Diving Federation for health improvement of the growing generation and for achievement of better results by the Russian Olympic team. Its own programme of conducting Olympics for children of the company’s employees was launched. The first winter Olympics of FC “TVEL” had a huge success in the city of Novouralsk. Great attention is also paid to the development of cultural projects. In 2010 in the cities where the company operates a tour of leading ballet-dancers from the Bolshoi Theatre and an exhibitions of paintings and sculptures of famous modern Russian masters was organised. Under the auspices of JSC “TVEL” in 2010 a film about the State Tretyakov Gallery was recorded. The festival of the military bands “The Spasskaya Tower 2010” was also supported by JSC “TVEL”.

Target contributions were also directed to a range of sports organisations and federations for the support of projects — “The Children and Youth Tournament for TVEL prizes” in the town of Seversk, assistance was granted in the preparation of young sportspeople from the city of Novouralsk to the All-Russia competitions in biathlon and ski racing.

Within the framework of the development of the spiritual life and the Orthodox culture assistance was granted for the reconstruction of the Cathedral of the Icon of the Mother of God “Joy to All the Afflicted” in the city of Moscow and the Trinity Lavra of St. Sergius.





Cooperation

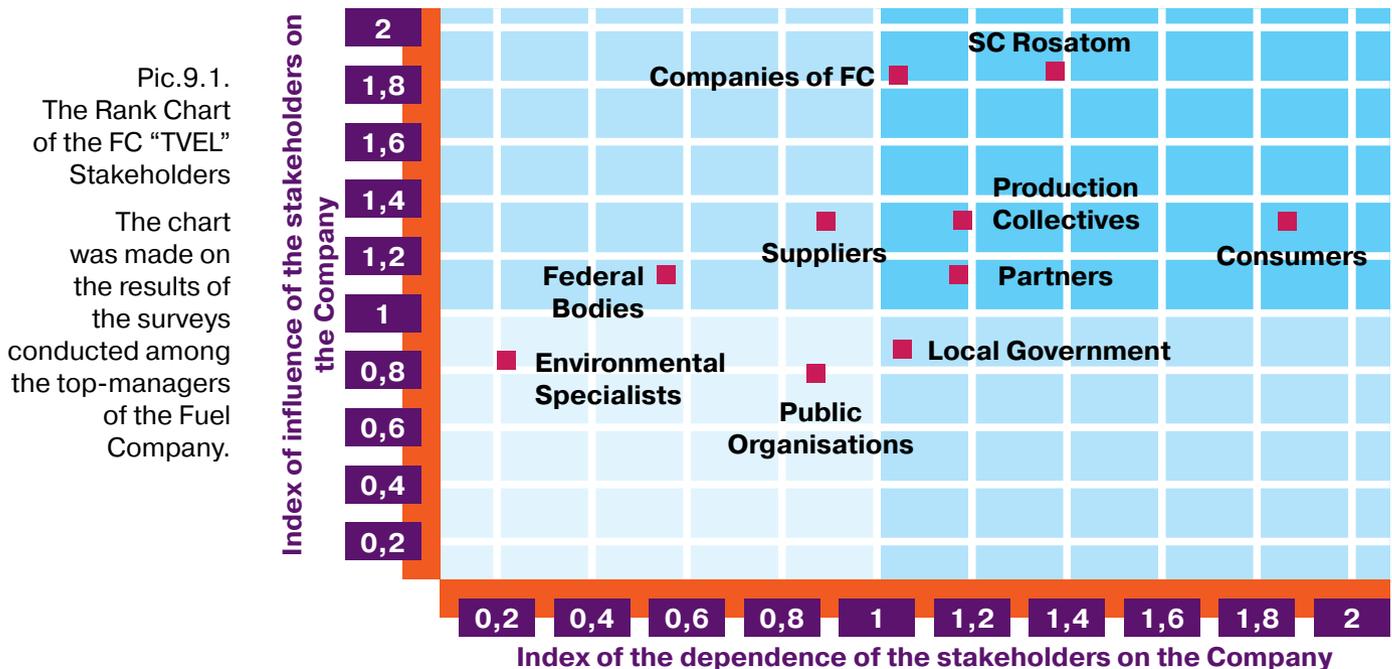
with the Parties Concerned in 2010

Cooperation with the Parties Concerned in 2010

Cooperation with the Parties Concerned in 2010

Within the framework of its activity TC TVEL is always guided by the principle of openness and constantly works with the Parties concerned and also organizes, analyses and takes into account their needs. This approach allows adjusting the Company's activities and reduce the rate of non-financial risks in due time.

One of the instruments of the organisation of the work of FC "TVEL" with the Parties concerned is the rank chart that enables to divide the stakeholders' environment according to the level of the influence and the dependence of the Parties concerned.



The rank chart, showed on pic. 9.1., was made in September 2010 on the basis of an opinion-poll of the top-managers of the company. Respondents answered a range of questions concerning the cooperation of FC "TVEL" with its partners, the Control Organization, the governing bodies on the territory of FC "TVEL" affiliates' presence, public organizations and the others.

Stakeholders	Key Interests	Cooperation
SC Rosatom	Stability, Development, Dividends, Innovations, Investments	Regular Meetings with the FC Management
Consumers	Stability, Quality and Safety of the Deliveries, Consumer Properties of the Products	The System of Feedback with the Consumers
Subsidiaries and Affiliates	Cooperation Efficiency	The System of Feedback with the Internal Corporate Communication
Work Collective	Social Responsibility, Development of the Staff	Studies, Surveys of the Employees' Content
Partners	Stability and Reliability of the Mutually Beneficial Cooperation	Realisation of the Common Projects, Carrying-out of the Meetings and Negotiations
Suppliers	Stability, Quality and Safety of the Deliveries, Consumer Properties of the Products	Internet-portal of the Purchases with the Feedback System
Local Government and Public Organisations	Correlation of the Company's Development to Local and Regional Interests	Realization of the Common Projects, Regular Communication within the Subject Meetings
Federal and Regional Governing Bodies	Correlation of the Company's Development to the State Interests	Realization of the Common Projects, Dialogues within the Subject Meetings
Environmental Organisations	Environmental Protection, Preservation of Nature	Non-Financial Reports, Participation in the Subject Meetings, Conferences

Table 9.1.
The Key Interests of the Parties Concerned (Stakeholders)

Cooperation with the Parties Concerned in 2010

One of the most important aims of FC "TVEL" in the field of stable development is the correlation of the positions on the essential questions of the activities with the parties.

Cooperation with Rosatom State Corporation

Rosatom State Corporation is the control organization of FC "TVEL". The Company Management regularly participates in the meetings, held by Rosatom State Corporation. There is an established system of FC "TVEL" reporting to Rosatom State Corporation that is regulated by the intra-branch normative documents.

Cooperation with Consumers

In order to improve the quality of output products, FC "TVEL" carries out an annual evaluation of the consumer content through opinion-polls with further analysis of the results.

Cooperation with Staff and the Trade Union Organisation

At the regular conferences of the labour collectives of the enterprises of FC "TVEL" discussion takes place about labour contracts that regulate social and labour relations within the enterprises. In the company it is usual to mark the achievements of its employees. In 2010 FC "TVEL" Management granted more than 2 thousand of corporate awards to the employees of its enterprises. Various corporate contests are made on a regular basis. In 2010 more than 200 employees took part in contests.

To set a direct connection between employees and the President of FC "TVEL" "mail boxes" have been installed through which any employee can privately address the FC "TVEL" Management. Feedback is obligatory: a record of every message and answer is kept.

In order to realise the programme "New Image" of FC "TVEL" enterprises cooperation with RTENEI (Russian Trade Union of the Employees of the Nuclear and Energetics Industry) takes place. In 2010 three meetings (on the 4th of March, on the 17th of April, on the 14th - 15th October) took place, in which the head of RTENEI Igor Fomichev, the President of FC "TVEL" Yuri Olenin, the head of the Staff Management department of FC "TVEL" Dmitriy Bulavinov participated.

Cooperation with Partners

In 2010 agreements on cooperation between FC “TVEL” with the Concern “Rosenergoatom” and JSC “Atomenergomash” concerning staff employment at the enterprises of the branch were signed.

Cooperation with Local and Regional Governing Bodies

In 2010 meetings with representatives of the local governing bodies of the regions of FC “TVEL” enterprises’ presence took place, the trilateral agreements between the directions of the enterprises, the local governing bodies and the trade union committees were signed. For the realisation of the signed agreements Coordination Councils were created.

During 2010 a range of meetings were held involving the Management of FC “TVEL” and representatives of the regional governing bodies:

On 7th July a meeting with the Governor of the Sverdlovsk Region A.S. Misharin was held, in the course of which opinions were exchanged about the top-priority aims of the development of CATU Novouralsk and a programme was agreed on the strategic development of CATU Novouralsk and will be developed with the participation of the regional and local governing bodies and experts from Rosatom State Corporation and FC “TVEL”.

On 10th July a meeting with the Head of the Government of the Krasnoyarsk Territory E.Sh. Akbulatov was held regarding questions on the development of CATU Zelenogorsk and about plans for the restructuring of JSC “PA EP”. The Parties agreed to create a joint working group, within which the conception of cooperation in the realisation of the plan of the measures to form a new image of JSC “PA EP” in CATU Zelenogorsk were prepared.

On 3rd August during a meeting with the first Deputy Governor of the Tomsk Region O.V. Kozlovskaya relevant questions of the JSC SCC reorganisation, opportunities of the utilisation of free excess areas of the combine for the development of other productions and questions of the creation of additional working places in Seversk due to the development of small and medium businesses were discussed.

On 2nd September questions about concerning the development of JSC NCCP and innovative technologies in the whole region were discussed with the Governor of the Novosibirsk Region V.A. Tolokonsky.

Cooperation with the Parties Concerned in 2010

In the course of the meetings with the representatives of the local governing bodies in the regions the following questions were also discussed:

- State support for the recreated subsidiaries and associates of the company by including them into the regional development programmes and by involving the subsidiaries and associates of the company into the execution of the regional order;
- Financing of the "social properties" transferred to public property;
- Creation of the attractive innovation conditions in the region and the attraction of investors into the cities of FC "TVEL" enterprises';
- Creation of technological parks in free industrial areas;
- Creation of joint research and development centres;
- Preparation of technical and engineering employees for FC "TVEL" enterprises.

Following the results of the meetings the collective plans of the top-priority enterprises with the Government of the Sverdlovsk and Tomsk Regions and of the Krasnoyarsk Territory were signed. With the other subject of the Russian Federation, on which territory FC "TVEL" enterprises are located, the agreements were stated in the protocols.

General Directions of the Cooperation with the Governors:

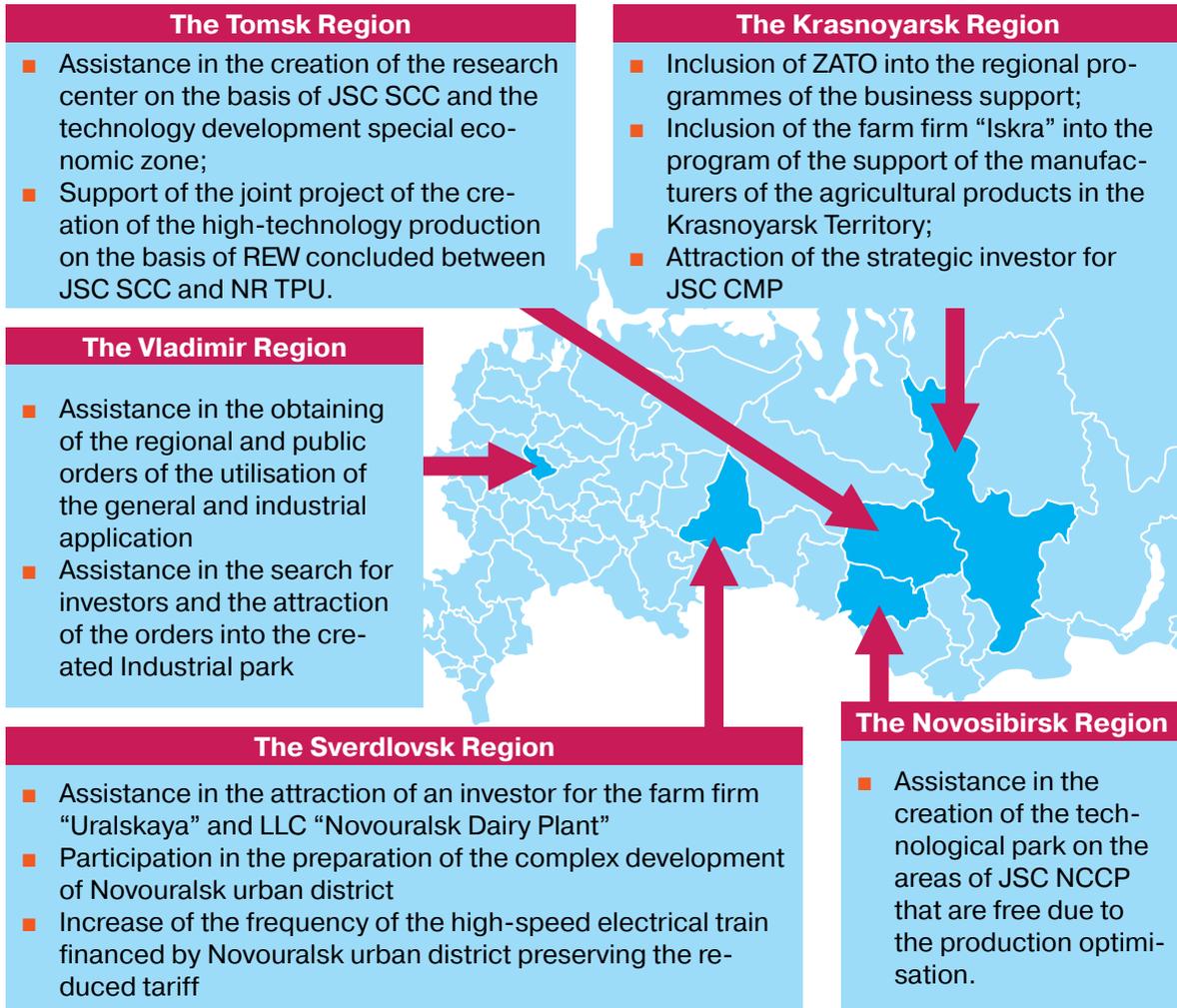
- Assistance in the process of choice and attraction of the potential investors to the created business-units
- Assistance in the provision of the financing of the social sphere objects, that are transferred into public property
- Assistance in the re-education and conversion of the staff according to the regional and municipal needs and in the increase of the mobility of the labour force

Cooperation with Federal Governing Bodies

In 2010 a meeting with the authorised representative of the President of the SFO V.A. Tolokon-sky on the questions of state support of the CATU of the nuclear industry, located in the Siberian Federal District, took place, in the course of which agreements concerning the cooperation in the realisation of the programme "New Image" were reached.

During the accounting period FC "TVEL" actively participated in the improvement of the regulatory, methodological and legal base of the Russian Federation, conducted correspondence with the Ministry of Natural Resources and the Environment of Russia, the Federal Service for Supervision of Natural Resource Usage, the Russian Federal Service of Environmental, Technological and Nuclear Supervision, the Federal Agency for Water Resources on the questions of alteration of the procedure of the issuing environmental permissions.

The Directions of the Cooperation, agreed according to the results of the Meetings with the Representatives of the Governments of the Regions:



Pic. 9.1. Cooperation with Regional Governing Bodies during 2010

Cooperation with the Parties Concerned in 2010

Cooperation with Environmental Organizations

In 2010 the enterprises of FC "TVEL", exerting essential influence on the Environment (see Chapter 6), and attracted the representatives of environmental organisations for expert consultations by the preparation of environmental reports.

In 2010 the sponsored support of the "Environmental Movement of the Particular Actions" was completed.

The Awards of FC "TVEL" Enterprises from the Parties

JSC MSZ

- A letter of award of the Governor of the Moscow Region and the Certificate of the Moscow Regional Trilateral Commission on the Regulations of the Social and Labour Relations for the first place in the regional contest "Collective Agreement, Efficiency of Production is the Basis for the Protection of the Labour Rights of the Employees".
- A first degree certificate in the category "For the Participation in the Deciding on the Social Problems of the Territories and for the Development of the Corporate Charity" (Regional stage of the All-Russia Contest "Russian Organisation of the Social Efficiency")
- A first degree certificate in the category "For the Encouraging of the Healthy Life-style" (Regional stage of the All-Russia contest "Russian Organisation of the High Social Efficiency")
- A third degree certificate "For the Development of the Staff Potential" (Regional stage of the All-Russia contest "Russian Organisation of the High Social Efficiency")

JSC CMP

- A Certificate for winning the Republican contest in the field of Environmental protection "Eco-Responsibility-2010".
- A Certificate of "High Social Efficiency" (The Federation of Trade Unions of the Udmurt Republic, The Department of the Pension Fund of the Russian Federation and the Udmurt Republic) for the achievement of the high level organisation of the works in resolving the tasks of the compulsory pension insurance, that provide the observation of social protection of insured persons.

JSC NCCP

- A Letter of award of the Regional Trilateral Commission on the Regulations of the Social and Labour Relations for first place in the contest for the best organisation of the works in the protection of labour in the category of Industrial Enterprises of the Novosibirsk Region.
- A Certificate of the All-Russia contest "The Leader of the Environmental Protection in Russia – 2010"

JSC AECC

- An acknowledgement from the Ministry of Education of the Irkutsk Region “for considerable contribution to and financial support of the events devoted to the Year of the Teacher and focused on the improvement of the Teacher’s position, preservation and health promotion of the teaching employees of the Irkutsk Region and support of talented teachers”.
- An acknowledgement from the mayor of the Angarsk Municipal Formation “for the high level of the organization of the measures of the civil defence and contribution to the improvement and the development of the Angarsk District link of the state wide system of the prevention and relief of emergency situations”.
- Honorary mention from the mayor “For support and attention lent for development of sport in the territory of Angarsk municipal entity”.

Ural Electrochemical Integrated Plant JSC

- Letter from Vikenty, the Archbishop of Yekaterinburg and Verkhotursk: for “zealous labours for the glory of the Holy Orthodox Church”
- Diploma from the government of Sverdlovsk Region for winning the contest for corporate culture and labour safety in the enterprises located on the territory of Sverdlovsk region.
- Letter of Award from Presidium of the Coordinating Council of the Russian Union of Scientific and Engineering Associations (RUSEA) “For substantial contribution to the development of the nuclear industry, for creation of modern standards of scientific and engineering activity and for longstanding cooperation with RUSEA”.

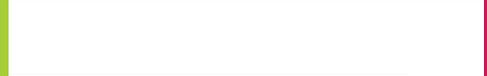
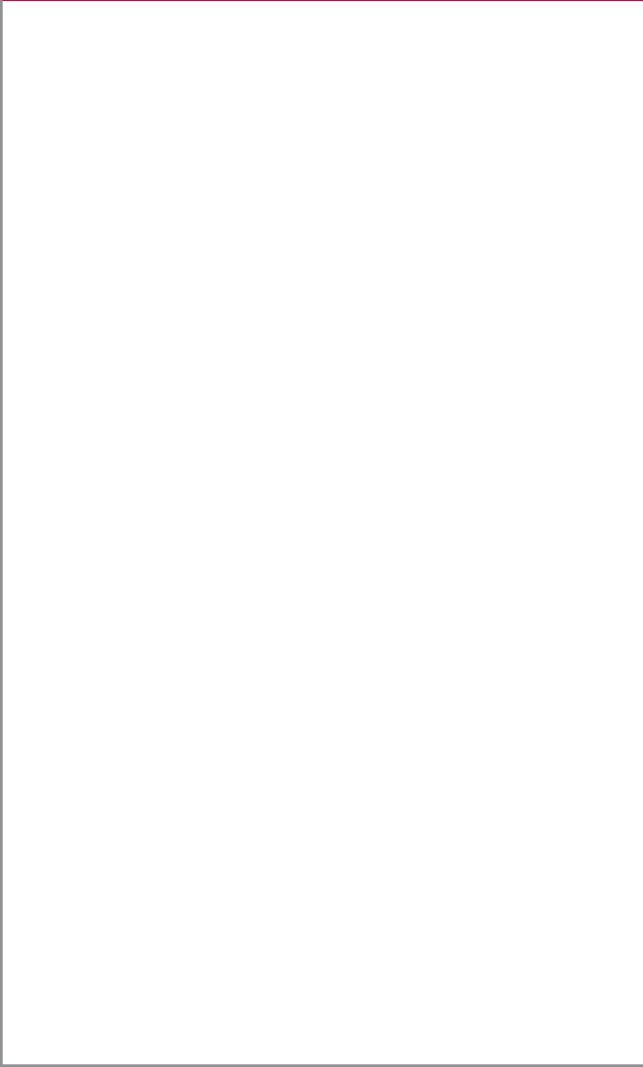
JSC “PA Electrochemical plant”

- The European Quality Award for conformation of its products and services to European standards.
- Diploma as winner of the All-Russian contest “Faithful supplier-2010” in the category “For manufacture efficiency and products competitiveness, conformity to international management and quality standards” and grand prize of the contest.

JSC Kovrov Mechanical Plant

- Letter “For feats of labour for the benefit of the homeland and service to ideals of kindness and mercy” (Charitable Foundation “Patrons of the century” Moscow).
- Letter of Award from Kovrov City Administration “For high level of organisation of measures devoted to the historical foundation date of Kovrov city”.
- Letter of Award from Kovrov city Administration “For conscientious, qualitative and timely work on improvement and vegetation of Kovrov city within the period of spring sanitary cleaning”.
- Letter of Gratitude of Kovrov city Employment Centre.

Chapter 10. Cooperation with parties concerned during the preparation of the Report for 2010



Cooperation

with parties concerned during the preparation of the Report for 2010

- 10.1** Measures on cooperation with the parties concerned
- 10.2** Conclusion on the public certification of the Report

Chapter 10. Cooperation with parties concerned during the preparation of the Report for 2010

10.1. Measures on cooperation with the parties concerned

During the preparation of the report JSC "TVEL" used the Stakeholder Engagement Standard AA1000SES that requires presenting correspondence of published information to the requests of the parties concerned. Cooperation with the parties concerned of the company was organised within the frameworks of preparation of the report in order to implement the present principle. In particular, JSC "TVEL" conducted three dialogues devoted to discussion of topics significant for the parties concerned.

The representatives from Rosatom State Corporation, counter-party organisations (Rosenergoatom Concern OJSC, Atomstroyexport JSC, JSC "Techsnabexport", "Nuclear Fuel" State Concern (Ukraine), Experimental design office "Hydropress" OJSC, Atomflot Federal State Unitary Enterprise), affiliates, ecological, social, trade union organizations, higher educational establishments, local authorities participated in the dialogues. The representatives of non-financial auditor also participated in the dialogues.

Dialogue No.1 "The Concept of FC "TVEL" Annual Report for the Year 2010"

The dialogue for the concept of FC "TVEL" Annual Report for the year 2010 was rendered on January 28, 2011. In the course of the dialogue the concept of the report developed by the company was presented to the parties concerned, thereafter the parties concerned were offered to make suggestions and recommendations on top-priority topics of the report and topics of dialogues with the parties concerned.

This measure allowed for developing and refining the concept of the report. In particular, the realisation of the company's strategy became one of the key topics of the report according to the proposal of the parties concerned, and it was decided to devote one of the dialogues with the parties concerned within the preparation of the report to this topic.

The expressed proposals are set forth in Table 10.1.

Dialogue No.2 "Realisation of strategy of FC "TVEL": indication of main Indices in the Report"

The dialogue on the issues of formation and realisation of the strategy, innovative development and impacts of the company to the economic development of the territories of presence was rendered on March 23, 2011. In the course of the dialogue the strategic objectives, main strategic initiatives and directions of strategy realisation up to 2030 were presented to the parties concerned.

In the course of separate reports the representatives of JSC "TVEL" presented information on the company's activity in the area of innovative development and the efficiency of economic impact of the company. As a result of the dialogue nearly 20 proposals of the parties concerned on the disclosure of information on the issues of strategy realisation, innovative development and economic cooperation in the Report for 2010 were collected. The expressed proposals are set forth in Table 10.1.

Dialogue №3 "FC "TVEL" agenda in the sphere of sustainable development: main issues in the area of social and ecological impact of the company"

The dialogue with the parties concerned in the issued of social and ecological impact of the company was rendered on 1st April 2011. In the course of the main reports the representatives of the company presented main Indices of the company's activity in the social and ecological areas. The project of the Public Position of FC "TVEL" on the issues of sustainable development was presented within the scope of the event. As a result of the dialogue over 30 proposals of the parties concerned on the disclosure of information on the issues of social and ecological impact in the report for 2010 were collected.

The expressed proposals are set forth in Table 10.1.

Public Consultations on the Annual Report for 2010

The Annual Report Project of JSC "TVEL" for 2010 prepared with account of remarks of the parties concerned expressed in the course of rendered dialogues was presented during the Public Consultations on 27th April 2011. The representatives of major parties concerned of the Company of 17 organisations became the participants of the Public Consultations. Yu.A. Olenin, the President of JSC "TVEL", represented on behalf of the company the results of activities for 2010 and challenges ahead. M.M. Kulikov, the Vice-President of strategy, presented the detailed report on the issues of commercial, operating, investment activity as well as the activity in the area of sustainable development. P.I. Lavrenyuk, the First Vice-President of JSC "TVEL", presented the separate report devoted to nuclear fuel quality assurance.

Within the scope of presentation of the FC "TVEL" Annual Report Project for 2010 the project of Plans and Obligations of the Company was presented to the participants of Public Consultations. According to the results of the event over 10 proposals on the improvement of the text of the Report and the refinement of plans and obligations were received.

Protocols of the dialogues and Public consultations on the Annual Report of FC "TVEL" are placed on the corporate web-site: www.tvel.ru

Chapter 10. Cooperation with parties concerned during the preparation of the Report for 2010

10.2. Conclusion on the public certification of the Report

General information

JSC "TVEL" (the parent company of the Fuel Company of the State Corporation Rosatom, hereafter FC "TVEL") proposed to evaluate in general the Annual Report for the year 2010 (hereafter the Report) as well as the materiality and completeness of information on the questions that are the most important for the parties concerned. For this purpose the company invited and offered representatives the opportunity to participate in dialogue (on 28th January, 23rd March and 1st April) and in the Public Consultations on the Report that were held on 27th April 2011. The participants of Public Consultations had the opportunity to freely express their opinions. Moreover, the opportunity to evaluate experience of cooperation with FC "TVEL" and give recommendations on formation of the public position of the company in the area of sustainable development.

The procedure of evaluation of the Report Project

Our analysis was limited to the consideration of the Report Project presented on the Public Consultations and the final version of the report prepared with account of proposals presented by the parties concerned as well as remarks and answers on questions that we received from the management and employees of FC "TVEL" in the course of the dialogues and public consultations. This allowed us to evaluate the ability of the company to respond to statements and remarks of the parties concerned that were expressed within the scope of preliminary topical dialogues of the company with the parties concerned and public consultations.

In the scope of evaluation we contemplated: to define the recommendations on improvement of quality of future reports and improvement of the reporting process in general.

In the scope of evaluation we took into consideration the following criteria: compliance of the report with the requirements of the selected standards and reporting guidance in the area of sustainable development (GRI and AA1000SA); application of main reporting principles: completeness and balance of the information, conformity with the context of sustainable development, responding to statements of the parties concerned, materiality of topics represented in the report; conclusiveness and consistency of data presented in the main sections of the report.

The joint opinion as well as supplements and statements expressed in the course of consultations orally or sent by e-mail are executed in the conclusion according to the results of the public consultations. The text of the conclusion was agreed by all the parties that signed it. The conclusion contains opinions in relation to which we reached common consent. Particular opinions expressed by the participants of the public certification are put in a separate section in the text of the conclu-

sion that we leave in the conclusion as an instrument of provision of information to the company on the possible points of view as of its activity or position.

The present conclusion contains our personal position. We express our opinions as separate members of the company but not as the representatives of organisations. We did not receive any remuneration from the company for the time spent for this work.

Evaluations and remarks

In general our evaluation of the report concerning its format and the scope of the information presented is positive. The company's efforts on the provision of information on its activity in the area of sustainable development to the society that are expressed in the successive increase of the amount of indices of non-financial reporting included into the annual report should be encouraged. By regular meetings with its parties concerned the company shows readiness for open dialogue on various directions of its activity as well as to respond to remarks and statements of the parties concerned.

The unquestioned advantage of the report is the use of international reporting standards in the area of sustainable development by the company and the fact of conducting of public certification of the Report by the representatives of the parties concerned.

Besides, we consider it necessary to express our gratitude to the company for the opportunity to participate in public certification by means of video conference communications afforded to the parties concerned of local companies in the regions of presence of FC "TVEL" enterprises.

The other unquestioned advantage of the report is the detailed disclosure of the information on top-priority issues:

- Formation and realisation of FC "TVEL" strategy;
- Agenda of FC "TVEL" in the area of sustainable development: main issues of cooperation with the parties concerned in the area of social, ecological and economic impact and innovative development.

All the existing information on the disclosure of top-priority topics is disclosed. In particular, it is necessary to mention the materiality of disclosure of the information on realisation of the strategy in the reporting year and inclusion of the public position of the company on the issues of sustainable development to the report. Nevertheless, notwithstanding the general positive evaluation of the report for 2011 we consider that there is a range of significant aspects (these aspects are set forth below in the Section "Recommendations") the Company should pay attention to during the preparation of future reports.

Chapter 10. Cooperation with parties concerned during the preparation of the Report for 2010

Materiality of issues represented in the Report

The report contains complex information on the formation and realisation of the strategy of its development, innovative activity and impact of the company on the environment, society and economics, detailed data on the public position and plans of the company on the issues of sustainable development.

The majority of topics represented in the present report enhance the continuation of successive presentation of the information on the company commenced in the previous report. The succession of the content of reports provides the understanding from the part of readers of the company's development. Nevertheless, the company should come to the selection of relevant topics with account of proposals set forth in the section "Recommendations".

Completeness of information

The information and records, presented in the report are concerned with all the main aspects of the Company's activities.

Thus, the further enlargement of the report's volume appears to be unfeasible.

At the same time we propose that the company should provide more information on the following questions:

- economic influence of the programme "New Image" and the projects of restructuring of the enterprises on the local territories;
- development of the long- and short-term innovation programmes as a possibility of the creation of new working places;
- environmental aspects of the strategy realisation;
- the company's plans presented in the shape of estimated figures.

Balanced data

From our point of view, the company should pay more attention to disclosure of the information about the management approaches and the problem-causing aspects of its activities in the area of its economic influence on the territories of its enterprises'.

Nevertheless, we think that in general the information in the report 2010 is presented much more balanced in comparison with the previous company report; the disclosure of information on strategy realisation together with the main risks of its realisation is especially emphasised in this aspect. We positively look at the fact that FC "TVEL" takes the report as the element of the analysis of its activities in the area of its stable development as well as in the other area of its activities.

The Company's response to the corrections and the requests of the Parties concerned

The attention of the company to the corrections of the parties concerned revealed in the introduction of some adjustments and additional information into the final version of the Account for 2010. In particular, the company amended the text of the report, adding the following information:

- practical results of the strategy realisation and the risks connected with the realisation of FC "TVEL" strategy;
- increase of the energy efficiency and the programmes on energy conservation;
- scientific research in the "non-nuclear" areas;
- accident rate and staff occupational diseases;
- support of the science on the basis of the higher establishment and the approach of the company to the specialists preparation within the frameworks of the higher education;

In the final version of the report for 2010 FC "TVEL" deleted inaccuracies in the formulation of the separate sections, to which the company's attention was drawn by the participants of the hearings. Thus, in the course of the preparation of the final version of the report for 2010 the company management showed the skill to respond to the requests and the offers of the parties concerned and to respond to the raised problems constructively. In general, for 2010 the Company showed significant progress in the development of cooperation with the parties concerned.

Nevertheless, we think that the company should not be satisfied with what has already been achieved in the area of information disclosure. FC "TVEL" should continue the consistent development of its system of public activity reporting, of the management practice in the aspects of the stable development and cooperation with the parties concerned.

All the corrections, we made, do not derogate from the report for 2010. We express the hope that FC "TVEL" will consistently fulfil its obligations, the plans and the intentions stated in the report for 2010.

Chapter 10. Cooperation with parties concerned during the preparation of the Report for 2010

Recommendations

When preparing the accounts of the following periods, the company should pay attention to the presentation of the following subjects:

- economic influence of the projects on the restructuring carried out on the local territories;
- increase of the relevance of the scientific achievements;
- provision of the intergenerational continuity at the scientific and production establishments;
- introduction of corruption preventive measures;
- cooperation with the local governing bodies on the questions of territory rehabilitation;
- solutions to the CATU problems.

The testifiers of the Annual Account of JSC "TVEL" for 2010

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Tatyana Borisovna Kuleshova

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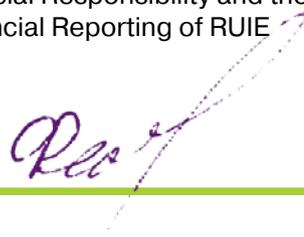
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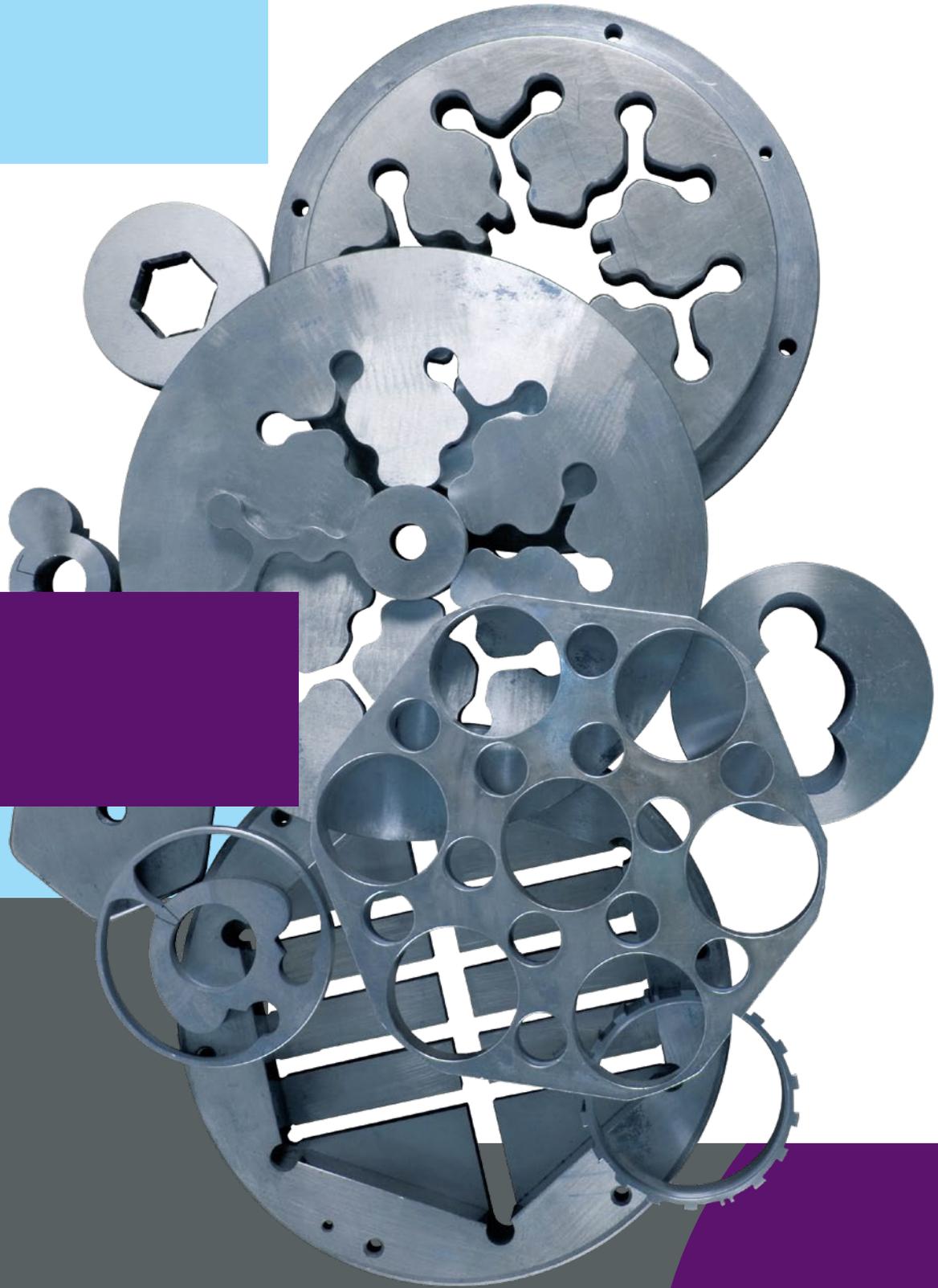


Table of the Report on the offers on the improvement of the Annual Report for the Year 2010 from the FC "TVEL" Parties Concerned

No.	The Offers of the Parties Concerned	Measure	Presentation in the Report
From Rosatom State Corporation			
1	During the preparation of the report it is recommended to take into account more than 20 indices. It is desirable, apart from the standard indications, to develop several specific ones for TVEL activities for the use by Rosatom State Corporation while developing the branch protocol GRI.	unilateral dialogue	Supplement 1
2	Describe in the Report the functional of the scientific and technological organisations, that are the parts of FC	bilateral dialogue	Section 1.2.
3	Present the plans of the development of the fuel for the reactors FN.	bilateral dialogue	Section 2.3./5.1.
4	Describe the process of the order and the introduction of the innovations as well as the system of the IR management	bilateral dialogue	Section 5.1.
5	The Paragraph about the Risks should be ready with report on the risks connected with the implementation of the FC strategy	bilateral dialogue	Section 3.4.
6	More attention should be paid to the practical results of the strategy implementation and less to the aims and tasks that may be corrected.	bilateral dialogue	Section 2.2.-2.6.
7	Represent in the Report the works on the transmission of the depleted hexafluoride of uranium into the solid phase.	trilateral dialogue	The Company will consider the present request by the development of the Conception of the Report for the year 2011.
8	Present in the Report the comparison of the enterprises' emissions with the maximum permitted emissions.	trilateral dialogue	Section 6.2.
9	Present in the Report the number of the environmental services of the enterprises.	trilateral dialogue	The Company will consider the present request by the development of the Conception of the Report for the year 2011.
10	State in the Public position on the Questions of the provision of the delivery safety that the safety is guaranteed not only by the projects of the localisation but also by the availability of the long-term delivery and production modernising agreements.	trilateral dialogue	Section 1.5.
11	Represent in the Report the questions concerning the improvement of the energy efficiency and of the energy and resources supply	general hearings	Section 6.6.

No.	The Offers of the Parties Concerned	Measure	Presentation in the Report
From the Affiliates and Associates of the Company			
12	Represent in the Report the information about the solutions to the problems stated in the research materials of the group Zircon on the problem-causing social questions.	unilateral dialogue	The Company will consider the present request by the development of the Conception of the Report for the year 2011.
13	Present in the account the numbers concerning the FC "TVEL" charity activities and the investments in the infrastructure.	trilateral dialogue	Section 8.5.
From the Local Governing Bodies			
14	State in the Public Position the responsibility for taking into account the local situation when determine the plans and the terms of the restructuring for the enterprises processing the city-forming function.	trilateral dialogue	Section 1.5.
15	Describe the Company's activity in the sphere of deciding on the social questions when transfer TVEL's marginal assets and of the formation of the new relation system; the change of the financing sources.	unilateral dialogue	Section 8.4.
16	Present the information about the particular social guarantees of the enterprises of the FC.	trilateral dialogue	Section 8.2.
17	In the Public Position one could present the responsibility for taking into account of the particular social and economic situation in the region when determine the terms of the enterprises' restructuring.	trilateral dialogue	Section 1.5.
18	Represent in the Report the information about the cooperation with CATU and about the TVEL legislative initiatives in this sphere and the work in the direction of the increase the share of tax allocations that are assigned to the local land management budget.	trilateral dialogue	The Company will consider the present request by the development of the Conception of the Report for the year 2011.
19	In the Report one should represent the TVEL cooperation with the municipal administrations (municipal government of CATU) and TVEL. The work on the specialised secondary educational establishments.	unilateral dialogue	Chapter 9, Section 8.1.
20	Describe in the Report particular plans of the creation of the working places.	bilateral dialogue	Section 8.4.
21	For revealing the efficiency of the creation of the staff reserve one should describe the demand for it as well as the quantity of the reservists involved.	trilateral dialogue	The Company will consider the present request by the development of the Conception of the Report for the year 2011.
22	In the Report one can describe the influence of the restructuring program on the local territories, for instance, on the tax allocations in the local budgets.	trilateral dialogue	FC "TVEL" Plans and Obligations
23	By carrying-out the project "New Image" and the restructuring of the enterprises, establishments, organisations one should take into account the perspectives and the risks of these programs and the fact how those measures that were taken in the year 2010 could influence on the territory of the company's presence.	general hearings	FC "TVEL" Plans and Obligations

No.	The Offers of the Parties Concerned	Measure	Presentation in the Report
From the Environmental Organisations			
24	In the Report one should represent the information about the joint projects between TVEL and the environmental organisations, if such projects exist. If there are no such projects, one should establish such cooperation.	unilateral dialogue	The Company will consider the present request by the development of the Conception of the Report for the year 2011.
25	In the report it is desirable to characterise general ecological situation in the regions of presence in terms of its deterioration or improvement (due to self-recovery) by current stable level of emissions of polluting substances.	Trilateral dialogue	The present report presents data on results of FC "TVEL" activity The description of general ecological situation is beyond the scope of the Report.
26	Reflect in the report, the use of scientific developments in other "non-nuclear" industries	Trilateral dialogue	Section 5.2.
27	Present in the report the estimation of contribution of FC "TVEL" enterprises in general industrial emissions/discharges by regions.	Trilateral dialogue	Section 6.3.
28	Add in public position in section on openness ensuring, that position is supported by conduction of dialogs and issuance of ecological reports.	Trilateral dialogue	Section 1.5.
29	Information on ecological impact in the report must be presented not only in financial Indices of costs, but in actual Indices too: what are the water disposals, what is the degree of its purification, for example. For professionals to understand the level of environmental impact of TVEL. It means that it is necessary to change the approach to the information opening.	Unilateral dialogue	Section 6.3.
30	Reflect in the report the ecological aspects of realization of strategy, and consider ecological aspects by description of large projects of FC.	Bilateral dialogue	The Company will consider the present request by the development of the Conception of the Report for the year 2011.
31	It is necessary to provide information on emissions/ discharges/ waste by reveal of ecological section in the report.	Trilateral dialogue	Section 6.3.
32	As the fact of SEM certification does not reflect the real results, it is essential to show the concrete results due to its activity.	Trilateral dialogue	The Company will consider the present request by the development of the Conception of the Report for the year 2011
33	Provide plans on the bringing of production sites of enterprise to the level of "greenfield site".	Bilateral dialogue	Section 6.2.
34	Reveal FTP on NRS in non-classified part.	Bilateral dialogue	The Company will consider the present request by the development of the Conception of the Report for the year 2011
35	Describe interaction with local authorities (including its informing) on issues of territory rehabilitation, for example, such as Polymetal Plant territory.	Trilateral dialogue	

No.	The Offers of the Parties Concerned	Measure	Presentation in the Report
36	Present information on programmes and plans of information support of population on issues of environmental impact of FC.	Trilateral dialogue	Plans and obligations of FC "TVEL"
37	Provide the comparison with discharges of other enterprises in the report.	Trilateral dialogue	The Company will consider the present request by the development of the Conception of the Report for the year 2011
38	I recommend commenting on the spread of ecological policy of JSC "TVEL" on all FC enterprises in ecological section of the Report.	Public consultations	Section 6.1.
39	When presenting data for 2008-2010 it is important to indicate what network of consolidation is taken into account, as formation of FC "TVEL" was completed only in 2010.	Public consultations	Section 6.3.
40	Unimportant information on numbers of shops and buildings should be excluded of the report.	Public consultations	Accounting
41	Specify information on number and name of enterprises, belonging to ecologically significant.	Public consultations	Section 6.1.
From trade unions and non-governmental organisations.			
42	Introduce responsibility for creation of new work places into the public position.	Trilateral dialogue	Section 1.5.
43	The social aspect of TVEL activity must be described in the report in terms of social partnership.	Unilateral dialogue	Section 8.2.
44	Present in the report calculation of efficiency of bringing the providing productions out of FC network.	Bilateral dialogue	Section 2.4.
45	Present in the report data on development of short term and long term innovative programmes, as possibility of creation of new work places.	Bilateral, trilateral dialogue	Plans and obligations of FC "TVEL"
46	Present plans of FC "TVEL" on increase of demand for scientific achievements.	Bilateral dialogue	The Company will consider the present request by the development of the Conception of the Report for the year 2011
From the partners			
47	Conduct dialogs on issues of formation and implementation of FC strategy.	Unilateral dialogue	Section 2.1., chapter 10

No.	The Offers of the Parties Concerned	Measure	Presentation in the Report
48	Reflect the vision of FC management of the possible influence of the accident at NPP of Japan on the development strategy of FC	Bilateral dialogue	Section 3.4.
49	Mention in the report innovative developments, by means of which FC is going to increase competitive advantage at the market.	Bilateral dialogue	Section 2.3.
50	Present in the report data on share of innovative products in total volume of FC productions.	Bilateral dialogue	Section 5.2.
51	Indicate amount of financing of innovative developments in non-nuclear sector.	Bilateral dialogue	Section 5.2., 3.2. 2.3.
52	Include conduction of conference on quality of nuclear fuel on the board of nuclear-powered ice-breaker in Murmansk in Plans and Liabilities of FC "TVEL".	Public consultations	Plans and obligations of FC "TVEL"
53	Provide information on achieved agreements between JSC Techsnabexport and FC "TVEL" on promotion of Russian nuclear production to foreign markets.	Public consultations	The Company will consider the present request by the development of the Conception of the Report for the year 2011
54	Include in the Report comments on strategy target of the company – to gain 28% of the world market, whereas on separate directions FC "TVEL" already has 45%, as indicated in the project of report.	Public consultations	Section 2.1.
From the expert company			
55	The definite structure of incoming assets of FC "TVEL" must be included in the report 2010 (formed after reorganisation).	Unilateral dialogue	Section 1.1.
56	Highlight the issue "Fight against corruption" in the report (the results of programme).	Unilateral dialogue	The Company will consider the present request by the development of the Conception of the Report for the year 2011
57	Explain in the report for the year 2010 the succession of described strategy in comparison with materials in the report for the year 2009.	Bilateral dialogue	Section 2.1.
58	Present data on injuries and level of occupational disease incidence of staff.	Bilateral dialogue	Section 8.3.
59	Provide in the report the complete list of contaminated territories of FC which need rehabilitation.	Trilateral dialogue	The Company will consider the present request by the development of the Conception of the Report for the year 2011
60	Responsibility for rehabilitation of territories not depending on change of industrial sites boundaries could be taken into consideration in the Public position.	Trilateral dialogue	Section 1.5.

No.	The Offers of the Parties Concerned	Measure	Presentation in the Report
61	It is necessary to provide in the report plans on rehabilitation of lands in sites, and compare general scope of contaminated territories and results on their rehabilitation for the period under the report.	Trilateral dialogue	The Company will consider the present request by the development of the Conception of the Report for the year 2011
62	Sharing of responsibility with the state, including presenting sources of financing must be indicated when forming Public position	Trilateral dialogue	Section 1.5.
63	Formulate in the Public position principles of forming of relations with interested parties after the completion of restructuring	Trilateral dialogue	Plans and obligations of FC "TVEL"
64	Present in the report the comparative characteristics of labour productivity of FC enterprises and western competitors.	Bilateral dialogue	The Company will consider the present request by the development of the Conception of the Report for the year 2011.

From the Higher Institutional Establishments

65	Pay attention to plans of development of university science and the company's approach to training of specialists as early as within university education.	Bilateral dialogue	Section 8.1.
66	Reflect in the report the information on FC ensuring of the succession of "generations" of research and production facilities	Trilateral dialogue	The Company will consider the present request by the development of the Conception of the Report for the year 2011.
67	Reflect in the report information on mechanisms of intellectual property protection.	Trilateral dialogue	Section 5.1.
68	As an offer to the plans and obligations is an agreement between MEPhI and Fuel company with an action plan for 2011 and subsequent years to develop the Conception of joint actions of MEPhI and JSC "TVEL" on the training of qualified staff.	Trilateral dialogue	Plans and obligations of FC "TVEL"
69	Reflect in the Public position the responsibility for organisation of preparation of Young specialists and managers for the company needs in cooperation with leading universities, in particular MEPhI	Trilateral dialogue	Section 1.5.

Plans and obligations of FC "TVEL" on the issues of sustainable development

1. Responsibility for radiation legacy and ecological safety of manufactures

Up to the end of July, 2011

the company will place the reports on ecological safety of significant enterprises (MSZ JSC, NCCP JCS, CMP OJCS, JSC PA EP, AECC JSC, UEIP JSC, SCC OJSC) on the corporate website, which contain the implementation of the plan of realisation of ecological policy and measures on environmental protection.

By the end of 2011 the company will evaluate international experience in the area of accounting of greenhouse gas emissions and consider the issue an opportunity of its application by FC "TVEL" enterprises.

2. Responsibility towards staff

By the end of 2011 the company will conclude an agreement on target staff training with specialised higher educational establishments, including National Research Nuclear University "Moscow Engineering Physics Institute".

By the end of 2011 the company will develop a plan of target enrolment of graduates of higher educational establishments up to 2015 and will place this information on the corporate website.

By the end of 2011 the company will approve its staff policy in the area of RPS. Information will be submitted in the annual report for 2011.

3. Responsibility for provision of social acceptability of the company restructuring

By the end of 2011 the company will develop and publish on its website a programme of creation of new working places in the territories of presence of FC enterprises, the restructuring of which has the greatest impact on local socio-economic environment.

By the end of September, 2011 the company will calculate the economic impact of restructuring on local territories including on revenues from taxation of local and regional budgets and will submit the results on the corporate website.

4. Responsibility for development of social and cultural area and infrastructure in the regions

By the end of 2011 the company will form the principles of cooperation with the parties concerned on the issues of development of socio-cultural environment and infrastructure in the regions of presence within the scope of the uniform regional policy of Rosatom State Corporation and will publish them on the corporate website.

By the end of 2011 the company will form the consolidated plan of events and projects on development of socio-economic environment of the regions of presence of incorporated enterprises and will create the updating section with reportable events on the implementation of the plan on the corporate website.

5. Responsibility for innovative development and fuel products quality assurance

By the end of 2011 FC "TVEL" will prepare a plan of research and development works for 2012 on improvement of fuel products and submit it for consideration and approval to the parties concerned on the scientific and technical Council of FC "TVEL". The information on implementation of the plan of research and development works on 2011 will be represented in the annual report for 2011.

By the end of 2011 FC "TVEL" in cooperation with Atomflot Federal State Unitary Enterprise will organise and hold the council board on the issues of development of new nuclear fuel types and its quality within the scope of visits on the ships of nuclear icebreaking fleet with the invitation of Atomflot Federal State Unitary Enterprise.

6. Responsibility for reliability of fuel deliveries

In 2011 the company will continue its policy of strict fulfilment of its contractual obligations on nuclear fuel deliveries.

By the end of the 1st quarter of 2012 the company will evaluate the satisfaction of consumers and provide the consolidated results in the annual report of the company for 2012.

7. Responsibility for realisation of company strategy

By the end of 2011 FC "TVEL" (hereafter the company) will determine the risks of implementation of strategic projects with account of the issues of sustainable development (including risks connected with the implementation of the projects on restructuring of FC "TVEL" enterprises). The information on the risks will be represented in the annual report of the company for 2011.

8. Provision of information openness

In 2012 the company will continue using international recommendations and reporting standards in the area of sustainable development (GRI, AA1000) within the preparation of the public annual report. The company is oriented towards an increase of the level of future reports compliance to A+ (GRI).

In the 3rd quarter of 2011 the company will develop a project of the System of Indices of public reporting and will hold its public discussion with the parties concerned.

By the end of June, 2011 the company will place plans on cooperation with stakeholders for 2011-2012 on the corporate website.

Within two months after publication of the report for 2011 the company will issue an order on the organisation of monitoring of fulfilment of plans and obligations documented in the present report and will provide a presentation of information on the procedure of implementation of the plans and obligations taken by the company (in the quarterly update mode on the corporate website).

By the end of 2011 the company will form the principles of building of relationships with the parties concerned after final restructuring of enterprises and will publish them in the annual report for 2011

Table of disclosure of standard elements and Indices of GRI (G3) management in the report

Standard reporting elements (G3)	Section of the Report
1. Strategy and analysis	
1.1. Application of the senior person who makes decisions in the company (for example, Chief Executive Officer, Chief of the Board of Directors or the equivalent position) publishing the report on the magnitude of sustainable development for the company and its strategy.	The Message from Yu.A. Olenin, the President of JCS TVEL
1.2. The characteristics of key impacts, risks and opportunities.	2.1. The Strategy of FC "TVEL" 1.5. Public position of FC "TVEL" in the sphere of sustainable development 3.4. Risk management 2.4. The program "New Image"
2. Characteristics of the company	
2.1. Name of the companies that prepare the report.	1.1. General information on JSC "TVEL" and FC "TVEL"
2.2. Main brands, types of products and/or services.	1.1. General information on JSC "TVEL" and FC "TVEL"
2.3. Functional structure of the company including main divisions, operating companies, affiliates and joint ventures.	1.1. General information on JSC "TVEL" and FC "TVEL" 3.1. Corporate governance of JSC "TVEL"
2.4. Location of the principal office.	Contact details
2.5. Number of countries in which the company organises its activity and names of the countries where the principal activity is performed or that are of special significance from the point of view of the issues of sustainable development covered by the report.	1.1. General information on JSC "TVEL" and FC "TVEL" 1.3. Position of FC "TVEL" on the market
2.6. Nature of ownership and business legal structure.	1.1. General information on JSC "TVEL" and FC "TVEL" 3.1. Corporate governance of JSC "TVEL"
2.7. Markets where the company operates (including geographic breakdown, sectors where the services are provided and categories of consumers and beneficiaries).	1.1. General information on JSC "TVEL" and FC "TVEL" 1.3. Position of FC "TVEL" on the market 4.1. Nuclear fuel fabrication

Standard reporting elements (G3)	Section of the Report
2.8. Scope of the company, including: • number of employees; • net sales (for the companies of private sector) or net proceeding (for state companies); • total capitalisation with the division on loan and owned capital (for the companies of private sector); • quantitative characteristics of products or rendered services.	8.1. Human resources management Main Indices of FC "TVEL" activity 1.1. General information on JSC "TVEL" and FC "TVEL" Chapter 4. Manufacture of nuclear products, gas centrifuges and general industrial activity
2.9. Significant changes of the scope, structure or property that took place within the reporting period.	1.1. General information on JSC "TVEL" and FC "TVEL" 3.1. Corporate governance of JSC "TVEL"
2.10. Awards taken for the reporting period.	Chapter 9. Cooperation with the parties concerned in 2010

3. Parameters of the Report

3.1. Reporting period (for example, financial/calendar year) the submitted information belongs to.	Information on the report and its preparation
3.2. Date of publication of the latest of the previous reports (if any).	The Annual Report of JSC "TVEL" for the year of 2009 (in the integrated format) published in 2010
3.3. Reporting cycle (annual, biennial, etc.).	Annual
3.4. Contact details for questions on the report or its content.	General and contact details on JSC "TVEL"
3.5. process of determination of content of the report including: • determination of materiality; • determination of top-priority topics within the scope of the report; • identification of the parties concerned considered as potential users of the report.	Information on the report and its preparation
3.6. Scope of the report (for example, countries, subdivisions, affiliates, leased capacities, joint ventures, suppliers).	Information on the Report and its preparation
3.7. State any limitations of the scope of the report.	Information on the Report and its preparation
3.8. Reasons for the data on joint ventures, affiliates, lease of enterprises, transfer of the part of its functions to external contractors and other business units that may considerably influence the comparability with the preceding reports and/or other companies to be included in the report.	Information on the Report and its preparation
3.9. Measuring techniques for data and calculations including suggestions and techniques used for evaluation of Indices and other data included in the report.	Information on the Report and its preparation

Standard reporting elements (G3)	Section of the Report
3.10. Description of the meaning of any reformulations of information presented in the preceding reports as well as reasons for such reformulations (for example, merger / takeover, change of reporting periods, nature of the business, evaluating techniques).	After the final formation of FC JSC "TVEL" "TVEL" became the management company of assets group of fabrication complex, separation-sublimation complex, gas centrifugal complex
3.11. Considerable changes as of the previous reporting periods in the area of coverage, scope or techniques of measurement applied in the report.	Information on the Report and its preparation
3.12. The table indicating the place of standard elements in the report.	Table of disclosure of standard elements and Indices of GRI (G3) management in the Report
3.13. The policy and the applied practical approaches to the external confirmation of the report.	Information on the Report and its preparation Application of GRI on the level B+ is confirmed by the results of the independent external inspection held by the company "Bureau Veritas Certification Rus" JCS.

4. Management, obligations and cooperation with the parties concerned

4.1. Company management structure including main committees composed of the highest governing body responsible for particular tasks, for example, for development of the strategy or framework supervision of the company's activity.	3.1. Corporate governance of JSC "TVEL" 2.1. The Strategy of FC "TVEL"
4.2. State whether the Chief of the highest governing body is simultaneously the Executive Manager of the company (and in case of positive answer, state what the role of this Chief is in the management of the company and what are the reasons for such situation).	3.1. Corporate governance of JSC "TVEL"
4.3. For the companies with the unitary Board of Directors, state the number of independent members of the highest governing body and/or members that do not belong to the executive management of the company.	3.1. Corporate governance of JSC "TVEL"
4.4. Mechanisms with the help of which shareholders or employees of the company may direct the activity of the highest governing body or give recommendations.	3.1. Corporate governance of JSC "TVEL"
4.5. Connection between payments to the members of the highest governing body, representatives of top executive management and senior executive heads (including redundancy payments) and the results of the company's activity (including social and ecological results).	3.1. Corporate governance of JSC "TVEL"
4.6. Functional processes in the highest governing body destined to avoid conflicts of interest.	3.1. Corporate governance of JSC "TVEL"

Standard reporting elements (G3)	Section of the Report
4.7. Processes of determination of qualification and competence of the member of the highest governing body necessary to direct the company's strategy including on the issues referring to economic, ecological and social efficiency.	3.1. Corporate governance of JSC "TVEL"
4.8. Mission, application on values, codes of corporate conduct and principles that are significant from the point of view of economic, ecological and social efficiency developed inside the company as well as the rate of their practical realisation.	1.4. Mission, objectives and values 1.5. Public position of FC "TVEL" in the sphere of sustainable development 3.1. Corporate governance
4.9. Procedures used by the highest governing body to supervise how the company evaluates its economic, ecological and social efficiency and controls it including risks and opportunities as well as observance or compliance with the international standards, codes of corporate conduct and principles.	3.1. Corporate governance of JSC "TVEL" Information of the Report and its preparation 1.5. Public position of FC "TVEL" in the sphere of sustainable development
4.10. Processes of evaluation of its own efficiency by the highest governing body, in particular, in connection with economic, ecological and social results of the company's activity.	3.1. Corporate governance of JSC "TVEL"
4.11. Explanation of the fact whether the company applies the precautionary principle and in what way.	Information on the Report and its preparation. Following the precautionary principle, the Company aims for avoiding of the anticipated damage to the environment even if there are no strict scientific data on the fact that any activity makes such damage.
4.12. Voluntary economic, ecological and social charters, systems of principles developed by the external parties or other initiatives which the company joined or which it supports.	1.1. General information on JSC "TVEL" and FC "TVEL"
4.13. The membership in associations (for example, in industry associations) and/or national and international organisation on protection of interests where the company: • takes place in regulatory agencies; • participates in the projects or committees; • provides substantial financing beyond the scope of common affiliation fees; or • considers its membership as a strategic one.	JSC "TVEL" is a member of the All-Russian branch association of employers "The Union of Nuclear Energy, Industry and Science Employers of Russia"
4.14. A list of the parties concerned the company cooperated with.	Chapter 9. Cooperation with the parties concerned in 2010
4.15. Reasons for identification and selection of the parties concerned for the purpose of further cooperation with them.	Chapter 9. Cooperation with the parties concerned in 2010
4.16. Approaches to cooperation with the parties concerned including the frequency of cooperation on the forms and groups concerned.	Chapter 9. Cooperation with the parties concerned in 2010

Standard reporting elements (G3)	Section of the Report
4.17. Key topics and interests raised or indicated within the process of cooperation with the parties concerned and the fact in what way the company responded to these topics and interests including by means of its reporting.	Accounting table for remarks of the parties concerned in the Report
5. Information on the approaches in the area of management and performance indicators	
Information on the approaches in the area of management	1.5. Public position of FC "TVEL" in the sphere of sustainable development 3.3. Quality management 3.4. Risk management 3.6. Internal control and audit 6.1. Ecological safety management 7. Economic impact 8.1. Human resource management
Economic efficiency indices	
EC1. Created and divided direct economic value including revenues, operational costs, payments to employees, donations and other investments of the company, retained profit, payments to suppliers of the capital and states.	Chapter 7. Economic impact
EC3. Provision of the company's obligations connected with pension schemes with the established benefits.	8.2. Realisation of social policy
EC4. Significant financial aid received from public authorities.	The report of the Board of Directors of JSC "TVEL" on the results of development of the Society for priority directions of its activity
EC5. The range of correlation of standard salary of initial level and the established minimum salary in the significant regions of the company's activity.	8.2. Number and composition of the staff
EC6. Policy, practical approaches to procurements from local suppliers and share of such procurements in the significant regions of the company's activity.	7.1. Procurement activities
Indices of environmental performance	
EN3. Direct energy use with the indication of primary sources.	6.7. Energy saving and increase of energy efficiency
EN5. Energy saved as a result of measures on reduction of energy consumption and increase of energy efficiency.	6.7. Energy saving and increase of energy efficiency
EN8. Total amount of the off take with the division on sources.	6.3. Indices of impact on the environment
EN10. Share and total volume of reused and recycling water.	6.3. Indices of impact on the environment

Standard reporting elements (G3)	Section of the Report
EN16. Complete direct and indirect greenhouse gases emissions with the indication of their mass.	6.3. Indices of impact on the environment
EN18. Initiatives on reduction of greenhouse gases emissions and the reduction achieved.	6.2. Measures on reduction of ecological impact
EN19. Emissions of ozone-destroying substance with the indication of their mass.	6.3. Indices of impact on the environment
EN20. Emissions of NOX, SOX and other significant pollutants into the atmosphere with the indication of their mass.	6.3. Indices of impact on the environment
EN21. Total spill over with the indication of quality of discharged waters and the receiving object.	6.3. Indices of impact on the environment
EN22. Total mass of wastes with the division by type and way of transformation.	6.3. Indices of impact on the environment
EN26. Initiatives on moderation of impact of products and services on the environment and the scope of moderation of impact.	6.2. Measures on reduction of ecological impact
EN28. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	6.3. Indices of impact on the environment
EN30. Total expenditures and investments on the environment protection with the division by types.	6.3. Indices of impact on the environment
Indices of social efficiency	
LA1. Total labour force with the division by employment patterns, employment agreement and region.	8.2. Staffing level and staff composition personnel
LA2. Total number of employees and turnover of employees with the division by age group, gender and region.	8.2. Staffing level and staff composition personnel
LA4. Share of employees covered by collective contracts.	Collective contracts of FC "TVEL" enterprises cover 100% of employees.
LA5. Minimal notification period(s) concerning significant changes in the company's activity as well as whether it is defined in the collective contract.	In case of substantial changes in the company's activity the employees are notified (informed) on the changes not less than 2 months prior. The present regulation is registered on the Collective Agreement of each enterprise.

Standard reporting elements (G3)	Section of the Report
LA7. Level of industrial injuries, level of professional illness, coefficient of lost working days and coefficient of workplace absence as well as the total of fatal outcomes connected with working activity with the division by regions.	8.4. Labour safety
LA9. Reflection of the issues of health and safety in formal agreement with trade unions.	Responsibility of FC enterprises for health and safety of the stuff is reflected in collective contracts.
LA10. Average amount of training hours for one employee with the division by category of employees.	8.1. Human resource management
LA14. Ratio of basic salary of man and women with the division by categories of employees.	8.2. Staffing level and staff composition personnel
Indices in the area of human rights	
HR4. Total number of discrimination cases and the measures taken.	In 2008-2011 no discrimination cases were registered in FC enterprises.
Indices in the area of cooperation with communities	
SO5. Position concerning state policy and participation in formation of state policy and lobbying.	Enterprises of the Fuel Company conduct their business with account of the requirements of Rosatom State Corporation; meanwhile they do not participate in formation of state policy and lobbying.
SO7. Total number of proceedings against the company in connection with opposition to business struggle, practical approaches on non-admission of anticompetitive practice and their results.	In 2010 there were no stated cases
SO8. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	No fees and pecuniary sanctions were imposed on the Fuel Company in 2010
Indices in the area of responsibility for the products	
PR1. Life-cycle stages where the impact on health and safety of products and services is evaluated for identification of opportunities for improvement and the share of substantial products and services that are subject to such procedures.	Impact on health and safety of products and services are evaluated on the stages of manufacture, transportation and storage in conformity with STK-27-2010. The program for achievement of objectives and tasks in the area of operational health and safety was developed and performed in order to identify the opportunities of improvement. The works are performed in compliance with OHSAS 18001:2007.

Standard reporting elements (G3)	Section of the Report
<p>PR2. Total number of cases of non-compliance with normative requirements and voluntary codes concerning the impact of products and services on health and safety with the division by types of consequences.</p>	<p>No cases of non-compliance to normative requirements and voluntary codes connected with the impact of products and services on health and safety were registered.</p>
<p>PR3. Types of information on the properties of products and services required by the procedures and the share of significant products and services in relation to which such requirements to information are applied.</p>	<p>Main types of information on properties of products and services in JSC "TVEL" the information on the activity in the area of products quality, information on ecological activity and the activity in the area of occupational health and safety. The instruments of communications may be: postal service, field courier, e-mail, mass media, consultations and seminars. The work is performed in conformity with STK-21-2009 developed on the basis of the requirements of ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007.</p>
<p>PR4. Total number of cases of non-compliance with normative requirements and voluntary codes connected with the information and marking on the properties of products and services with the division by types of consequences.</p>	<p>No cases of non-compliance with normative requirements and voluntary codes connected with the information and marking of products and services were registered.</p>
<p>PR5. Practices related to satisfaction of consumers including the results of researches on the evaluation of the degree of satisfaction of the consumer.</p>	<p>3.3. Quality management</p>
<p>PR7. Total amount of cases of non-compliance with normative requirements and voluntary codes connected with marketing communications including advertising, promotion of the products and sponsorship with the division by types of consequences.</p>	<p>In 2010 the were no stated cases</p>
<p>PR8. Total amount of validated complaints concerning the violation of integrity of consumer's privacy and loss of data on consumers.</p>	<p>In 2010 the were no stated cases</p>

Public reporting indicators of State Corporation Rosatom cited in the Report

Nº	Indicator	Index	Place of citing of the index in the Report
1	1.4.2. Completion of plans on production for nuclear stations	1.4.2.1. Completion of production plans (%)	4.1. Financial efficiency of JSC "TVEL" and FC "TVEL" in 2010
2	2.1.1. Financial efficiency	2.1.1.1. Gross operational profit	
3		2.1.1.2. Bulk volume of profit tax allocations charged to payment	
4		2.1.1.3. Net ATOI (NOPAT)	
5		2.1.1.4. Revenue (sales volume)	
6		2.1.2. Productivity	
7	2.1.3. Financial stability	2.1.3.2. Substantial resources received from the state	JSC "TVEL" managers' reports on the efficiency of development on Society development on the priority directions of its activity
8	2.2.4. Market sales of products and services of separation-sublimation complex	2.2.4.2. Share in the total of export delivery	4.3. Separation-sublimation complex
9	2.2.5. Market sales of fuel assemblies, nuclear fuel components, fabrication technologies and equipment	2.2.5.1. Provision of nuclear stations of Russian design with nuclear fuel and fuel assembly components	4.2. Fabrication complex of nuclear fuel
10		2.2.5.2. Provision of nuclear stations of foreign design with nuclear fuel and fuel assembly components	
11		2.2.5.5. Share in the total of export delivery	
	to be continued ▼ on the next page		

№	Indicator	Index	Place of citing of the index in the Report
12	▲	2.2.5.6. Productivity in the fabrication block	4.2. Fabrication complex of nuclear fuel
13	2.3.1. Investments in original capital within the reporting period	2.3.1.1. Amount of finance, directed at investment policy aims (mentioning a share of finance directed at production and technological base updating)	Chapter 5. Innovative activity
14		2.3.1.2. Capital investments in producing capacity	
15	2.4.2. Strategic alliances, international cooperation development	2.4.2.1. List and description of the State Corporation alliances and its organizations with foreign partners (in engineering, nuclear fuel cycle, mechanical engineering)	2.2. Fabrication localisation an international cooperation enlargement in 2010
16	4.2.2. Violations when treating nuclear and radiation-hazardous materials	4.2.2.1. Number of accountable violations on the nuclear energy usage-facilities according to the International Nuclear Events Scale (INES)	6.5. Nuclear and radiation safety provision
17	4.4.1. Shutting down	4.3.3.1. Number of shut down nuclear energy usage-facilities	6.2. Impact on environment reduction (1 facility) measures
18	5.1.1. Inventors' activeness in the sphere of nuclear energy use	5.1.1.1. Number of patents, useful models and industrial prototypes	5.3. Intellectual property protection
19		5.1.1.2. Number of applications for the protected results of intellectual activity in a year towards 100 researchers and design engineers	5.3. Intellectual property protection
20	5.1.2. Efficiency of research and development activities impact.	5.1.2.1. Share of high-technology products in sales revenue	5.2. Innovative activity in non-nuclear sphere
21		5.1.2.2. List of innovations, implemented in the production process	5.1. Innovative activity in nuclear sphere 5.2. Innovative activity in non-nuclear sphere
22		5.1.2.3. Volume of expenditure on research and development activities (structure: according to direction, according to the source of financing)	

№	Indicator	Index	Place of citing of the index in the Report
23	5.2.1. Infrastructure of research and technology complex formation	5.2.1.2. Modernization and development of research and development and experimental capability of nuclear power technologies	2.3. Innovative decisions for the power engineering of the future 5.1. Innovative activity in nuclear sphere
24	5.2.2. Participation in international innovative projects realization	5.2.2.1. Participation in international innovative projects realization (INPR, ITER, Generation – IV, FAIR)	5.2. Innovative activity in non-nuclear sphere
25	5.3.4. Gas centrifuges	5.3.4.1. Description of the activities completed in the reporting year	5.1. Innovative activity in nuclear sphere
26		5.3.4.2. Plan of activities completion	
27	6.1.2. Realization of the projects "Production system of Rosatom"	6.1.2.1. Results of the program on raising effectiveness of the production activity (decreasing of blank production shop area; manufacturing cycle decreasing; decreasing number of defects for one level on separate components; cost reduction of the production of separate types of equipment; enlargement of production volume for separate stock positions)	2.5. Production system of Rosatom
28		6.1.2.2. Economic effect from carrying-out the programs on production development and cost reduction in the enterprises	2.5. Production system of Rosatom
29		6.1.2.3. Energy efficiency	6.6. Energy saving and energy efficiency raise
30	6.1.5. Procurement activities management	6.1.5.1. Means used with the aims of raising openness and transparency of procurement activities	7.1. Procurement activities
31		6.1.5..2. Volume of saved resources as a result of holding open competitive tendering procedures (% , rubles)	
32	6.1.7. Implementation of principles and norms of corporate governance of the Corporation and its divisions	-	3.1. Corporate governance of JSC "TVEL"

№	Indicator	Index	Place of citing of the index in the Report
33	6.1.8. Risk management	-	3.4. Risk management
34	6.1.9. Management informational support	6.1.9.1. List of projects on information technologies implementation	3.8. Information technologies
35	6.1.10. Quality management system implementation (standards ISO 9000)	6.1.10.1. Number of organizations certified for conformity to the requirements of the standard ISO 9001	3.3. Quality management
36	6.1.11. Business and financial performance control	6.1.11.1. Business and financial performance control	3.6. Internal control and auditing
37	7.1.1. Public reporting of the Corporation and its organisations	7.1.1. Meeting the international requirements in the area of non-financial reporting and interaction with parties concerned	Information on the Report and its preparation
38		7.1.1.2. Interaction with parties concerned when preparing public reports	10.1. Measures of interaction with the parties concerned
39		7.1.1.3. Meeting the corporate requirements to public reporting	Information on the report and its preparation
40	7.1.2. Information resources of the industry	7.1.2.2. Social and cultural activity (museum, popular-science, professionally-oriented and other activities)	8.6. Charitable activity and external social programmes support
41	8.2.1. Regulatory activity realisation	8.2.1.1. Number of draft laws and other regulatory documents introduced to the President of the Russian Federation and to the Russian Federation government	6.1. Environmental safety management
42	8.3.2. Realisation by the Corporation of a state control in the area of radiation situation, nuclear fuel, radioactive substances and radioactive wastes treating	8.3.2.1. Typical control activities	6.5. Nuclear and Radiation Safety provision
43	9.1.1. Provision of professional skilled workers	9.1.1.2. Number of students invited to work as the result of the practice period	8.1. Human resource management

№	Indicator	Index	Place of citing of the index in the Report
44	9.1.2. Employee training	9.1.2.2. Average number of training hours for one employee a year, with the division by the employees' categories. LA10 GRI	8.1. Human resource management
45	9.1.3. Formation and use of staff reserves	9.1.3.1. Number of employees making a staff reserve	8.1. Human resource management
46	10.1.1. Created and distributed direct economic value, including revenues, operational expenditures, employees' payments, benefactions and other investments of the association, undistributed profits, payments to the capital suppliers and states. EC1 GRI	10.1.1.1. Net sales, as well as revenue of assets and financial investments sales	Chapter 7. Economic impact
47		10.1.1.2. Operating costs	
48		10.1.1.3. Salary and other payments and advantages to the employees	
49		10.1.1.4. Payments to the suppliers of capital	
50		10.1.1.5. Gross tax payments	
51		10.1.1.6. Investments in associations	
52		10.1.1.7. Undistributed economic value	
53	10.1.2. Considerable financial aid, received from public authorities EC4 GRI	10.1.2.1. Considerable financial aid, received from public authorities	JSC "TVEL" directors' reports on the results of development of the Society on the priority directions of its activity
54	10.2.1. Policy, practical approaches to procurement activities from local suppliers and a share of such procurement activities in the important regions of activity of the organisation. EC6 GRI	10.2.1.2. Percentage share of the purchasing budget in important regions of activity, which is to be spent on the procurement activities from suppliers, local in the context of the given region	7.1. Procurement activities

№	Indicator	Index	Place of citing of the index in the Report
55	10.3.1. Development and impact of the investments to the infrastructure and services rendered mainly, for the public good (not related directly to the production activity) through the medium of commercial, natural or charitable participation. EC8 GRI	10.3.2.2. Examples of indirect economic impact both positive and negative	Chapter 7. Economic impact
56	11.1.1. Energy saved as a result of measures on reduction of energy consumption and energy efficiency rising. EN5 (amended) GRI	11.1.1.1. Total of the energy saved as a result of efforts on reduction of energy consumption and energy efficiency raising	6.6. Energy saving and energy efficiency raise
57	11.1.2. Initiatives on provision of energy efficient or based on the usage of renewable energy of products and services and reduction in requirement in energy as a result of this initiative. EN6 (amended) GRI	11.1.2.1. Data on the important initiatives on reduction of energy consumption of the main types / groups of products and services	
58		11.1.2.2. Quantitative data on reduction of energy consumption of products and services achieved within the reporting period	
59	11.1.4. Initiatives on the reduction of repugnant substances in the atmosphere emission, the achieved reduction	11.1.4. 1.Data on the initiatives on the reduction of repugnant substances in the atmosphere emission	6.2. Measures on reducing the environmental impact
60		11.1.4.2. Quantitative data on the reduction of repugnant substances in the atmosphere emission	6.3. Indices of environmental impact
61	11.1.5. Initiatives on the reduction of discharges of harmful substances into water bodies, the achieved reduction	11.1.4. 1. Data on the initiatives on the reduction of discharges of harmful substances into water bodies	6.2. Measures on reducing the environmental impact
62		11.1.4.2. Quantitative data on the reduction of discharges of harmful substances into water bodies	6.3 Indices of environmental impact
63	11.1.7. Initiatives on the reduction of greenhouse gas emissions the achieved reduction. EN18 (amended) GRI	11.1.7.2. Quantitative data on the degree of the achieved reduction of greenhouse gas emissions within the reporting period as the result of the initiatives realization	6.3. Indices of environmental impact

№	Indicator	Index	Place of citing of the index in the Report
64	11.1.8. Initiatives on the abatement of product and services impact on the environment, degree abatement impact. EN26 GRI	11.1.8.1. General list with the description of the subject of the initiatives on the abatement of product and services impact on the environment	6.2. Measures on reducing the environmental impact
65	11.1.10. Total expenditures and investments in environment protection with the division by the types. EN30 (amended) GRI	11.1.10.1. Expenditure, connected with waste management, purifying releases and discharges and pollution clean-up	6.3. Indices of environmental impact
66		11.1.10.2. Expenditure on the prevention of the environmental impact and the system of ecological management	
67	11.1.11. Implementation of ecological management systems in organisations of the Corporation	11.1.11.1. Number of enterprises certified for conformity with standard ISO 14001	6.1. Environmental safety management
68	11.1.14. Share and the total volume of the frequently used and reused water. EN10 (amended) GRI	11.1.14.1. Share and the total volume of the frequently used and reused water	6.3. Indices of environmental impact
69	11.2.4. Total of the off-taken water with the division by the sources. EN8 GRI	11.2.4.1. Total of the off-taken water with the division by the sources (including surface, subterranean and rain waters as well as general utilities)	
70	11.2.5. Water consumption for cover in-house needs	11.2.5.1. Water consumption for cover in-house needs	
71	11.3.5. Total direct and indirect greenhouse gas emissions stating the mass. EN16 GRI	11.3.5.1. Total direct and indirect greenhouse gas emissions stating the mass	
72	11.3.7. Ozone-damaging emissions stating the mass. EN19 GRI	11.3.7.1. Ozone-damaging emissions stating the mass	
73	11.3.8. Discharging in the air NOX, SOX and other important polluting substances stating the type and mass. EN20 GRI	11.3.8.1. Discharging in the air NOX, SOX and other important polluting substances stating the type and mass	<p style="text-align: right;">to be continued ▼ on the next page</p>

№	Indicator	Index	Place of citing of the index in the Report
74	11.3.9. Total of the discharges stating the quality of quality of wastewater and the receiving object. EN21 GRI	11.3.9.1. Total of the discharges stating the quality of quality of wastewater and the receiving object.	▲
75	11.3.10. Total of the discharges with the division by the type and the way of treating. EN22 GRI	11.3.10.1. Total of the discharges with the division by the type and the way of treating.	
76	11.3.15. Payments for the polluting substances released in the atmosphere by the steady-state and moving sources, discharges of polluting substances into surface and underground water sources, disposal of industrial and consumer waste, disposal of industrial and consumer wastes.	11.3.15.1. Payments for the polluting substances released in the atmosphere by the steady-state and moving sources, discharges of polluting substances into surface and underground water sources, disposal of industrial and consumer waste, disposal of industrial and consumer wastes.	
77	11.4.1. Monetary expression of the considerable penalty duties and total of the non-financial sanctions imposed for the ecological law and regulatory requirements violation. EN28 GRI	11.4.1.1. Total of amounts refunded and penalty duties surcharged from the organization by the specially authorized governmental bodies of the Russian Federation in the area of environmental protection to Recover the damage caused by the violation of the environmental legislation	
78		11.4.1.2. Total of non-financial sanctions imposed for the ecological law and regulatory requirements violation	
79	11.5.1. Radionuclides release in the atmosphere	11.5.1.1. Total activity of the radionuclides release in the atmosphere	
80		11.5.2.2. Total activity of waste waters, containing radionuclides	
81	11.5.3. Radionuclides discharges in water bodies	11.5.3.1. Total activity of the radionuclides discharged in water bodies	
82	11.5.4. Area contamination radionuclides	11.5.4.1. Contaminated and polluted land area	

№	Indicator	Index	Place of citing of the index in the Report
83	12.1.1. Total number of the labour with the division by the type of employment, employment agreement and region. LA1 GRI	12.1.1.1. Data of the total number of the labour power with the division in two groups: members and employees	8.2. Number and staff composition of staff
84		12.1.1.4. Data of the total number of the labour power with the division by the region using geographical entities, corresponding to the scope of the organisation activity	
85	12.1.2. Total of the employees and turnover of employees with the division by the age, sex, and region. LA2 GRI	12.1.2.1. Total of the employees and turnover of employees with the division by the age, sex, region	
86	12.1.4. Share of the professionals under 35 years old	12.1.4.1. Share of the professionals under 35 years old	
87	12.1.5. Average age of the employees (according to the categories)	12.1.5.1. Average age of the employees (according to the categories)	
88	12.1.6. Relation of the basic salary of male and female employees with the division by the categories. LA14 GRI	12.1.6.1. Relation of the basic salary of male and female employees with the division by the categories	
89	12.1.7. Spectrum of ratio of a standard salary of the initial level and an established minimum salary in the essential regions of the activity of the organisation. EC5 (amended) GRI	12.1.7.1. Spectrum of ratio of a standard salary of the initial level and an established minimum salary in the essential regions of the activity of the organisation	
90	12.1.8. Average salary level in relation to the average level at the labour market	12.1.8.1. Average salary level in relation to the average level at the labour market	
91	12.2.1. Share of the employees covered by the collective contracts. LA4 GRI	12.2.1.1. Share of the employees covered by the collective contracts	Collective contracts of FC enterprises relate to all employees of the FC.

№	Indicator	Index	Place of citing of the index in the Report
92	12.2.2. Minimum period(s) of notification as for the significant changes in the activity of organisation as well as its being stated in the collective contract. LA5 GRI	12.2.2.1. Minimum period(s) of notification as for the significant changes in the activity of organisation as well as its being stated in the collective contract	In case of considerable changes in the activity of organisation employees within the earlier of 2 months are to be warned (notified) of the changes. The given norm is stated in the Collective contract of each enterprise.
93	12.3.1. Payments and bonuses to the employees of full-time employment not provided to the employees of part-time or temporary employment with the division by the primary activity. LA3 (amended) GRI	12.3.1.1. Payments and bonuses to the employees of full-time employment not provided to the employees of part-time or temporary employment with the division by the primary activity	8.3. Social policy realisation
94	12.3.2. Securing obligations of the organization connected with a pension scheme with fixed benefits. EC3 GRI	12.3.2.1. Securing obligations of the organization connected with a pension scheme with fixed benefits	
95	12.3.3. Number of employees having non-state pension fund scheme	12.3.3.1. Number of employees having non-state pension fund scheme	
96	12.3.4. Total of the expenditures on staff	12.3.4.1. Total of the expenditures on staff	
97	12.3.5. Total of the expenditures on social programs for employees	12.3.5.1. Total of the expenditures on social programs for employees	
98	12.3.6. Social payments to an employee a year	12.3.6.1. Social payments to an employee a year	
99	12.3.7. Expenditures on additional medical insurance	12.3.7.1. Expenditures on additional medical insurance	

№	Indicator	Index	Place of citing of the index in the Report
100	12.4.2. Industrial accidents level, level of professional diseases, coefficient of lost working days and a coefficient of the work place absence as well as the total of fatal outcomes connected with working activity with the division by the regions. LA7 GRI	12.4.2.1. Industrial accidents level, level of professional diseases, coefficient of the lost working days and a coefficient of the work place absence as well as the total of fatal outcomes connected with working activity with the division by the regions	8.4. Labour safety
101	12.4.4. Reflection of the issues of health and safety in formal agreement with trade unions. LA9 (amended) GRI	12.4.4.1. Reflection of the issues of health and safety in formal agreement with trade unions	FC "TVEL" enterprises responsibility for health and safety of the staff is reflected in collective contracts of the enterprises
102	12.4.5. Staff radiation exposure control	12.4.5.1. Annual average effective dosage staff irradiation	6.5. Providing Nuclear and Radiation Safety
103		12.4.5.2. Number of cases exceeding regulatory-established maximum permissible dosage of staff irradiation	
104		12.4.5.3. Maximum individual dosage of external exposure of the organism	
105		12.4.5.4. Share of the total number of employees on an industrial individual dosimetric control, included in system ARMIR	
106	13.4.1. Projects in area of charity and the volume of funds directed within these projects	13.4.1.1. Projects in area of charity and the volume of funds directed within these projects	8.6. Charitable activity and external social programmes support
107	14.2.1. Total of the judgments delivered (legal actions) on taking measures on termination of violation of the antitrust legislation and bringing to responsibility for such violations towards the reporting organization and practical approaches to the non-admission of anti-competitive practice and their results. SO7 (amended) GRI	14.2.1.1. Data on the total of measures on termination of violation of the antitrust legislation and bringing to responsibility for such violations within the reported period and the results of their usage	In 2010 the stated cases were not present

№	Indicator	Index	Place of citing of the index in the Report
108	14.2.2. Monetary expression and total of the non-financial sanctions imposed for the violation of legislation and regulatory requirements. SO8 GRI	14.2.2.1. Monetary expression and total of the non-financial sanctions imposed for the violation of legislation and regulatory requirements	Penalty duties and financial sanctions in 2010 on FC were not imposed
109	14.2.3. Total of cases of unconformity to regulatory requirements and voluntary codes related to marketing communications, including publicity, products promotion and sponsorship with the division by types of consequences. PR7 (amended) GRI	14.2.3.1. Total of cases of unconformity to regulatory requirements and voluntary codes related to marketing communications, including publicity, products promotion and sponsorship with the division by types of consequences	In 2010 the stated cases were not present
110	14.2.4. Total of the validated complaints related to the violation of integrity of privacy of a consumer and the loss of data on consumers. PR8 (amended) GRI	14.2.4.1. Total of the validated complaints related to the violation of integrity of privacy of a consumer and the loss of data on consumers	In 2010 the stated cases were not present
111	14.3.1. Life-cycle stages at which the impact on health and safety of the products and services are assessed to find out improvement opportunities and the share of the important products and services subjected to such procedures. PR1 GRI	14.3.1.1. Life-cycle stages at which the impact on health and safety of the products and services are assessed to find out improvement opportunities and the share of the important products and services subjected to such procedures	Impact on health and safety of products and services is assessed at the stages of production, transportation and storing in accordance with STK-27-2010. To find out the improvement opportunities there has been developed and is being fulfilled the program of aims and objectives achievement in the area of health care and labour safety. The activities are being performed in accordance with OHSAS 18001:2007.
112	14.3.2. Total of the cases of unconformity to the regulatory requirements, as well as to the voluntary certification, related to the impact of products and services on health and safety with division by types of consequences. PR2 (amended) GRI	14.3.2.1. Total of the cases of unconformity to the regulatory requirement, as well as to the voluntary certification, related to the impact of products and services on health and safety with division by types of consequences	Cases of unconformity to the regulatory requirements and voluntary codes connected with products and services impact on health and safety were not documented.

№	Indicator	Index	Place of citing of the index in the Report
113	14.3.3. Types of information on properties of services and products required by the procedures and share of the important products and services related to which there act such requirements to information. PR3 GRI	14.3.3.1. Types of information on properties of services and products required by the procedures and share of the important products and services related to which there act such requirements to information	Main types of information on properties of services and products of JSC "TVEL" are the information on activity in the sphere of products quality, on ecological activity and activity in the sphere of health and labour safety. Communications instruments may be the following: postal, courier communication, electronic mail, media, meetings and seminars. Activities are held in accordance with STK-21-2009 developed on the basis of the requirements of ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007.
114	14.3.4. Total of cases of unconformity to regulatory requirements related to the information and marking on the properties of products and services with the division by types of consequences. PR4 (amended) GRI	14.3.4.1. Total of cases of unconformity to regulatory requirements related to the information and marking on the properties of products and services with the division by types of consequences	Cases of unconformity to the regulatory requirements and voluntary codes related to the information and marking products and services were not documented.
115	14.3.5. Practices related to consumer satisfaction including the results of researches on assessment of the degree of consumer satisfaction. PR5 (amended) GRI	14.3.5.1. Practices related to consumer satisfaction including the results of researches on assessment of the degree of consumer satisfaction	3.3. Quality control. Assessment of the consumer satisfaction is held annually by means of consumer questionnaire survey with the further analysis of the questioner survey results. Activities are held in accordance with the procedure "Assessment of consumer satisfaction" P-9, 2004 developed on the basis of the requirements of ISO 9001:2008. All the results of a questionnaire survey are positive.

№	Indicator	Index	Place of citing of the index in the Report
116	14.3.7. Monetary expression of the considerate penalty duties imposed for the violation of legislation and regulatory requirements related to rendering and usage of products and services. PR9 GRI	14.3.7.1. Monetary expression of the considerate penalty duties imposed for the violation of legislation and regulatory requirements related to rendering and usage of products and services	Penalty duties and financial sanctions in 2010 on FC "TVEL" were not imposed
117	14.4.2. Organisation of ethical practice	14.4.2.1. Existence of the ethical code	3.1. Corporate governance of JSC "TVEL"
118	14.4.8. Total of the cases of discrimination and measures taken. HR4 GRI	14.4.8.1. Total of the cases of discrimination and measures taken	In 2008-2010 in the enterprises of FC any case of discrimination were not registered

The Report on the Fulfilment of the Provisions of the Code of Corporate Conduct

N	The Provisions of the Code of Corporate Conduct	Fulfilled or not fulfilled
The General Shareholders' Meeting		
1	Notification of the shareholders about the general stockholder's meeting not less than for 30 days before the date of its conducting regardless of the questions included into its agenda, if the longer term is not provided by the law	Not fulfilled since there is a sole shareholder in the Company
2.	Presence of the possibility by the shareholders to learn the list of the persons, who are eligible to take part in the general shareholders' meeting, starting from the day of the notification about the conducting of the general shareholders' meeting and before the end of the general shareholders' meeting "in praesentia" and in case of general shareholders' meeting "in absentia" – before the date of the end of the admission of the voting ballots	Not fulfilled since there is a sole shareholder in the Company
3.	Presence of the possibility by the shareholders to learn the information (materials), that is subject to presentation when prepare the general shareholders' meeting by electronic means or the Internet	Fulfilled
4.	Presence of the possibility by the shareholders to add the question into the agenda of the general shareholders' meeting or to demand a calling of the general shareholders' meeting not assigning the extract from the Shareholder register, if the account of its stock right is registered on the depository account, then the extract from the depository account is sufficient to fulfil the above mentioned rights	Not fulfilled since there is a sole shareholder in the Company
5.	Presence in the Code or the internal documents of the joint stock company the provision for the obligatory attendance to the general shareholders' meeting of the director general, members of the Company's management, members of the board of directors, members of the audit commission and auditor	Not fulfilled since there is a sole shareholder in the Company
6.	Obligatory attendance to the general shareholders' meeting of candidates by regarding the question of the election of the members of the board of directors, the director general, members of the Company's management, members of the audit commission as well as the question of the nomination of auditor	Not fulfilled since there is a sole shareholder in the Company
7.	Presence in the internal documents of the company the procedure of the registration of the participants of the general shareholders' meeting	Not fulfilled since there is a sole shareholder in the Company

N	The Provisions of the Code of Corporate Conduct	Fulfilled or not fulfilled
Board of Directors		
8.	Presence in the Code of the joint stock company the authority of the board of directors on the annual confirmation of the Company's financial and economic plan	Fulfilled
9.	Presence of the procedure of risk management in the joint stock company that is confirmed of the board of directors	Fulfilled
10.	Presence in the Company's Code the right of the board of directors to decide on the question of the suspension of authorities of the director general, who is appointed by the general shareholders' meeting	Fulfilled
11.	Presence in the Company's Code the right of the board of directors to set the demands for qualification and the amount of remuneration of the director general, members of the Company's management, managers of Company's main structural subdivisions	Fulfilled
12.	Presence in the Company's Code the right of the board of directors to confirm the terms of the contract with the director general and the members of the Company's management	Fulfilled
13.	Presence in the Company's Code or internal documents the provision not to take into account by counting the votes the votes of the members of the board of directors, who are the director general and the members of the Company's management, when confirm the terms of the contracts with the director general (management body, manager) and the members of the Company's management.	Fulfilled
14.	Presence in the Company's board of directors not less than three independent directors, who are confirmed to the provisions of the Code of Corporate Conduct	Fulfilled
15.	Absence in the Company's board of directors persons, who have been plead guilty in the commission of the crimes in the area of economic activities or of crimes against the government, the interests of the state service or service in the local governing bodies or who were subject to administrative punishments for offences in the sphere of entrepreneurial activity or in the sphere of finance, taxes and charges, the stock market	Fulfilled
16.	Absence in the Company's board of directors persons, who are a member, a the director general (manager), a member of the Company's management or an employee of the legal body that competes with the joint stock company	Fulfilled
17.	Presence in the Company's Code the provision of the election of the board of directors by cumulative vote	Not fulfilled since there is a sole shareholder in the Company

N	The Provisions of the Code of Corporate Conduct	Fulfilled or not fulfilled
18.	Presence in the Company's internal documents the obligation of the members of the board of directors to refrain from the actions that will lead or are potentially capable to lead to a conflict between their interests and the Company's interests, and if such a conflict arises, the obligation to reveal the information about it to the board of directors	Fulfilled
19.	Presence in the Company's internal documents the obligation of the members of the board of directors to present to the board of directors a written account about the intention to make transactions with the stocks of the joint stock company, the members of which board of directors they are, or of its affiliates (dependent companies), as well as to reveal the information about the transactions with such stocks made by them	Fulfilled
20.	Presence in the Company's internal documents the provision to conduct the meeting of the board of directors at least once in six weeks	Fulfilled
21.	Conducting of the meetings of the Company's board of directors during the year, for which the annual account of the joint stock company is made, with frequency not less than once in six weeks	Fulfilled
22.	Presence in the Company's internal documents the procedure of the conducting of the board of directors	Fulfilled
23.	Presence in the Company's internal documents the provision of the necessity of the board of directors' approval of the Company's transactions to the amount of 10 percent or more of the price of the Company's assets, except for the transactions made in the normal course of business	Fulfilled
24.	Presence in the Company's internal documents the right of the members of the board of directors to disclose from the executive bodies and the managers of the Company's structural subdivisions the information necessary for the fulfilment of its functions as well as the responsibility for non-disclosure of such information	Fulfilled
25.	Presence of the Committee of the board of directors on Strategic Planning or vesting of the functions of the above mentioned Committee in their other Committee (except for the audit committee and the staff and remuneration committee)	<p>The Function of the sole shareholder of FC "TVEL" is performed by Rosatom State Corporation, Occupational structure of the board of directors is formed by the sole shareholder with due regard to its ability to solve the tasks allotted to it. The Board of Directors mainly consist of the external directors, who are not the Company's employees, professionals, who have huge experience in the work within the branch and deeply understand the specific character</p> <p>▼ to be continued on the next page</p>

N	The Provisions of the Code of Corporate Conduct	Fulfilled or not fulfilled
26.	Presence of the committee of the board of directors (the audit committee) that recommends the board of directors an auditor of the joint stock company and cooperates with him/her and the Company's audit commission	<p style="text-align: center;">▲</p> <p>of the nuclear branch and the Company's activities. The functions of the Committee of the board of directors are performed by the specialised functional subdivisions of Rosatom State Corporation.</p> <p style="text-align: center;">▼ to be continued on the next page</p>
27.	Presence in the Audit committee of independent and non-executive directors	
28.	Carrying-out the management of the audit committee by an independent director	
29.	Presence in the Company's internal documents the right to access of all the members of the audit committee to any documents and information of the Company under the condition of non-disclosure of the confidential information by them	
30.	Creation of the committee of the board of directors (the staff and remuneration committee), which function is to determine the criteria of the selection of the candidates for members of the board of directors and to work-out the Company's policy in the sphere of remuneration	
31.	Carrying-out the management of the staff and remuneration committee be an independent director	
32.	Absence in the staff and remuneration committee of the officials of the joint stock company	
33.	Creation of the risks management committee of the board of directors or vesting the function of the above mentioned committee in the other committee (except for the audit committee and the staff and remuneration committee)	
34.	Creation of the committee on resolution of the corporate conflicts of the board of directors or vesting the function of the above mentioned committee in the other committee (except for the audit committee and the staff and remuneration committee)	
35.	Absence in the committee on resolution of the corporate conflicts of the Company's officials	
36.	Carrying-out of the management of the committee on the resolution of the corporate conflicts by an independent director	
37.	Presence of the Company's internal documents confirmed by the board of directors that provide the procedure of the forming and the work of the committees of the board of directors	

N	The Provisions of the Code of Corporate Conduct	Fulfilled or not fulfilled
38.	Presence in the Company's Code of the procedure to determine the quorum of the board of directors, that enables to provide the obligatory participation of the independent directors in the meetings of the board of directors	▲
Executive Bodies		
39.	Presence of the Collegial executive body (management) of the joint stock company	The Collegial executive body is not provided by the Company's Code
40.	Presence in the Company's Code or internal documents the provision for the necessity of the management approval of the real estate business, of obtaining of credit by the Company, if the mentioned transactions do not belong to major transactions and their carrying-out do not belong to JSC normal course of business	
41.	Presence in the Company's internal documents of the procedure of the reconciliation of the transactions, which are outside the framework of the Company's financial and economic plan	Fulfilled
42.	Absence in the executive bodies of the persons, who are a member, president (manager), a member of the management or an employee of the legal body, that competes with the joint stock company	Fulfilled
43.	Absence in the Company's executive bodies of the persons, who have been plead guilty in the commission of the crimes in the sphere of the economic activities or of the crimes against the government, the interests of the state service or service in the local governing bodies or who were subject to administrative punishments for offences in the sphere of entrepreneurial activity or in the sphere of finance, taxes and charges, the stock market. If the functions of the sole executive body are performed by a management body or a manager, then confirmation of the director general and the members of the board of the management body or the manager to the demands for the director general or the members of the management	Fulfilled
44.	Presence in the Company's Code or internal documents of the prohibition of the management body (the manager) to perform the same functions in the competitive body as well as to be in some other property relations with the Company except for the rendering of services of the management body (the manager)	The Functions of the sole shareholder of FC "TVEL" is performed by Rosatom State Corporation. Transmission of the functions of the executive body to the management body (the manager) is not provided.
45.	Presence in the Company's internal documents of the obligation of the executive bodies to refrain from the actions that that will lead or are potentially capable to lead to a conflict between their interests and the Company's interests, and if such a conflict arises, the obligation to reveal the information about it to the board of directors.	The Collegial executive body is not provided by the Company's Code

N	The Provisions of the Code of Corporate Conduct	Fulfilled or not fulfilled
46.	Presence in the Company's Code or internal documents the criteria of the selection of the management body (the manger)	The Functions of the sole shareholder of FC "TVEL" is performed by Rosatom State Corporation. Transmission of the functions of the executive body to the management body (the manager) is not provided.
47.	Submission of the Company's executive bodies of the monthly accounts on its work to the board of directors	Fulfilled
48.	Establishment in the agreements concluded by the Company with the director general (the management body, the manager) and the members of the board, the responsibility for violation of the provisions on the use of the confidential and official information	Fulfilled
JSC Secretary		
49.	Presence in the Company of a special official (the Company's secretary), whose task is to provide the fulfilment of the procedural requirements, which guarantee the fulfilment of the rights and the legal interests of the joint stock company, by the bodies and the officials of the joint stock company	The Functions of the corporate secretary in the company is performed the secretary of the board of directors
50.	Presence in the Company's Code or internal documents of the procedure of the appointment (election) of the company's secretary and of the obligations of the company's secretary	Fulfilled
51.	Presence in the Company's Code the requirements for a candidate for the company's secretary	Fulfilled
Essential Corporate Actions		
52.	Presence in the Company's Code or internal documents the requirement for the approval of the major transaction before its carrying-out	Fulfilled
53.	Obligatory involvement of the independent appraiser for valuation of asset that is the object of the major transaction	Fulfilled

N	The Provisions of the Code of Corporate Conduct	Fulfilled or not fulfilled
54.	Presence in the Company's Code of the prohibition on taking the actions that are directed to protect the interests of the executive bodies (the members of such bodies) and the members of the Company's board of directors as well as the actions that aggravate the stockholders' situation in comparison with the present one, when purchase the major minority shareholding of the joint stock company (takeover) (in particular, of the prohibition on the making by the board of directors the decisions on fresh issue, issue of securities convertible into stocks before the end of the supposed term of the stocks' purchase, even if the right of the making such decision is provided to it by the Code)	The prohibitions on taking the actions that are directed to protect the interests of the executive bodies (the members of such bodies) and the members of the Company's board of directors as well as the actions that aggravate the shareholders' situation in comparison with the present one, when purchase the major minority shareholding of the joint stock company (takeover) are not provided in the Company's Code
55.	Presence in the Company's Code the requirement of the obligatory involvement of an independent appraiser for valuation of current market value of the stocks and the probable alterations of their market values as a result of the takeover	The requirements of the obligatory involvement of an independent appraiser for valuation of current market value of the stocks and the probable alterations of their market values as a result of the takeover are not provided in the Company's Code
56.	Absence in the Company's Code of the releasing the purchaser from the responsibility to offer the stockholders to sell the common stocks of the company that are in their procession (equity securities, convertible into common stocks)	Fulfilled
57.	Presence in the Company's Code or internal documents of the obligatory requirement to involve an independent appraiser to determine the correlation of the stock conversion by reorganisation	The obligatory requirements to involve an independent appraiser to determine the correlation of the stock conversion by reorganisation) are not provided in the Code or internal documents of the Company
The Disclosure of the Information		
58.	Presence of the internal document confirmed by the board of directors that determine the principles and approaches of the joint stock company to the disclosure of the information (Regulation on the Communication Policy)	Fulfilled
59.	Presence in the internal documents of the joint stock company of the requirements of the disclosure of the information about the aims of the stock promotion, and about the persons, who are going to purchase the place stocks, including the major minority shareholding, and about the intensions of The Company's management to participate in purchasing of the place stocks of the company	The Requirements of the disclosure of the information about the aims of the stock promotion, and about the persons, who are going to purchase the place stocks, including the major minority shareholding, and about the intensions of the Company's management to participate in purchasing of the place stocks of the company are not provided in the internal documents of the joint stock company

N	The Provisions of the Code of Corporate Conduct	Fulfilled or not fulfilled
60.	Presence in the internal documents of the joint stock company of the list of the information, documents and the materials, which should be provided to the stockholders for deciding on the questions submitted for discussion during the General Shareholders' Meeting	The Functions of the sole shareholder of FC "TVEL" are performed by Rosatom State Corporation. In accordance with the Regulation on Cooperation the Company provides to Rosatom State Corporation the information unlimited in volume and by the Federal law "On Joint Stock Company"
61.	Availability of the web-site in the Internet and the constant disclosure of the information about the joint stock company on this web-site	Fulfilled
62.	Presence in the Company's internal documents the requirement for the disclosure of the information about the transactions of the company with the persons, who accordance with the Code belong to the management of the joint stock company, as well as about the companies transactions with the organisations, in which the members of the management of the joint stock company possess directly or indirectly 20 and more percent of the capital stock of the joint stock company or on which such persons can have significant influence in some other way	Not used, since there is the sole shareholder in the Company
63.	Presence in the internal documents of the joint stock company of the requirements for the disclosure of the information about all the transactions that can influence the market prices of the stocks of the joint stock company	Not used, since the stocks of the Company do not circulate in the stock market
64.	Presence of the internal document confirmed by the board of directors about the use of the essential information about the Company's activities, stocks and the other securities of the joint stock company and the transactions with them, that is publicly available and the disclosure of which may influence the market price of the stocks and the other securities of the joint stock company	Not used, since the stocks of the Company do not circulate in the stock market
Control over Financing and Operating Activities		
65.	Presence of the procedures of the internal control over the financing and operating activities of the joint stock company confirmed by the board of directors	Fulfilled
66.	Presence of the special subdivision of the joint stock company that provides the fulfillment of the procedures of the internal control (the supervision and auditing service)	Fulfilled
67.	Presence in the internal documents of the joint stock company the requirement for determination of the structure of the supervision and auditing service of the joint stock company made by the board of directors	Fulfilled

N	The Provisions of the Code of Corporate Conduct	Fulfilled or not fulfilled
68.	Absence in the structure of the supervision and auditing service of the persons, who have been plead guilty in the commission of the crimes in the sphere of the economic activities or of the crimes against the government, the interests of the state service or service in the local governing bodies or who were subject to administrative punishments for offences in the sphere of entrepreneurial activity or in the sphere of finance, taxes and charges, the stock market	Fulfilled
69.	Absence in the structure of the supervision and auditing service of the persons, who are members of the executive bodies of the joint stock company, members, a The director general (manager), members of the management bodies or employees of the legal body that competes with the joint stock company	Fulfilled
70.	Presence in the internal documents of the joint stock company the term of the submission to the supervision and auditing service of the documents and the materials of the assessment of the carried-out business transactions and of the responsibility of the officials and the employees of the joint stock company for non-fulfilment of the terms of its submission	Fulfilled
71.	Presence in the internal documents of the joint stock company the responsibility of the supervision and auditing service to inform the audit committee about the revealed violations, and in case of their absence – to the board of directors of the joint stock company	Fulfilled
72.	Presence in The Company's Code of the requirement for the supervision and auditing service to do the preliminary assessment of the relevance of carrying-out the transactions that are not provided by the financial and economic plan of the joint stock company (non-stock transactions)	The Company's Code does not include the requirement for the supervision and auditing service to do the preliminary assessment of the relevance of carrying-out the transactions that are not provided by the financial and economic plan of the joint stock company (non-stock transactions). The above mentioned requirements are set by the regulation on the contract work that is in force in the Company
73.	Presence of the internal documents of the joint stock company of the procedure to agree the non-stock transaction with the board of directors	Fulfilled
74.	Presence of the internal document confirmed by the board of directors that determines the procedure of the carrying-out the audits of the financing and operating activities of the joint stock company made by the supervision and auditing commission	Fulfilled

N	The Provisions of the Code of Corporate Conduct	Fulfilled or not fulfilled
75.	The assessment of the audit report carried out by the supervision and auditing commission before presenting it to the stockholders at the General Shareholders' Meeting	The Function of the sole shareholder of FC "TVEL" is performed by Rosatom State Corporation, Occupational structure of the board of directors is formed by the sole shareholder with due regard to its ability to solve the tasks allotted to it. The Board of Directors mainly consist of the external directors, who are not the Company's employees, professionals, who have huge experience in the work within the branch and deeply understand the specific character of the nuclear branch and the Company's activities. The functions of the Committee of the board of directors are performed by the specialised functional subdivisions of Rosatom State Corporation
Dividends		
76.	Presence of the internal document confirmed by the board of directors by which the board of directors is guided when adopt the recommendations on the amount of the dividends (Regulation on the Dividend Policy)	The Dividend policy of the Company is determined by Rosatom State Corporation on the basis of the financial results, the investment plans of the Company and the branch
77.	Presence in the Regulation on the Dividend Policy of the procedure of the determination of the minimum share of net income of the joint stock company, that is directed to dividend distribution, and the conditions under which the dividends on the preferred stocks, on which the amount of dividend is determined in the Code of the joint stock company, are not paid or paid not to the full extent.	
78.	Publication of the information about the dividend policy of the joint stock company and about the alterations made in it in the periodical, that is provided by the Code of the joint stock company for publication of the message about the carrying-out of the General Shareholders' Meetings as well as presenting of the mentioned information at the website of the joint stock company in the Internet	

The report of the Board of Directors of JSC "TVEL" on the results of the Company's development under the priority directions of its activity

The main financial and economic indices of the Company for the reported year are:

- Revenue (net) from the sale of goods, products, works and services (exclusive of VAT and excise tax, similar payments) is 65,136.21 million rubles.
- Net profit is 7,364 million rubles;
- Net asset value is 257,986 million rubles.

Revenue from the sale of products, works and services in the reported year 2010 increased by 11.8 % in comparison with the year 2009.

The main factors that influenced the growth of revenue are:

- Revenue growth from the sales of fuel assemblies for the Russian NPPs;
- Revenue growth from the sales of fuel assemblies for the Ukrainian NPPs due to increase of the sold fuel assemblies and increase of currency prices;
- Revenue growth from the sales of other production, services and goods through wholesale;

The main part of revenue from the sale of production, works and services (85.4%) is for fuel assemblies for nuclear power plants (87.5% in 2009). The share of fuel assemblies for the Russian NPPs in the total volume of the sold fuel assemblies in 2010 is 39.6%, the share of exported fuel assemblies is 60.4%, including far abroad countries – 27.2%, Ukraine – 33.2% respectively.

Total volume of export of fresh nuclear fuel (far abroad and CIS countries) in the U.S. dollar equivalent in 2010 was 1,107.7 million of US dollars, which is 14.2% more than in 2009, however, the decline in the ruble exchange rate led to the export shortfall by 4.9% in ruble equivalent.

In the total volume of export of fuel assemblies the share of sale of fuel assemblies to the far abroad countries – is 45.1%; to the NPPs of Ukraine respectively - 54.9%.

Profit before taxation in 2010 was 9,264 million rubles, net profit was 7,364 million rubles which is 1,358 million rubles less than the indices of 2009.

The main factors that influenced the change in net profit in 2010 in comparison with 2009 are:

- Increase of volume of sold production, works and services;
- Growth of prices for sold production, works and services;
- Negative trend of exchange;
- Growth of production cost of sold products;
- Growth of overhead costs;
- Change of balance of other incomes and expenses;
- Changes of budget settlements of profit tax.

The net asset increase of the company amounted to 180,863 million rubles for the reported year. The dynamics of the net asset value over the years of the activity of the company remains positive.

On the basis of paragraph 17 of the Resolution of the Government of the Russian Federation dated 14.11.2007 No. 778 "On measures on implementation of the Federal Law "On the federal budget for 2008 and the planned period 2009 and 2010", JSC "TVEL" is the recipient of subsidies given to the Russian exporters of industrial production in the form of reimbursement from the federal budget of part of interest charges on loans obtained in Russian banks. Procedure for the reimbursement is established by the rules of reimbursement from the federal budget to Russian exporters of industrial production of part of interest charges on loans obtained in Russian credit institutions, is approved by the Decree of the Russian Federation Government dated 06/06/2005 No. 357.

The amount of this reimbursement in 2010 was 708,007 thousand rubles, in 2009 – 504,366 thousand rubles, which is reflected as the amounts of state aid according to line 210 (columns 3, 4) of the form 3 "Statement of changes in capital" and line 910 (columns 3, 4) of form 5 "Appendix to the balance sheet".

Accounting report for the year 2010

Balance sheet

Annex to the Order of the Ministry of Finance of the Russian Federation
Dated 22/07/2003 No. 67H

as of December 31, 2010

		Code
Form No. 1 according to All-Russia Classifier of Management Documentation		0710001
Date (year, month,)		2010.12.31
Organisation: JSC "TVEL"	according to All-Russia Classifier of Enterprises and Organisations	45046040
Taxpayer identification number	TIN	7706123550
Kind of activity Industry: production of nuclear fuel	according to Russian National Classifier of Economic Activities	23.30
legal organisational form/ form of ownership Joint stock company	according to All-Russia Classifier of Legal Organisational Forms/ All-Russia Classifier of Forms of Ownership	47/16
Unit of measurement: thousands rubles	according to All- Russia Classifier of Units of Measurements	384
Location (address)		Bolshaya Ordynka, Moscow, Russia 119017

Asset	Index code	Before the report- ed year	By the end of the reported year
I. Non-current assets			
Intangible assets	110	2 147	1 615
Research and development costs	115	280 112	272 899
Fixed assets	120	2 032 292	1 880 103
Construction in progress	130	1 039 973	2 948 189
Income-bearing investments in tangible assets	135	2 116 776	1 973 460
Long-term financial investments	140	37 432 471	215 404 134
Deferred tax asset	145	182 095	193 835
Other non-current assets	150	25 817	53 501
TOTAL for the section I	190	43 111 683	222 727 736

II. Current assets

Reserves		210	44651712	54684894
Including:	raw materials and other similar values	211	3644327	4689806
	Rearers and fatteners	212	-	-
	Work in progress	213	30648473	35759481
	Finished products and goods for resale	214	10219094	13198841
	Shipped goods	215	52875	919022
	Prepaid expenses	216	86943	117744
	Other inventory and expenses	217	-	-
Value added tax on acquired assets		220	7674511	7734415
Account receivable (which payments are expected later than 12 months after the reporting date)		230	348988	310216
Including:	purchasers and customers	231	246443	208088
Advances paid out		232	-	-
Account receivable (which payments are expected later than 12 months after the reporting date)		240	9698539	11957688
Including:	purchasers and customers	241	2951625	3788855
Debt income from participation in other organisations		242	-	-
Advances paid out		243	3167197	3387988
Short term investments		250	1889000	1329000
Cash assets		260	949416	3694610
Other current assets		270	-	-
TOTAL for the section II		290	65212166	79710823
Balance		300	108323849	302438559

Liabilities		Index code	By the beginning of the reported year	By the end of reported year
III. Capital and reserves				
Authorized capital		410	6 963	22 962
Shares repurchased		411	-	-
Additional capital		420	13 705 708	189 012 468
Reserve capital		430	947	947
Including:	Reserves, formed in accordance with legislation	431	947	947
	Reserves, formed in accordance with the constituents documents	432	-	-
Undistributed profit (uncovered loss)		470	62 679 551	68 320 255
Including current year profit		471	x	7 364 235
TOTAL for the section III		490	76 393 169	257 356 632
IV. Long-term obligations				
Loans and credits		510	2 601 001	7 691 118
Deferred tax obligations		515	-	-
Other tax obligations		520	-	-
TOTAL for the section IV		590	2 601 001	7 691 118
V. Short-term obligations				
Loans and credits		610	10 602 085	10 870 169
Credit debts		620	17 432 214	25 166 585
Including:	Suppliers and contractors	621	4 090 437	7 351 853
	Debts to organisation staff	622	14	24
	Debts to state non-budgetary funds	623	-	-
	Tax debts	624	28 908	19 038
	Other creditors	625	13 312 855	17 795 670
	Short-term advances	626	13 210 035	15 547 004

Debts to participants (constitutors) on income payments	630	-	-
Prepaid income	640	729 897	629 119
Reserves for future expenses	650	565 483	724 936
Other short-term obligations	660	-	-
TOTAL for the section V	690	29 329 679	37 390 809
Balance	700	108 323 849	302 438 559

Note on values availability, considered on off-balance account

Leased fixed assets	910	495 130	624 799
Including: lease	911	-	-
Goods and materials accepted for custody	920	200 335	31 310
Goods accepted for commission	930	-	-
Indebtedness of insolvent debtors written off to losses	940	6 700	279
Securing obligations and payments received	950	101 345	16 554
Securing obligations and payments issued	960	295 667	855 334
Depreciation of housing stock	970	-	-
Depreciation of land improvement facility and other similar objects	980	-	-
intangible assets, not in use	990	18 072	39 560
Materials accepted for processing	991	1 724 492	4 695 300

Director
U.A. Olenin

Chief Accountant
S.A. Migalin

14 February, 2011



Income and loss account

Annex to the order of the Ministry of finance
of the Russian Federation. Dated 22/07/2003 No. 67H
(Revision of the Ministry of Finance of the Russian
Federation dated 18/09/2005 No. 115B)

for 12 months of 2010

		Code
Form No. 2 according to All-Russia Classifier of Management Documentation		0710002
Date (year, month,)		2010.12.31
Organisation: JSC "TVEL"	according to All-Russia Classifier of Enterprises and Organisations	45046040
Taxpayer identification number	TIN	7706123550
Kind of activity Industry: production of nuclear fuel	according to Russian National Classifier of Economic Activities	23.30
Legal organisational form/ form of ownership: Joint stock company	according to All-Russia Classifier of Legal Organisational Forms/ All-Russia Classifier of Forms of Ownership	47/16
Unit of measurement: thousands rubles	according to All- Russia Classifier of Units of Measurements	384

Index name	Index code	For the reported period	For the similar period of the previous year
Income and expenses for ordinary activities			
Revenue (net) from the sale of goods, products, works and services (exclusive of VAT and excise tax, similar compulsory payments)	010	65 136 207	58 264 083
Prime cost of sold goods, products, works and services	020	50 104 658	40 833 367
Gross profit	029	15 031 549	17 430 716
Commercial expenses	030	898 191	1 079 748
Management expenses	040	3 748 905	3 463 405
Profit (loss) from sales	050	10 384 453	12 887 563
Other income and expenses			
Interest receivable	060	75 708	19 523
Due interest	070	1 007 852	1 617 028
Income of participation in other organisations	080	41 421	26 299
Other income	090	43 875 440	46 563 510
Other expenses	100	44 104 997	46 887 760
Profit (loss) before taxation	140	9 264 173	10 992 107
Deferred tax assets	141	28 564	126 575

Deferred tax liabilities	142	16824	3858
Current income tax	150	1910029	2391930
Other compulsory payments	151	1649	101
Net income (loss) of reported period	190	7364235	8722793
For reference only			
Permanent tax liabilities (assets)	200	47264	71016
Basic profit (loss) per share	205	1	1
Diluted profit per share	206	-	-

Decoding of separate profits and losses

Index		For the reported period		For the similar period of the previous year	
Name	Code	Profit	Loss	Profit	Loss
Penalties, fines, forfeits recognised or those on which the court decision about charging was taken	210	-	-	225	-
Profit (loss) of the past years	220	-	-5880	-	-5398
Reimbursement of losses caused by default or improper performance of obligations	230	-	-	-	-
Difference in rate of exchange on foreign currency transactions	240	3696018	4115846	6102919	6113917
Allocations to valuation reserves	250	X	-6884	X	-16197
Amortization of Receivables' and creditors' debts for which the period of limitations expired	260	-	-	-	-

Director
U.A. Olenin



Chief Accountant
S.A. Migalin

14 February, 2011

Audit report on accounting (financial) report

To the shareholder
of the Joint stock company "TVEL"



dated February 18, 2011

Information on the Auditee

Full name	Joint-Stock Company "TVEL"
Abbreviation	JCS "TVEL"
State registration	State registration certificate No. 061.775 dated September 12, 1996, issued by the Moscow Registration Chamber; Registered in the Unified State Register of Legal Entities under the principal state registration number 1027739121475
Location	24 Bolshaya Ordynka Str., Moscow city, 119017
Postal address	49 Kashirskoye Highway, Moscow city, 115409

Information on the Auditor

Full name	Nexia Pacioli Limited Liability Company
Abbreviation	Nexia Pacioli LLC
State registration	State registration certificate No. 856.235 dated June 23, 1995, issued by the Moscow Registration Chamber; State registration certificate series 77 No.005390060 dated October 22, 2002, issued by the Interdistrict Tax Inspectorate of the Ministry of Taxes and Levies of Russia No. 39 in Moscow city; Registered in the Unified State Register of Legal Entities under the principal state registration number 1027739428716
Location	2 Malaya Polyanka Str., Moscow city, 119180
Postal address	2 Malaya Polyanka Str., Moscow city, 119180
Membership in the self-regulating auditors organisation	Is a member of the self-regulating auditors organisation Non-commercial partnership "Institute of Professional Auditors"; Registered in the Register of auditors and audit firms by the stated self-regulating auditors organisation on October 30, 2009 under the principal state registration number 10202000073

We have carried out an audit of the attached accounting report of JSC “TVEL” including:

- statement of affairs (form No.1) as at 31st December 2010;
- profit and loss report (form No.2) for 2010;
- statement of changes in equity (form No.3) for 2010;
- statement of cash receipts and disbursements (form No.4) for 2010;
- attachments to the statement of affairs and profit and loss report;
- explanation note.

Liability of the audited person for accounting report

The management of the audited person takes on a liability for drawing up and authenticity of the mentioned accounting report according to the rules of drawing up of accounting report of the Russian Federation and for internal controls requested for drawing up of the accounting report not containing essential defacements as a result of unfair actions or mistakes.

Liability of the auditor

Our liability consists in offering an opinion about authenticity of the accounting report on the basis of the audit carried out. We carried out the audit in accordance with the federal standards of auditing activities of the Russian Federation. These standards require a compliance with applicable ethical business practices as well as planning and carrying out of an audit in such a way to show confidence that the accounting report does not contain essential defacements.

The audit included carrying auditing procedures aimed to obtain audit evidence proving index numbers in the accounting report and disclosing information in it. The choice of auditing procedures is subject to our judgment that is based on estimated risk of essential defacements as a result of unfair actions and mistakes. In estimating this risk we considered internal controls providing drawing up and authenticity of the accounting report in order to choose relevant auditing procedures but not to offer our opinion of the efficiency of internal controls.

The audit included also the assessment of applicable accounting policies and validity of estimated figures shown by the management of the audited person as well as the assessment of presentation of the accounting report in whole.

We believe that the audit evidence received during the audit evidence afford ground for offering opinion of the authenticity of the accounting report.

Assessment

In our opinion the accounting report of JSC “TVEL” reflects authentically in every essential respect a credit standing of the organisation JSC “TVEL” as at 31st December 2010, results of financing and operating activities and flow of funds for 2010 in accordance with the rules of drawing up an accounting report of the Russian Federation.

Assistant General Audit Manager of Nexia Pacioli LLC

O. V. Danilova

Qualification certificate No.K012652) dd. 24th January 1995 in the sphere of general audit, termless. Entered into the Register of auditors and audit organisations UP IPAR on the 30th October 2009 under the main registration number 29502000246).

Auditor-Project Leader of Nexia Pacioli LLC

E. B. Korneva

Qualification certificate No.K028141 dd. 24th January 2008 in the area of general audit, termless. Entered into the Register of auditors and audit organisations UP IPAR on the 30th October 2009 under the main file number 20802012276).

18th February, 2011

Seal: /Limited Liability Company Nexia Pacioli *Moscow* PSRN



Report of the Auditing committee based on the results of monitoring of financing and operating activities for 2010

Moscow city

29th April 2011

According to the Federal law "On joint stock companies", Charter of JSC "TVEL" (hereinafter the Company), regulation on the auditing committee of the Company in the period from the 25th April 2011 to 29th April 2011 the Auditing committee of the Company carried out an inspection of the financing and operating activities of the Company for the year 2010.

The Auditing committee was selected by the decision of the only shareholder of the Company, recorded. 30th June 2010 No. 12, composed of:

- Chairman of the Auditing Committee — Oleg Ivanovich Linyaev— Deputy Director of the Department of Coordination and Development of NFC — Control Manager of balanced development of nuclear fuel cycle of the State Corporation Rosatom,
- member of the Auditing Committee — Galina Ivanovna Bobrova - Chief Operation Officer of the Internal Control and Audit Directorate of JSC "TVEL".
- member of the auditing committee — Natalya Evgenyevna Kazakova— expert of the audit section of the Department of Internal Control and Audit of the State Corporation Rosatom,
- member of the Auditing Committee — Dmitriy Vitalyevich Homaza - Deputy Director of the Department of economics and financial controlling of the State Corporation Rosatom,
- member of the auditing committee — Fokina Tatyana Anatolyevna — Control Manager of risks of the State Corporation Rosatom.

The requirements to carry out unscheduled inspections and auditing from the only shareholder and the Board of Directors have not been received by the auditing committee for one year.

During the inspection the auditing committee investigated selectively constitutive documents, accounting records, accounting (financial) report, analytics, issues relating to observance of business procedures and other documents provided to the auditing committee reflecting essential sides of the Company's activities.

During the inspection the auditing committee uses as basis the report of the Company's Auditor: the report of Nexia Pacioli LLC. 18th February 2011.

Based on the results of the inspection the Auditing Committee:

1. Offers an opinion of information authenticity contained in the financial (accounting) report of the company in any essential respect.
2. Did not find any acts of breach of the order of accounting records maintenance and presentation of financial statements stated by legislative acts of the Russian Federation as well as legislative acts of the Russian Federation in carrying out financing and operating activities which could influence the information authenticity of the Company's report appreciably.
3. Confirms distributable net return of the accounting period in the amount of 7 364 239 thousand rubles.

Chairman of the Auditing Committee

Oleg Ivanovich Linyaev

Members of the Committee

Galina Ivanovna Bobrova

Natalya Evgenyevna Kazakova

Dmitriy Vitalyevich Homaza

Tatyana Anatolyevna Fokina

Report of the Internal Control and Audit Directorate of JSC “TVEL” on the information authenticity contained in the Annual Report

The Internal Control and Audit Directorate of JSC “TVEL” (hereinafter - ICAD) supervised the process of drawing up of the Annual Report of JSC “TVEL” for 2010 with a view to its compliance with requirements of the State corporation Rosatom in the range of report as well as with the internal normative acts of JSC “TVEL” (hereinafter – the Company).

By order of the Company’s President the liability for the public report system formation was assigned to the Vice-President Sokolov K.K.

In the Company concept of the report and liability distribution among the subdivisions on indicator disclosure of the public report were approved. Into the compilation for the Annual Report all key subdivisions of the Company were taken into account, public hearings on the Annual Draft Report for 2010 in the presence of representatives of the State corporation Rosatom, organisations of the State Corporation Rosatom, Russian and foreign partners were carried out, taken into account remarks and suggestions of intending parties, expressed during the public hearings.

In supervising preparation of the Annual Report and inspecting the information selectively it was established a presentation of the adequate information in all essential respects on the following chapters of the Annual Report for 2010:

- 1) General information;
- 2) Strategy of FC “TVEL” and its implementation;
- 3) Management system of FC “TVEL”;
- 4) Production of nuclear products, gas centrifuges and general industrial activities;
- 5) Innovative activities;
- 6) Environmental effect;
- 7) Economic impact;
- 8) Social impact;
- 9) Interaction with the parties concerned in 2010;
- 10) Interaction with the parties concerned in report preparation for 2010;
- 11) Attachments.

Chief Operation Officer of ICAD
G. I. Bobrova



Independent audit report on certification of non-financial information of the Annual Report of JSC "TVEL" for 2010

Addressed to JSC "TVEL"

Introduction

This auditing certification refers to the Annual Report of JSC "TVEL" for 2010 (hereinafter – the Report). The Report was prepared by JSC "TVEL" (hereinafter the Company) which is liable for collecting, systematisation and presentation of the whole information in the Report. Bureau Veritas Certification Rus is liable for certification of the Report only to the Company and does not accept liability to any party for the decisions made or delayed under this certification.

Objectives, criteria and level of the certification

- 1) Estimate nature and degree of the Company's compliance with the principles of inclusiveness, importance, reaction set forth in the Accountability Principles Standard (APS) AA1000, 2008;
- 2) Estimate disclosure of information in the range of sustainable development of the Company on the basis of Assurance Standard (AS) AA1000, 2008 particularly as for the Company's strategy and mission, key factors of its successful activities, priority subjects and issues related to the fabrication of nuclear fuel, dividing sublimation complex, manufacturing of gas centrifuges and equipment to them as well as to expectation of the intending parties.
- 3) Estimate degree and quality of inclusion of the intending parties during accountability under Shareholder Engagement Standard (SES) AA1000, 2011.
- 4) Estimate degree of the Report compliance with the Typical Standard of public annual financial statements of the State Corporation Rosatom with regard to the requirements to accountability as well as to structure and content of the Report;
- 5) Estimate the compliance of the Report with level B+ (self-certification of the Company) according to the Guidance on accountability in the range of the Global Reporting Initiative Sustainability Reporting Guidelines), version G3 2006.
- 6) Give advice on the quality improvement of the following reports and on the development of the corporate management within the frame of social accountability.
- 7) Use the certification level "reasonable", provided in the International Standard on Assurance Engagement ISAE-3000 AA1000AS (2008).

By the verification of the Report the information was taken into account published on the corporate site of the Company <http://www.tvel.ru/>, websites of its subsidiaries (<http://www.mzp.ru/>, <http://www.elemash.ru/ru/>, <http://www.chmz.net/>, <http://www.kvmz.ru/> and other), the website of the community board of the state corporation Rosatom <http://www.osatom.ru/>, materials of industry publications "Strana Rosatom", "Vestnik Atomproma", as well as "Policy in the public accountability of the State Corporation Rosatom" and other internal normative acts.

Methodology

- Interview with the Company's management on significant economic, social and environmental aspects of the Company's activities, obligations, priorities and objectives in the sustainable development, facilities and degree of achievement of these objectives.
- Attendance of the Company's dialogues with intending parties; study of the dialogue accountability; interview with the managers responsible for carrying out the dialogues as well as with participants of dialogues in order to discover and estimate the accepted approach to identifying of needs and expectations of intending parties.
- Attendance of public hearings of the Annual Report of the Company for 2010.
- Verification of objective implementation in the sustainable development for 2010 set in the annual report for 2009.
- Verification of the documents and information defining the effective of approach to the management of economic, social and environmental aspects used in the Company.
- Verification of processes of collecting, handling, analysis and fixing of the information used in the Company and included in the Report.
- Verification of adequacy of the allegations, statements and information presented in the Report through:
 - 1) visit of the witness in May 2011 directly to the Company and carrying out of meetings with managers and specialists of structural subdivisions on ecologic management, corporate communications, work safety and production safety;
 - 2) working trip of the witness in May 2011 to the objects of production infrastructure of Moscow Polymetal Plant JSC included to the Company. Supervising product output, interview with industrial personnel of the enterprise, study of documentation and records relating to the effective of activities and accountancy in the product quality, environmental management, work safety and production safety.
 - 3) Analysis of data sampling by mass media and of published allegations of other parties defining the Company's devotion to the values in sustainable development as references for justification control of allegations in the Report.
 - 4) Verification of the compliance of the Report and information published on the corporate site with standards AA1000AS (2008), AA1000APS(2008), AA1000SES (2011), the Typical Standard of the State Corporation Rosatom und GRI recommendations.
 - 5) Inspection of the effective of established backup mechanism with intending parties on accountability.

Restriction of the certification

- The certification was not carried out as for effective measurements beyond the scope of the current reporting cycle 2010.
- The certification did not take into account the statements expressing opinions, convictions or intentions of the Company to launch any actions in the future.
- The volume of work on certification was limited by visiting of the Company's head office (Moscow) in April-May 2011 and the only enterprise of the Company - Moscow Polymetal Plant JSC in May 2011.

Base of our opinion

The work on certification was based on analysis of the assertional information provided by the Company's management, its structural subdivisions, and subsidiary enterprise as well as by representatives of intending parties on the grounds of information of the state statistical reporting, information from available sources with using analytical assertion methods. The certification takes into account specific features of atomic field, scientific and production operation of the Company's subsidiary enterprises, manufactured products and provided services as well as objectively existing need to protect state and trade secret. The volume of fulfilled procedures on selective collecting and analysis of the assertional information less than during the full inspection of the all information. As for numerical information presented in the Report the conducted work cannot be considered absolutely sufficient for discovery of all possible unfaithful information. Nevertheless, the information collected during the work is representative and a sufficient base for our conclusions with accepted "reasonable" level of the certification as for nature and degree of the Company's observation of principles of inclusiveness, importance, reaction of standard AA1000APS (2008) as well as quality of the information disclosure about the effective measurements of sustainable development in accordance with standard AA1000AS (2008).

Our opinion

- The Report reflects the measurements of the Company's activities sufficiently from the perspective of corporate public accountability.
- The Report is set forth in comprehensible form; it is accurate, objective, informative and balanced in matter. The regulations of the Report reflect sufficiently the information of non-financial accountability of the Company and materials put on the website of the Company and its subsidiary enterprises. The Report contains information in volume required by the intending parties. Abbreviations and technical terms are explained.
- Certain inaccuracies discovered during the certification are non-essential and have no influence on the intending parties to draw proper conclusions as for the results of the Company's activities.
- The Company has effective approaches to management permitting to identify essential economic, social and environmental aspects of the activities, plan, manage and improve relevant processes, define expectations of the intending parties as for these aspects and response to them in time.
- Internal corporate processes and system of forming public accountancy on sustainable development of the Company are supported by the Company's mission, its politicians, procedures and resources as well as compliance of its activities with principles of the Social Charter of Russian Business developed by the committee of the RUIE on corporate social liability and demographic policy.

Coordination of the Report with principles AA1000APS(2008)

Principle 1. Inclusiveness

- The information presented in the Report and received objective and indirect evidences show that during the preparation of the information for inclusion into the Report the Company analyses, systematizes and takes into account interests of the key intending parties.
- The Company is responsible for rank chart classifying the intending parties on degree of influence and dependence. The Report reflects key issues and mechanisms of interaction with them. The chart of suggestion record of the intending parties is conducted. The intending parties are drawn into discovering of significant aspects of the Company's activities.
- In the event of discovering of different interests the Company uses effective mechanisms of their mutual coordination.

- The Company estimates the degree of implementation of discovered interests of intending parties and actions planned in the previous Report.
- The main means of informing and interaction with the intending parties are reports including the present Report, public hearings, dialogues, information reports, press-releases, interviews, negotiations, inquiries, website of the Company, publications in mass media.
- Structured interaction with the intending parties is disclosed in the report by the information of three dialogues with stakeholders and public hearings of the Report which were attended by the witness. The Company's disclosure is illustrated by substantial presentations and the Draft Report to the intending parties for their opinions and remarks. The managers of the Company in the name of the Company's President and its Vice-President took part in the actions.
- The involvement of the regions of attendance is reflected in the published information of the implementation of the reorganisation actions and social projects of the Company. It was provided evidences on performance of social obligations as for workers of the Company's enterprises including workers subject to reduction during the reorganisation actions.

Principle 2. Importance of provided information

- The Company implemented process of discovering significant aspects of activities providing clear and understandable criteria of substantiality. During forming of significant aspect list the Company takes into account both internal factors of activities (key indicators of success, policy, strategies, objectives and tasks of development and other) and external factors (expectations of the intending parties, development prospects of the nuclear fuel market, Russian and international legislation in atomic energetics, predicted influence of production operation on the environment. During the accounting period the actualisation of significant aspects is maintained on the systematic base.
- The Report prepared in format of an integrated document is balanced and substantiated information summary about essential economic, social and environmental aspects of activities defining the measurements of sustainable development of the Company.
- The Report discloses significant information of keeping economic security and development of the investment programme, estimates the implementation of the set tasks of sustainable development and accepted social obligations for 2010, estimates social and regional importance of the investment projects, sets tasks of system optimisation of public accountancy. The degree of attention paid in the Report to different subjects is proportional to their relative substantiality.
- The Company demonstrates understanding of the sustainable development concept and uses objective information in reflecting different subjects in its Report. The Report contains perspective tasks of sustainable development for 2011 and for long-term outlook.
- Proceeding from the information analysis of the Report and conducted interviews no significant aspect of sustainable development which would be overlooked, distorted or excluded from the Report groundlessly can be named. The Report covers the majority of the effective measurements GRI.
- The submitted information on the significant aspects of sustainable development of the Company has sufficient traceability in the processes of data collection, processing, transfer and submission. The comparative analysis of the information of the present Report with the corresponding reports of previous periods placed on the Company's website is provided.
- The information provided in the Report and on the Company's website is significant for the parties concerned as it may influence their future decisions and behaviour in respect of the Company.
- The sufficient information on the Company's observance of Russian legislation, regulations and branch standards for nuclear industry as well as the provisions of the Code of Corporate Conduct recommended by the Federal Commission for the Securities Market (the Federal Financial Markets Service) is provided in the Report.

Principle 3. Respond to expectations of the parties concerned

- The areas that could be, but were not disclosed in the Report in which the Company would be unable to respond to motivated requests of the parties concerned currently are unknown to us.
- The Company established the following top-priority topics of the Report: a) formation and realisation of the development strategy of the Company; b) main issues of cooperation with the parties concerned in the sphere of social, ecological, economic impact and innovative development.
- The Company showed the ability to respond constructively on the problems raised by the parties concerned within the scope of the dialogue and public consultations of the Report. The expectations and proposals of the parties concerned are provided in the Report and are taken into consideration within the preparation and actualisation of policies, strategy, programs and plans of the Company's development.
- The procedures of internal provision of information in the part of needs and expectations of the parties concerned are implemented and supported in the Company.
- The Company showed the certificates of devotion of necessary resources for realisation of the accepted obligations in the sphere of sustainable development and timely respond to expectation of the parties concerned.
- The requirements of consumers are satisfied by scheduled products deliveries of the guaranteed quality. The extending presence on the nuclear fuel markets of the countries of CIS, Eastern Europe and other regions of the world, modernisation and technological re-equipment of manufactures, high level of workplace culture and the bug-free system of multisampling products quality inspection, staff competence and continuous training as well as effective procedures of relationships with consumers of the products play a significant role in positive Company image formation as a reliable partner and its competitive edge. The quality management system that complies with the international standard ISO 9001:2008 is implemented and certified in the Company. Building of stable and predictable long-term relations with business partners belongs to core values of the Company.
- Points of view and expectation of shareholders of the Company and its enterprises by means of realization of corporate governance principles including annual meetings of shareholders.
- The interests of employees of the Company's enterprises are taken into account by conclusion of collective contracts between administrations and trade union committees (work collective councils). The Regulations for tripartite commission work on social issues solution is implemented, a range of corporate social programs including pension plans and housing programs, health service and sanitary and resort support, etc., was developed. Safety management systems operate on the enterprises of the Company directed on prevention of industrial injuries and professional illnesses, improvement of labour conditions and labour safety of employees.
- Respond to the needs of the regions is performed by participating in programme and goal-oriented planning of wide range of social projects implementation. The Company contributes to socio-economic development of the territories in all regions of presence, participates in financial backing of sport and cultural facilities in cooperation with regional administrations, implements sport, educational and cultural programmes, makes substantial contribution to social infrastructure development the quality of which influences the life quality of both employees and their families and the population of the region of presence within the scope of tripartite agreements (management of enterprises – local government authorities – labour unions) on socio-economic partnership. The large-scale activities are performed; top-priority areas of them are support of projects on spiritual and moral youth upbringing, higher education development and sport development.
- The right of population on the favourable environment is provided by scheduled environmental activity of the Company. The ecological management system was certified and implemented in conformity with ISO 14001:2004 in the Company involving its affiliates, planned and taken environmental protection measures resulted in positive dynamics on main Indices of impact on the environment. The continuous dialogue is conducted with all constructive ecological organizations. In 2010 the Company's enterprises started issuing ecological reports the access to which is provided by means of website of the Public Council of Rosatom State Corporation (http://www.osatom.ru/library/eco_rep/).

- Radiation safety within the manufacture and transportation of uranium products is achieved by taking a complex of organisational and technical measures as well as by continuous monitoring of nuclear and radiation safety parameters.

Report compliance with the recommendations of GRI

The report is made using recommendations of GRI management on reporting in the field of sustainable development, contains information on all the standard elements of reporting and Indices of performance and in general meets the level of application of reporting B+. The fact that the Report does not contain detailed information on separate indices of GRI performance is stipulated by the fact that currently, these issues are unimportant for the concerned parties and their contribution to the reporting can be neglected in comparison with the main activity of the Company.

The extent and quality of involvement of the parties concerned in accordance with AA1000SES (2001)

The process of public reporting in general corresponds to the recommendations of AA1000SES (2011). This is related to the identification of the parties concerned, initial identification of important issues, determination of strategy, targets and scope of involvement, establishment of the plan, form and schedule of structured involvement, organization of involvement, and reaction on invitations of involvement.

Compliance with Typical Standard of the State Corporation Rosatom

The process of public reporting and the structure in general correspond to the requirements of the Typical Standard.

Recommendations on improvement of quality and development of social reporting corporate management.

- Organisation of annual publications on social reporting for every region of presence of the Company.
- Increase of the degree of balance of combination in the report of positive and negative trends of fulfilment of planned tasks of sustainable development for the reported period.
- Conduction of internal audit of the process of social reporting in the Company and presentation of materials in subsequent reporting cycles;
- Consideration in the reports of the next period of added and extended recommendations on reporting in the field of sustainable development (GRI guidance: revision 3.1 dated 23 March 2011).
- More complete reflection in the Report of obligations of company in the field of sustainable development with respect to the problem of climate change and reduction of carbon emission (positive practice of AREVA Corporation, www.aveva.com).
- Clarification in the reports of the next period of the content of standard elements of reporting, provided by GRI management on reporting in the field of sustainable development: determination of essentiality in the content of report (p. 3.5), methods of measurement of data and calculations, including assumptions and techniques used for preparation of Indices, included in the report (p 3.9), information on membership in associations or/and national and international organisations (p. 4.13).
- Development and implementation of the management system of social responsibility in accordance with international standard SA 8000 and Guidance of ISO 26000.

Statement of "Bureau Veritas Certification Rus" on independence, neutrality and competence

- JSC "Bureau Veritas Certification Rus" is an independent professional international company, specialising in providing services of accredited certification of various management systems (in particular quality, occupational health and safety, environmental protection, social responsibility, etc. management systems).
- "Bureau Veritas Certification Rus" puts on record that this Opinion represents independent estimation of a third party auditor. "Bureau Veritas Certification Rus" has no commercial interests in the activity of the Company except for provided certification services.

Testifier

JSC "Bureau Veritas Certification Rus"

May 20, 2011

Leonid Yaskin

Director General, Lead Auditor,
Doctor of Science



Vladimir Mityashin

Lead Auditor, Doctor of Economics



Glossary and Abbreviations

Terms

Term	Meaning
Fissile core	The main part of the reactor where a controlled chain reaction takes place. It is just the place where nuclear fuel is loaded.
Nuclear power	A branch of power engineering which uses atomic energy for electricity and heat generation.
Retirement from service	Retirement of a reactor facility from service including all the following actions for provision of safe dismantling, equipment utilisation and the further utilisation of the area.
Depletion of nuclear fuel	Reduction of the concentration of any nuclide in the nuclear fuel as a result of the nuclear transformation of this nuclide in the process of the reactor operation.
Highly-enriched uranium	Uranium with mass percentage of U-235 equal or more than 20%.
Uranium hexafluoride	Chemical compound of uranium, which can be in gaseous state under certain conditions. It is used as a source material in the process of uranium enrichment.
Burnup fraction	Share of the initial quantity of the cores of the given type, which were subject to nuclear transformation in reactor with the influence of neutrons (is expressed in MW x days/kg U). MPC – mining and processing combine.
Dose	The energy absorbed by a tissue from ionizing radiation. One gray (Gy) is equal to one joule per kilogram, but the dose varies depending on the influence of different radiations, and, thus, Sievert (Sv) is the unit of equivalent dose used by the setting of radiation exposure standards.
Natural radiation background	Ionizing radiation consisted of space radiation and ionizing radiation of naturally distributed radionuclides (on the surface of the Earth, in the air, in the food, in the water, in the human body etc.).
Closed nuclear fuel cycle	A nuclear fuel cycle where spent nuclear fuel removed from the reactor is reprocessed to recover uranium and plutonium for refabrication of nuclear fuel.
Sievert	Sievert (Sv) – the SI unit of equivalent dose and effective dose; named after G.R. Siewert, a Swedish scientist.
Individual radiation dose	Equivalent radiation dose of an individual.
Research reactor	A nuclear reactor used for basic and applied research and generation of radioactive isotopes (see also Experimental reactor).
Conversion	A chemical process to transform U ₃ O ₈ into UF ₆ preparatory to enrichment.

Term	Meaning
Radiation control	Obtaining of information about the radiation situation in an organization, of the environment and about the levels of radiation exposed on people (include dosimetric and radiometric control).
Light-water-moderated reactor	A nuclear-power reactor where common (light) water is used as a moderator and a coolant. There are two types of such reactors: a reactor with pressurized water and a reactor with boiling water.
Open nuclear fuel cycle	A nuclear fuel cycle where the spent nuclear fuel unloaded from the reactor is not reprocessed and considered radioactive waste.
Neutron	An uncharged elementary particle found in the nucleus of every atom except hydrogen. Solitary mobile neutrons travelling at various speeds originate from fission reactions. Slow (thermal) neutrons can in turn readily cause fission in nuclei of "fissile" isotopes, e.g. U-235, Pu-239, U-233; and fast neutrons can cause fission in nuclei of "fertile" isotopes such as U-238, Pu-239. Sometimes atomic nuclei simply capture neutrons.
Low enriched uranium	Uranium with a mass percentage of isotope U-235 less than 20%.
Nuclide	Type of the atom with the definite quantity of protons and neutrons in the nucleus, which is characterized by atomic mass and atomic (order) number.
Depleted uranium	Uranium where U-235 isotope content is less than in natural uranium (less than 0.7%) which is also an enrichment by-product of the fuel cycle; it can be blended with highly enriched uranium to fabricate nuclear fuel.
Enrichment of uranium (uranium ore)	A set of processes related to treatment of the uranium-containing minerals to separate the uranium from the other minerals of the ore and to increase the U-235 to U-238 ratio. The enrichment process includes ore grinding and milling as well as various chemical processes to separate the uranium from waste called tails. Enrichment by in-situ leaching includes chemical processes to separate uranium from the solution.
Enriched nuclear fuel	Nuclear fuel containing more fissile nuclides than the source natural material.
Enriched uranium	Uranium where U-235 to U-238 ratio has been increased above the natural 0.7%. Normally, reactor-grade uranium is enriched to about 3.5% U-235 while weapons-grade uranium contains more than 90% U-235.
Fuel-element claddings	Metal tubes in the fissile core, which contain pellets of oxide fuel.
Radioactive waste management	General term a set of activities that are connected with processing, conditioning, transportation, storage and disposal of radioactive wastes.
Experimental operation	A stage of NPP launching from the beginning of energy start to NPP commissioning
Refuelling	Operations carried out with refuelling machines to replace the spent fuel; the fuel irradiation level at which the refuelling is carried out depends on the fuel composition after irradiation, permissible operation period and reactivity change.
Maximum permissible dose	Maximum value of individual equivalent dose of annual radiation, which will not cause adverse changes in the health of the staff by its equal influence in the course of 50 years.

Term	Meaning
Fuel fabrication	Nuclear fuel fabrication, typically, as ceramic pellets enclosed into metal tubes which are subsequently assembled into fuel assemblies.
Radiation safety	A system of measures providing for the protection of nuclear facility staff and population against radiation consequences.
Recovered uranium	Uranium extracted from SNF by radiochemical treatment for the reuse in nuclear reactor (regenerated/return fuel).
Dry conversion	A method to fabricate uranium dioxide powder.
Coolant	Liquid or gas that is used for transmission of heat from the fissile core to steam generators or directly to turbines.
Fuel pellet	A pellet made of compressed uranium dioxide. It is the basis of nuclear fuel and placed inside FR (see FR).
Uranium-233	Artificial uranium isotope with the half-life of 1.6×10^5 years resulted from transmutation of thorium-232 after neutron capture; it is attributed to fissile nuclides.
Uranium-235	Natural uranium isotope with atomic mass of 235 and half-life of 7.1×10^8 years; it is the only naturally occurring fissile material.
Uranium-238	Natural uranium isotope with atomic mass of 238 and half-life of 4.5×10^9 years; it can be used as a breeder material for plutonium-239 generation.
Background radiation	Natural ionizing radiation, which influence on every person, emerges in the Earth crust (including radon (Rn)) and comes from the space.
Nozzle	An element (part) of the fuel assembly.
Nuclear power plant unit	One of NPP reactors with necessary additional equipment.
Nuclear facility	Any facility, at which one develops, processes or utilizes radioactive or fissile materials.
Nuclear energy	Internal energy of atomic nuclei that releases in the process of nuclear fission or nuclear reactions.
Nuclear fuel	Fissile material which has undergone necessary fabrication processes and been formed in such a way as to be loaded into a reactor.
Nuclear wastes	Radioactive materials formed at the different levels of the nuclear fuel cycle, including development of uranium deposits, enrichment, fuel fabrication, reactor operation and maintenance, fuel reprocessing etc.
Nuclear reactor	A device in which a controlled nuclear fission chain reaction occurs with energy release. Reactors are classified according to application, a type of coolant, structure and the other characteristics.

Abbreviations

Term	Meaning
PCS	Process Control System
NPP	Nuclear power plant, industrial enterprise on manufacture on electricity generation
BN	The reactor on fast neutrons where the heat carrier of the first and the second circuits is natrium, the heat carriers of the third circuit are water and vapour. In Russia it is operated at the Beloyarsk NPP
VVER	Water-cooled power reactor where water is used as a heat carrier and retarding agent. It is the most wide-spread type of reactors of Russian NPPs, it has two modifications: VVER-440 and VVER-1000
RPH	Reductive pyro hydrolysis
HTSC	High-temperature superconductors
UHF	Uranium hexafluoride
GC	Gas centrifuge
GCC	Gas centrifugal complex
TUO	Triuranium octoxide
ITER	ITER, International Thermonuclear Experimental Reactor that is constructed on the basis of tokomak by the international group of scientists under the auspices of IAEA. It is supposed to became the prototype of the first world thermonuclear power plant DEMO
CD	Construction documentation
EQMS	Enterprise quality management system
IAEA	The International Atomic Energy Agency, an international regulatory body that keeps under observation the observance of nuclear safety and non-proliferation of nuclear weapon in the world
mW	Megawatt is a unit of power measure that is equal to 10 ⁶ Watts. MW(e) refers to electrical capacity of the generator, mW(h) refers to thermal capacity of the reactor or heat source (for example, the ultimate heat capability of the generator itself is usually three times more that the electrical capacity)
MOX-fuel	(English) MOX, Mixed Oxide Fuel: mixed (usually on the basis of uranium and plutonium) oxide nuclear fuel
RSW	Research and development works
RW	Research works
STC	Scientific and technical council
SNF	Spent nuclear fuel

Term	Meaning
RMBK	High-power channel reactor, a type of single-circuit power reactor, the heat carrier of which is water, and the retarding agent is mineral carbon
SSC	Separation-sublimation complex
QMS	Quality management system
RPS	Reactor Protection System
EMS	Environmental management system
FNF	Fresh nuclear fuel, new (non-irradiated) fuel
TVS	Fuel Assembly, a form of nuclear fuel consisting of bundles of fuel elements, fuel channels of CPS (see. CPS), distancing grills, shank end and head (sometimes with a cover)
TVS-KVAD-RAT	A fuel assembly of western design that is square in section
fuel element	Fuel element, hermetical tube where fuel pellets of uranium dioxide admixed with gadolinium oxide are placed
TR	Technical requirements
TZT	Technical zirconium tetrachloride
GR	Graphite channel reactor with steam superheating that is used at the Bilibinsk NPP
NMR tomographic scanner	Medical diagnostic equipment with the operating principle based on nuclear magnetic resonance
NRHS	nuclear- and radiation-hazardous sites
NF	Nuclear fuel
NFC	Nuclear fuel cycle, group of actions on provision of operation of nuclear power industry that includes mining and processing of uranium ore, fuel manufacture, its transportation to NPP, storage and SNF reprocessing. In case of SNF disposal the NFC is called open, and in case the recycling and reclamation of the fuel is provided the NFC is called closed.

English terms

Term	Meaning
BWR	Boiling water reactor: tank reactor with boiling water as a heat carrier
IAEA	International Atomic Energy Agency
ITER	International Thermonuclear Experimental Reactor
PWR	Pressurized water reactor, a type of foreign reactors with water under pressure, the analogue to VVER reactor

Editorial assumptions in the text of the Report

Term	Text assumption
SA of JSC "TVEL"	Enterprises of FC "TVEL". Affiliates and depended companies. Incorporated enterprises
FC "TVEL"	The Fuel Company of Rosatom State Corporation
JCS MSZ	JSC Mashinostroitelny Zavod
JCS NCCP	JSC Novosibirsk Chemical Concentrate Plant
CMP OJSC	Chepetsk Mechanical Plant OJSC
MPP OJSC	Moscow Polymetal Plant OJSC
AECC OJSC	Angarsk Electrolysis Chemical Combine OJSC
JCS PA ECP	JSC "PA Electrochemical Plant"
SCC OJCS	Siberian Chemical Combine OJSC
UEIP JSC	Ural Electrochemical Integrated Plant JSC
VPA Tochmash OJSC	Vladimir Production Association Tochmash OJSC
JSC KMP	JSC Kovrov Mechanical Plant
Uralpribor LLC	Novouralsk Instrument-marketing Plant LLC
UGCP LLC	Ural Gas Centrifuge Plant LLC
VNIINM JCS	A. A. Bochvar All-Russian Scientific Research Institute for Inorganic Materials

General and contact details of JSC “TVEL”

Full name	In Russian: Открытое акционерное общество «ТВЭЛ» In English: Joint Stock Company “TVEL”
Number and date of State Registration Certificate issue	No. 061.775, September 12, 1996
Registered address of the Company	24/26, Bolshaya Ordynka Str., Moscow city. 119017, Russian Federation
Location area of the Company	49 Kashirskoye Highway, Moscow city, 115409, Russian Federation
Telephone number	(495) 988-82-82
Fax	(495) 988-83-83
E-mail	info@tvel.ru
Primary activity	Development, manufacture and delivery of nuclear fuel
Full name and address of the registrar	Joint-Stock Company “Registrar R.O.S.T.”; 18 Stromynka Str., Moscow city, 107996, Russian Federation
Capital stock, thousand rubles	22,961
Total number of shares	22,961
Number of common shares	22,961
Nominal value of one common share, thous. rubles	1
State registration number of common shares issue and date of state registration	1-01-00917-A December 30, 1997
Sole shareholder of the Company	Joint-Stock Company Atomic “Energy Power Corporation”
Full name and address of the Company auditors	Nexia Pacioli LLC, 2 Malaya Polyanka Str., Moscow city, 119180, Russian Federation

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Feedback form

Your opinion is important for us

You have read the 2010 JSC TVEL Annual report. Our Company wants to know your opinion and we will be grateful if you help us to improve quality of our reports by going through the answers below.

Please, send the filled form by fax number:

8 (495) 324-19-05

or to the address:

49 Kashirskoe shosse, Moscow, 115409 JSC TVEL with the "2009 Annual Report".

You can also send this form by e-mail:

info@tvel.ru

1) Have you learnt anything new about the Company from this report?

Yes

No

If "yes", please, specify

2) How do you assess the report from the point of view:

of confidence in presented data and information

of design and structure

of convenient search for information

of writing style

5 – "very good", 4 – "good", 3 – "satisfactory", 2 – "unsatisfactory."

3) What section of the report was the most interesting one for you?

4) What fact/event did you remember best of all after you read the report?

5) What additional information would you like to find in the next annual report of JSC TVEL?

6) Your comments:

7) What group did you represent in giving your assessment:

Consumer	<input type="checkbox"/>	Supplier/contractor	<input type="checkbox"/>
Competitor	<input type="checkbox"/>	Official from a federal authority	<input type="checkbox"/>
Official from a regional authority	<input type="checkbox"/>	Official from a local authority	<input type="checkbox"/>
Representative of a public association	<input type="checkbox"/>	Journalist	<input type="checkbox"/>
Other (please, specify)	<input type="text"/>		

Thank you very much!