

ATOM ENERGO PROM 2015




atomenergoprom.ru

ANNUAL REPORT



ATOM
ENERGO
PROM

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2015

OVERVIEW OF JSC ATOMENERGOPROM

REPORT PROFILE

Primary state registration number (OGRN): 1077758081664.

State registration date: July 19, 2007.

State registration authority: Inter-District Inspectorate No. 46 of the Federal Tax Service in Moscow. Location: 24 Bolshaya Ordynka Street, Moscow, 119017.

Tel.: +7 (495) 969-29-39.

Fax: +7 (495) 969-29-36.

Official website: www.atomenergoprom.ru

SHAREHOLDERS OF JSC ATOMENERGOPROM

Registered shareholders of JSC Atomenergoprom as of December 31, 2015:

1. State Atomic Energy Corporation Rosatom. Location: 24 Bolshaya Ordynka Street, Moscow, 119017.

Status of the registered person: shareholder.

Stake in the Company's authorized share capital: 94.349%.

Portion of voting shares held by the entity: 100%.

2. Russian Federation represented by the Russian Ministry of Finance.

Location: 9 Ilyinka Street, Moscow, 109097.

Status of registered person: shareholder.

Stake in the Company's authorized share capital: 5.651%.

Portion of voting shares held by the entity: 0%.

AUDITOR OF JSC ATOMENERGOPROM

Full name: Nexia Pacioli LLC.

Location: 2 Malaya Polyanka Street, Moscow, 119180.

INN (Taxpayer Identification Number): 772914259

OGRN (Primary State Registration Number):

1027739428716

Tel.: +7 495 640 64 52

Fax: +7 495 640 64 53

Email: pacioli@pacioli.ru

JSC KPMG is the auditor for the summary consolidated IFRS financial statements for 2014.

REGISTRAR OF JSC ATOMENERGOPROM'S SHARES

Joint-Stock Company R.O.S.T. Registrar keeps the shareholder register of JSC Atomenergoprom: Abbreviated company name: JSC R.O.S.T. Registrar

Location: Bldg. 18, 13, Stromynka Street, Moscow, 107996.

INN (Taxpayer Identification Number): 7726030449

OGRN (Primary State Registration Number):

1027739216757

Licence: 10-000-1-00264

Issue date: December 3, 2002.

Expiry date: Perpetual.

Licensing authority: the Russian Federal Commission for the Securities Market (the Federal Financial Markets Service).

Date from which the registrar keeps the issuer's shareholder register: October 28, 2009.

JSC R.O.S.T. Registrar also maintains shareholder registers of most of JSC Atomenergoprom's subsidiaries, which enables more rapid and reliable transactions in their shares when restructuring the corporate group.

The public annual report of JSC Atomenergoprom (hereinafter referred to as the Report) for 2015 is the third integrated report prepared by JSC Atomenergoprom (hereinafter referred to as JSC Atomenergoprom, the Company). The Report provides an integrated account of the Company's strategy and JSC Atomenergoprom's key financial, economic and operating results for 2015. The Report outlines efforts undertaken to ensure nuclear and radiation safety and environmental protection, develop the regions of operation, implement social policy, and other sustainable development initiatives.

JSC Atomenergoprom issues reports on a yearly basis, and the previous annual report was published in 2015. This Report covers operations of the Company and its organizations during the period from January 1 through December 31, 2015. It also discloses some information on and results of the entire Russian nuclear industry.

The annual report of JSC Atomenergoprom is approved by the resolution of the sole shareholder.

STANDARDS AND REGULATORY REQUIREMENTS

The report has been prepared in compliance with the following documents:

- The Public Reporting Policy of ROSATOM, and the Public Reporting Standard of ROSATOM and its organizations;
- The International Integrated Reporting Framework of the International Integrated Reporting Council (The International <IR> Framework);
- G4 Sustainability Reporting Guidelines of the Global Reporting Initiative: this Report contains General Standard Disclosures from the GRI G4 Guidelines (*see the list of the General Standard Disclosures in Appendix 1*);

- The AA1000 Series of Standards;
- Federal Law No. 208-FZ on Joint-Stock Companies of December 26, 1995;
- Regulations by the Central Bank of Russia No. 454-P on Disclosure of Information by Issuers of Issue-Grade Securities dated December 30, 2014.

VERIFICATION OF REPORTING INFORMATION

Reporting information was certified as reliable by JSC Atomenergoprom's auditing commission and an independent auditor, which certified the annual financial statements as accurate.

DISCLAIMER

The Report covers the Company's medium- and long-term objectives and initiatives. The objectives are forward-looking, and their actual achievement will depend on economic, political, and legal factors beyond the Company's control (the global financial, economic, and political environment; changes on the key markets; amendments to the tax, customs, and environmental legislation, etc.) Therefore, actual performance of the future years may differ significantly from the forward-looking statements contained herein.



18.6%

SHARE IN ELECTRICITY
GENERATION IN RUSSIA

2015

BUSINESS PERFORMANCE OF JSC ATOMENERGOPROM



STRATEGIC OVERVIEW

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ADDRESS

BY THE CHAIR OF THE BOARD OF DIRECTORS



DEAR COLLEAGUES,

In 2015, the Russian nuclear industry celebrated an anniversary. 70 years ago, the Soviet nuclear project was launched, marking the start of peaceful development of nuclear power, as the first nuclear power plants and icebreakers were built. At present, JSC Atomenergoprom, which has consolidated civilian assets in the Russian nuclear industry, is not only building on technological advances made in previous years, but is also successfully utilizing its innovative potential in order to attain long-term development goals.

In the reporting year, the Company focused on achieving the following strategic objectives:

- increase of the Company's share on international markets, continued growth of the portfolio of overseas orders,
- reduction of the cost of our products and lead time,
- development of new products for the markets in Russia and abroad.

In 2015, JSC Atomenergoprom expanded its footprint on international markets for nuclear technologies and services. The Company implemented projects in over 40 countries

around the world. The Company also continued to expand its 10-year order portfolio, which reached USD 110.3 billion; this demonstrates JSC Atomenergoprom's long-term competitiveness on a global scale.

In 2015, Russian nuclear power plants produced a record amount of electricity. 35 power units of 10 operating NPPs generated 195.2 billion kWh (which was 8.1% more than in 2014 and exceeded the target set by the Federal Tariff Service of Russia by more than 6 billion kWh), making a significant contribution to the Company's annual revenue. The record power generation in 2015 was made possible by an improvement in the operating efficiency of power units at NPPs: faster scheduled repairs, an increase in the capacity of units currently in operation, and the launch of power unit No. 3 of Rostov NPP ahead of schedule. By the end of 2015, the total share of Russian NPPs in the country's energy mix increased to 18.6% (compared to 17.2% in 2014).

Key achievements in the reporting year also include the successful establishment of new businesses. The ALABUGA-VOLOKNO plant designed to produce carbon fibre was opened in the Alabuga special economic zone in the Republic of Tatarstan; the plant's capacity totals 1,700 tonnes per year. It fully meets the needs of the Russian market; in the future, this project will enable Russia to occupy at least 2% of the global carbon fibre market.

The safety of nuclear facilities remains our top priority. In 2015, there were no significant deviations in the operation of NPPs or other facilities. All nuclear and radiation safety and occupational health and safety requirements were met.

In 2016, JSC Atomenergoprom's united team will continue to work successfully towards the attainment of the Company's goals and to achieve ambitious results.

**CHAIR OF THE BOARD OF DIRECTORS
OF JSC ATOMENERGOPROM**

Ekaterina LYAKHOVA

ADDRESS

BY THE DIRECTOR



DEAR COLLEAGUES AND PARTNERS,

JSC Atomenergoprom is a global technological leader in the markets for nuclear technologies and services. Last year demonstrated that the Company is able to successfully achieve its goals despite economic challenges. Our key advantages include: an integrated offer covering the entire life cycle of NPPs with a competitive cost of electricity, the use of reference technologies with the highest possible safety levels, and assistance in securing project funding and creating project infrastructure.

2015 saw further expansion of the Company's portfolio of overseas orders. By the end of 2015, the Company was implementing projects to construct 36 power units at NPPs around the world. Russia and Egypt signed an intergovernmental agreement on the construction and operation in Egypt of a nuclear power plant equipped with four power units, each with a capacity of 1,200 MW. An EPC contract for NPP construction in Bangladesh was signed. Cooperation between Russia and India in the field of nuclear energy is making successful progress. The start-up of unit No. 2 of Kudankulam NPP is scheduled for 2016.

In 2015, JSC Atomenergoprom entered the segment of overseas contracting for small and medium-sized reactors. The National Nuclear Energy Agency of Indonesia (BATAN) declared a Russian-Indonesian consortium the winner of the tender for the preliminary engineering design of a multipurpose experimental high-temperature gas-cooled reactor. In addition, the Company signed a contract for fuel supply for the Maria research reactor in Poland.

The share of JSC Atomenergoprom on the NPP service market is growing steadily. Three years ago, the Company started off with five power units with VVER reactors abroad, whereas now we service 18 out of 37 Russian-design units currently in operation. In 2015, a contract was signed for the extension of the service life of power unit No. 2 of Armenian NPP.

In March 2016, the first criticality programme was started at power unit No. 6 of Novovoronezh NPP, which will become the most technologically advanced power unit not only in Russia, but also globally. It is the first lead power unit that will become a reference power unit for generation III+ NPPs. Currently, power units of this type at various stages of implementation can be found at Leningrad NPP-2 and Novovoronezh NPP in Russia, as well as at NPPs in Belarus, Turkey, Egypt, Finland, Hungary and Bangladesh.

Finally, it is worth noting that the reporting year saw strong growth of the Company's financial results. Revenue increased by 29.6% to RUB 657.1 billion, while profit rose to RUB 143.8 billion. EBITDA gained 22.5% reaching RUB 272.7 billion.

I would like to thank the Company's employees and partners for their successful joint efforts in 2015. I am confident that in 2016 we will achieve further impressive results!

DIRECTOR OF JSC ATOMENERGOPROM

Kirill KOMAROV



JSC ATOMENERGOPROM TODAY

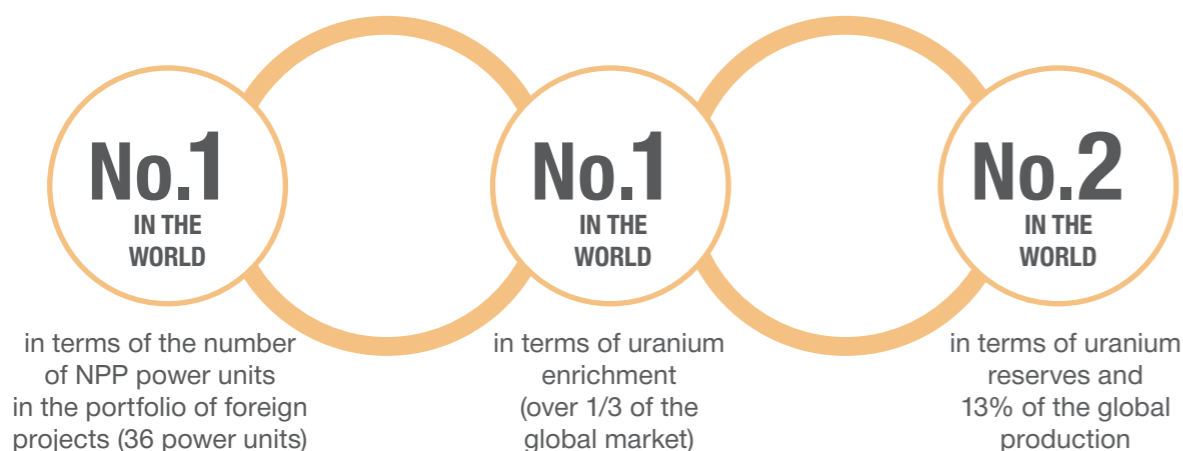
JSC Atomenergoprom is an integrated company that consolidates civilian assets of the Russian nuclear industry.

The organizations of JSC Atomenergoprom comprise a complete cycle of nuclear production ranging from uranium mining to construction of NPPs and electricity generation. The top priorities of the organizations are to improve the quality of their products, introduce innovative technologies, and ensure high-level environmental management.

JSC Atomenergoprom is one of the largest power generation companies in Russia and one of the leading global players on the market for nuclear services and technologies. The Company is capable of providing turnkey solutions for NPP design and construction, supplying fuel to NPPs throughout their entire life cycle, upgrading NPPs and rendering

maintenance services, and providing employee training. JSC Atomenergoprom carries out numerous large-scale international projects and generates substantial overseas revenue (see the section 'International Business' for details).

The Company integrates many leading organizations and enterprises in the nuclear industry (whose development started 70 years ago) and possesses extensive experience gained across the entire range of the nuclear fuel cycle and NPP construction technologies. Apart from traditional nuclear technologies and services, JSC Atomenergoprom offers innovative products to non-nuclear markets (see the section 'Diversification of Business' for details).



17%
share of the nuclear fuel market

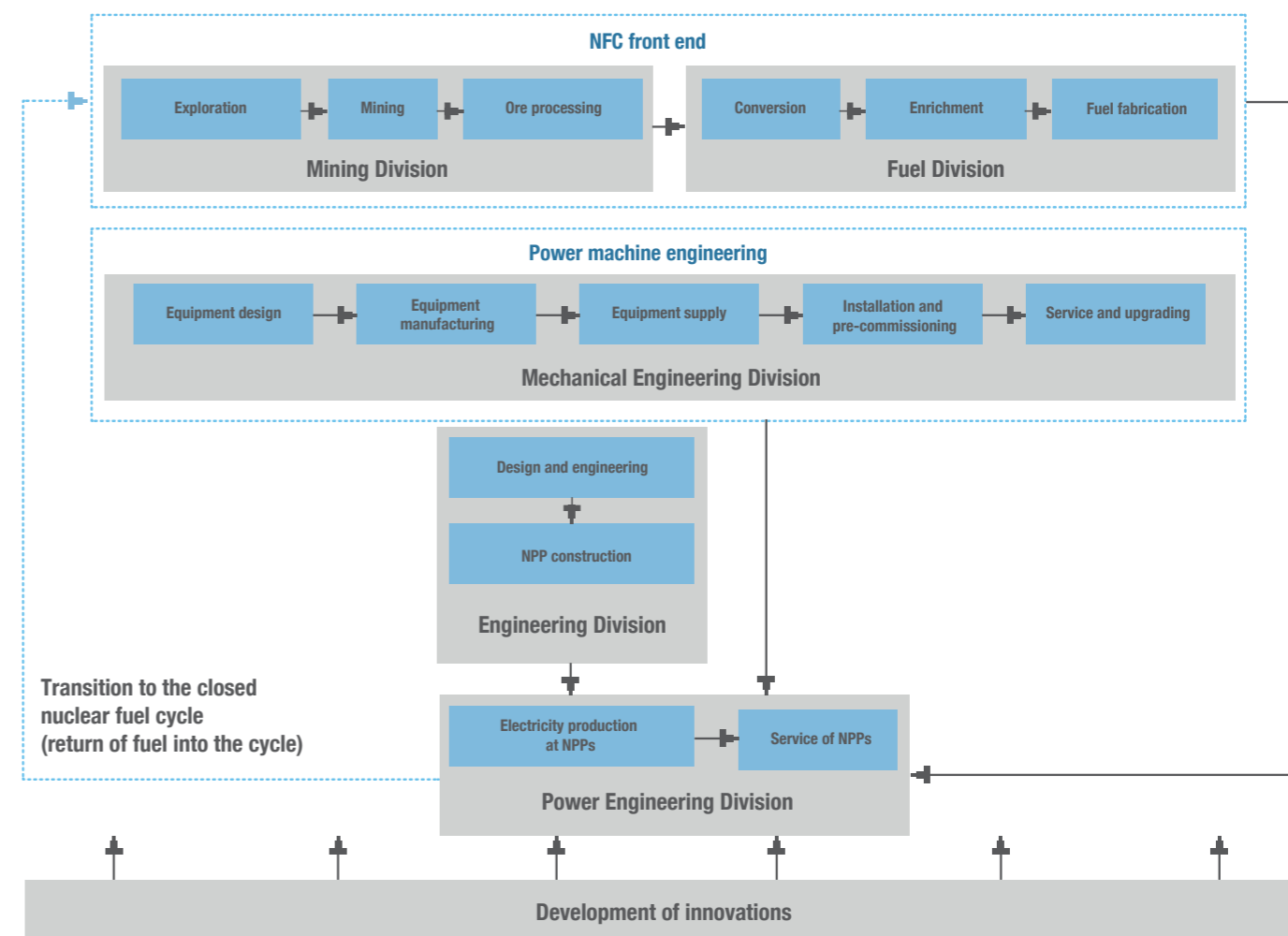
18.6%
share of electricity generation in Russia

JSC Atomenergoprom is part of State Atomic Energy Corporation Rosatom (hereinafter referred to as ROSATOM). ROSATOM pursues the governmental policy and ensures unity of management of the nuclear industry and sustainability of the nuclear power generation complex; it develops Russia's innovative potential in the nuclear industry, oversees the nuclear-powered icebreaker fleet, and ensures nuclear and radiation safety. ROSATOM is tasked with fulfilling Russia's international commitments related to the peaceful use of nuclear energy and maintaining the non-proliferation regime.

ROSATOM aims to contribute to the federal target programmes on furthering the nuclear industry, fostering the development of nuclear power, and strengthening Russia's competitive position on the global market for nuclear technologies.

No relation exists between the military and civilian operations of ROSATOM, including business operations of JSC Atomenergoprom. Therefore, JSC Atomenergoprom as a company consolidating civilian assets of the Russian nuclear industry is completely separated from military operations.

PROCESS CHAIN OF JSC ATOMENERGOPROM



HISTORY OF JSC ATOMENERGOPROM

JSC Atomenergoprom was established in July 2007 as part of the Russian Nuclear Industry Development Programme approved by the Russian President on June 8, 2006, pursuant to Federal Law No. 13-FZ on Peculiarities of the Management and Disposal of the Property and Shares of Organizations Operating in the Nuclear Power Industry and on Introducing Amendments to Selected Russian Laws of February 5, 2007, Decree No. 556 of the Russian President on Restructuring the Russian Nuclear Power Generation Complex dated April 27, 2007 and Resolution No. 319 of the Russian Government on Measures for Establishing Joint-Stock Company Nuclear Power Generation Complex dated May 26, 2007.

Regulations on the establishment of JSC Atomenergoprom stipulated a merger of 89 enterprises in all nuclear power engineering and nuclear fuel cycle segments, and three federal educational establishments. The state contributed shares of 31 companies under federal ownership to the authorized share capital of JSC Atomenergoprom upon its establishment (including shares of JSC TVEL, JSC TENEX, JSC Atomredmetzoloto, etc.). Other

companies had been incorporated as federal state unitary enterprises (FSUEs) and were subject to corporatization to be merged with the nuclear corporation. Between 2008 and 2011, 55 FSUEs were reorganized into joint-stock companies and merged with JSC Atomenergoprom. Thus, formation of the Company's authorized share capital was completed.

These measures enabled JSC Atomenergoprom to form a new structure of the civilian branch of the nuclear industry, introduce a uniform policy on finances, corporate governance, HR management, and management of non-core assets in 2011.

As of December 31, 2015, JSC Atomenergoprom's group of companies comprised 116 companies of different legal forms according to IFRS.

As of December 31, 2015, the shareholders of JSC Atomenergoprom were ROSATOM (94.349%) and the Russian Federation represented by the Russian Ministry of Finance (5.651%).



KEY RESULTS IN 2015

| INDICATOR | 2013 | 2014 | 2015 | 2015/2014, % ¹ |
|-------------------------------------------------------------------------|------------------|-----------------|-----------------|---------------------------|
| Electricity generation by NPPs, billion kWh | 172.2 | 180.5 | 195.2 | 108.1 |
| NPP capacity factor, % | 77.9 | 81.6 | 86.0 | – |
| Number of NPP power units under construction in Russia | 9 | 9 | 8 | 88.9 |
| Uranium resources ² , kt | 541.9 +229.45 | 524.7 +224.1 | 521.2 +213.1 | – |
| Uranium production, kt | 8.3 | 7.85 | 7.85 | 100.0 |
| 10-year portfolio of overseas orders ³ , USD billion | 72.7 | 101.4 | 110.3 | 108.8 |
| Foreign NPP construction projects, number of power units | 19 | 29 | 36 | 124.1 |
| IFRS revenue, RUB billion | 436.1 | 507.0 | 657.1 | 129.6 |
| IFRS net profit, RUB billion | 24.6 | 58.1 | 143.8 | 247.5 |
| IFRS net assets, RUB billion | 1,347.0 | 1,539.4 | 1,831.5 | 119.0 |
| IFRS intangible assets, RUB billion | 37.4 | 42.9 | 47.9 | 111.6 |
| IFRS EBITDA ⁴ , RUB billion | 152.1 | 222.7 | 272.7 | 122.5 |
| Average salary in JSC Atomenergoprom, thousand RUB per month | 61.8 | 67.6 | 72.9 | 107.8 |
| Average reduction in energy costs across the divisions ⁵ , % | 20.3 | 22.9 | 23.7 | – |
| Events rated level 2 and above on the INES scale, number | 0 | 0 | 0 | – |

¹ In this table and further herein, 2014 is used as the base year for calculating indicators in the column '2015/2014, %'.

² The lower line with a '+' sign shows the data on uranium resources of Uranium One; these data are shown separately due to the differences in the calculation of Russian and foreign assets.

³ Including the portfolio of overseas orders of JSC ASE, whose holding company is JSC NIAEP, an organization of JSC Atomenergoprom.

⁴ The data for 2013-2014 were adjusted due to a change to the internal EBITDA calculation methodology (EBITDA = operating results + impairment of receivables + depreciation and amortization + adjustments for non-monetary items of other expenses and income).

⁵ Mining, Fuel, Mechanical Engineering and Power Engineering Divisions.

KEY EVENTS IN 2015



RUSSIA AND EGYPT SIGNED AN INTERGOVERNMENTAL AGREEMENT on construction and operation in Egypt of an NPP with four power units, each with a capacity of 1,200 MW.

AN EPC CONTRACT WAS SIGNED FOR THE CONSTRUCTION OF AN NPP in Bangladesh.

A RUSSIAN-INDONESIAN CONSORTIUM WON THE TENDER for the preliminary engineering design of a multipurpose experimental reactor in Indonesia.

IN 2015, 35 POWER UNITS OF 10 OPERATING NPPS PRODUCED RECORD amounts of electricity in the entire history of Russian nuclear energy (195.2 billion kWh). The share of Russian NPPs in Russia's energy mix rose to 18.6%.

POWER UNIT NO. 4 OF BELOYARSK NPP WITH A BN-800 REACTOR WAS CONNECTED TO THE GRID and started electricity generation for the power system of the Ural Region and Russia. Industrial production of MOX fuel was commenced for the power unit.

CONSTRUCTION OF THE WORLD'S MOST POWERFUL MULTIPURPOSE FAST NEUTRON RESEARCH NUCLEAR REACTOR (MBIR) started in Dimitrovgrad, Russia; the reactor will be used for projects aimed at developing the global nuclear power industry of the future.

JSC PIMCU, THE MAIN URANIUM MINING COMPANY OF THE MINING DIVISION, reduced the cost of uranium mining by 12%.

THE ATOMMASH INDUSTRIAL COMPLEX IN VOLGODONSK, RUSSIA, WAS REVIVED and integrated into the process chain of ROSATOM.

THE ALABUGA-VOLOKNO CARBON FIBRE FACTORY WAS OPENED in the Alabuga special economic zone, the Republic of Tatarstan (the factory was built by order of ROSATOM).

PILOT PRODUCTION OF MICROSOURCES FOR BRACHYTHERAPY TO TREAT CANCER was launched.

EVENTS AFTER THE REPORTING DATE

IN MAY 2016, AS PART OF THE FIRST CRITICALITY PROGRAMME, POWER UNIT NO. 6 OF NOVovoronezh NPP REACHED THE MINIMAL CONTROLLABLE POWER LEVEL. In August 2016, the power unit was connected to the grid and started electricity generation for the power system of Russia. This power unit will become the most technologically advanced unit both in Russia and worldwide.

BUSINESS STRATEGY

VALUES OF JSC ATOMENERGOPROM

The strategy of any successful company is based on a system of corporate values. Values are the rules informing our decisions when no clear guidance

is given. All employees of JSC Atomenergoprom are expected to be aware of and abide by the corporate values.

ONE STEP AHEAD

We strive to be the leader in the global market. We are always one step ahead of the market in terms of technology, knowledge, and the skills of our people. We foresee what will happen tomorrow and prepare for it today. We continuously develop and learn. Every day we try to do our work better than the day before.

ONE TEAM

We all represent ROSATOM. We have common goals. Working in a team of like-minded people, we achieve unique results. Together we are stronger and are capable of achieving the most ambitious goals. The success of our employees is the success of our company.

RESPONSIBILITY FOR THE RESULT

Each of us is personally responsible to the state, the industry, colleagues, and customers for the outcome and quality of our work – we set our standards very high. It is not the effort that we evaluate but the results. Successful results pave the way to our new achievements.

RESPECT

We respect all our customers, partners, and suppliers.

We always listen attentively and understand each other, regardless of the position or place of employment. We respect the history and traditions of the nuclear industry. Our past achievements inspire us to aim for new victories.

EFFICIENCY

We always find the best solutions to various problems. We are efficient in everything we do. We efficiently use the company's resources and continuously improve our working processes. No obstacles can prevent us from finding the most efficient solutions.

SAFETY

Safety is our top priority. In our work, we think about the safety of people and the environment above all. In the field of safety, everything is important: we are well aware of safety rules and abide by them with no violations.

JSC ATOMENERGOPROM AIMS TO PROVIDE THE WORLD WITH CLEAN, SAFE AND AFFORDABLE ENERGY AND INNOVATIONS BASED ON NUCLEAR TECHNOLOGY.

BUSINESS STRATEGY

JSC Atomenergoprom's strategy is based on the long-term strategy of ROSATOM.

ROSATOM's strategy until 2030 was developed based on the goals set by the state for the civilian branch of the Russian nuclear industry, and was approved by the Corporation's Supervisory Board on October 31, 2014.

The development of ROSATOM and JSC Atomenergoprom will be based on the long-term technological policy, which involves mastering new generation nuclear technologies, including fast neutron reactors and the closed nuclear fuel cycle,

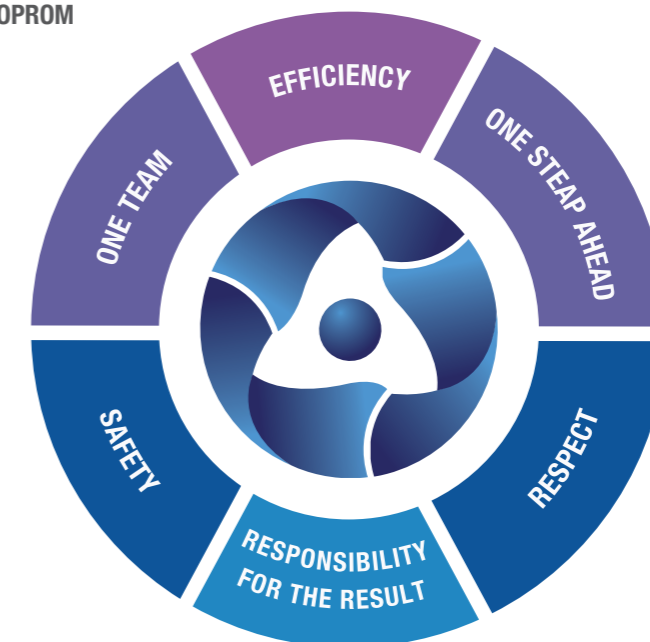
as well as strengthening the export potential of Russia's nuclear technologies (construction of nuclear power plants abroad, rendering uranium and nuclear fuel enrichment services, etc.)

Given the scarcity of investment resources and the current and forecasted global environment, as well as the current competitive advantages and technological capacity of the nuclear power sector, JSC Atomenergoprom's strategy is to improve the efficiency of the nuclear power business, which will lead to exponential improvement of the key financial and economic results by 2030.

KEY COMPETITIVE ADVANTAGES OF ROSATOM:

- INTEGRATED OFFER FOR THE ENTIRE NPP LIFE CYCLE, WHICH GUARANTEES A COMPETITIVE COST PER KILOWATT-HOUR (LCOE⁶);
- THE USE OF REFERENCE TECHNOLOGIES WITH THE HIGHEST POSSIBLE SAFETY LEVEL;
- ASSISTANCE IN SECURING PROJECT FUNDING (INCLUDING UNDER THE BOO SCHEME) AND BUILDING PROJECT INFRASTRUCTURE (LEGAL FRAMEWORK, EMPLOYEE TRAINING, PR).

VALUES OF JSC ATOMENERGOPROM



⁶ LCOE stands for levelized cost of electricity over the NPP life cycle.

ROSATOM'S OBJECTIVES ARE STIPULATED IN THE FOLLOWING DOCUMENTS:

- **THE LONG-TERM SOCIAL AND ECONOMIC DEVELOPMENT CONCEPT FOR RUSSIA UNTIL 2020 APPROVED BY THE DIRECTIVE OF THE RUSSIAN GOVERNMENT ON NOVEMBER 17, 2008;**
- **THE FOREIGN POLICY CONCEPT OF RUSSIA APPROVED BY THE RUSSIAN PRESIDENT ON FEBRUARY 12, 2013;**
- **THE INNOVATIVE DEVELOPMENT STRATEGY OF RUSSIA UNTIL 2020 APPROVED BY THE RESOLUTION OF THE RUSSIAN GOVERNMENT ON DECEMBER 8, 2011;**
- **THE RUSSIAN STATE PROGRAMME 'DEVELOPMENT OF THE NUCLEAR POWER AND INDUSTRY COMPLEX' APPROVED BY THE RESOLUTION OF THE RUSSIAN GOVERNMENT ON JUNE 2, 2014;**
- **THE LONG-TERM (2009-2015) OPERATIONAL PROGRAMME OF STATE ATOMIC ENERGY CORPORATION ROSATOM APPROVED BY RESOLUTION NO. 705 OF THE RUSSIAN GOVERNMENT ON SEPTEMBER 20, 2008 (AS AMENDED ON OCTOBER 4, 2013; AUGUST 29, 2015; DECEMBER 31, 2015);**
- **OTHER FEDERAL AND CORPORATE POLICY DOCUMENTS, INCLUDING DEVELOPMENT STRATEGIES OF ROSATOM'S DIVISIONS UNTIL 2030.**

STRATEGIC GOALS:

- To increase the Company's share in international markets. The Company is currently expanding its footprint in over 40 countries around the world, and the 10-year portfolio of overseas orders exceeds USD 110 billion⁷. The share of foreign businesses is expected to increase from 52% in 2015 to 67% in 2030 *(for more details, see the section 'International Business')*;
- To reduce production costs and lead time by at least 30%. Labour productivity is expected to increase by a factor of 3.5 by 2030 *(for details, see sections on the performance of the Divisions)*;
- To develop new products for the Russian and international markets. The share of new businesses in the revenue mix is expected to increase significantly *(for details, see the section 'Diversification of Business')*.

To achieve the strategic goals, the following objectives must be met:

- Ensuring safe use of nuclear energy;
- Non-proliferation of nuclear technologies and materials;
- Reducing the negative environmental impact to zero;
- Ensuring that the nuclear power development is socially acceptable;
- Supporting the Company's ability to improve and innovate;
- Shaping a corporate culture focused on results and performance improvement;
- Ensuring full compliance with Russian legislation.

SUSTAINABLE DEVELOPMENT MANAGEMENT

JSC Atomenergoprom builds its sustainable development strategy based on the traditional framework used by the international community; this strategy also includes a number of objectives specific to the nuclear sector (e.g., ensuring nuclear and radiation safety). While working on its own sustainable development, JSC Atomenergoprom also aims to tackle some of the global issues, such as environmental pollution, climate change, international terrorism, depletion of natural resources, anticipated shortage of energy resources, etc.

JSC Atomenergoprom attaches great importance to minimizing its impact on the environment and preserving natural ecosystems. The Company introduces technologies that consistently reduce harmful emissions and discharges and waste generation. Nuclear power plants do not emit greenhouse gases when producing electricity, and thus help avoid potential emissions of CO₂ and other gases that could have been emitted by alternative facilities.

The reliable and safe operation of nuclear facilities is of paramount importance for JSC Atomenergoprom. A comprehensive set of measures is implemented when designing and constructing NPPs to ensure safety, assess potential natural and industrial hazards, and conduct a probabilistic safety assessment. In accordance with the law, the construction of nuclear facilities is always preceded by the assessment of their environmental impact.

JSC Atomenergoprom's strategy focuses on becoming a technological leader in the global nuclear industry. The Company aims to maintain and strengthen its leadership positions by developing innovative technologies and extending its footprint on key nuclear and related markets. To a great extent, the leadership position is strengthened through efforts to improve safety and economic efficiency, environmental protection, and developments in related industries.

The development and start of full-scale operation of a new technology platform is the key innovative project of ROSATOM and JSC Atomenergoprom. The Company is implementing the Proryv (Breakthrough) project to develop pilot and demonstration facilities comprised of NPPs with fast neutron reactors, nuclear fuel regeneration (processing) and re-fabrication facilities, preparation of all types of RAW for ultimate disposal. The project will significantly improve environmental safety and economic efficiency of the nuclear industry. Another promising area is the construction of a fusion reactor, which is expected to provide the world with a nearly inexhaustible source of energy in a few decades.

JSC Atomenergoprom significantly contributes to the creation and fair distribution of economic value across Russia, supports local manufacturers and service providers, creates new jobs in the nuclear industry, and enables job creation in related industries. The Company's technological developments help modernize the Russian economy.

Another important objective for JSC Atomenergoprom is to promote the acceptance of the nuclear industry by the general public. The Company's management seeks to secure a public consensus on issues related to the development of the nuclear power industry in Russia and worldwide in order to achieve long-term consistent improvement in the standards of living. Through its educational, informational and communicational initiatives, the Company efficiently communicates the essence and goals of JSC Atomenergoprom to various stakeholders.

⁷ Including the portfolio of overseas orders of JSC ASE, whose holding company is JSC NIAEP, an organization of JSC Atomenergoprom.



IN **41**
COUNTRIES
WORLDWIDE

OVERSEAS PROJECTS

2015

BUSINESS PERFORMANCE OF JSC ATOMENERGOPROM



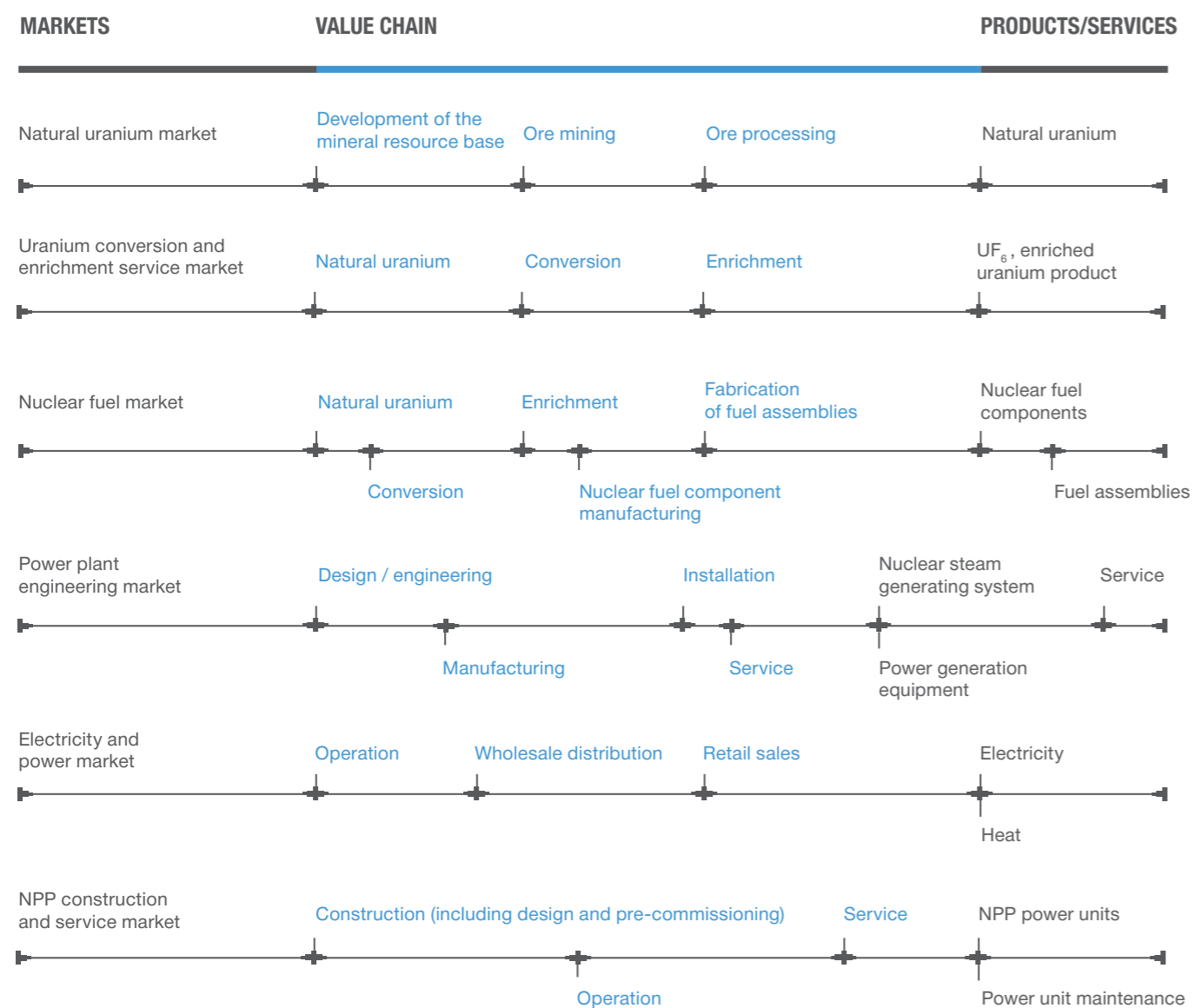
ONE STEP AHEAD IN 2015

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2.1

MARKETS SERVED BY ATOMENERGOPROM



2.1.1. TRENDS IN THE DEVELOPMENT OF THE NUCLEAR SECTOR IN RUSSIA AND WORLDWIDE

The nuclear industry is influenced by a number of factors, including:

- Global population growth from 7 to 9 billion people in the next 50 years;
- Steady increase in global GDP by 2-3% per annum in the long term;
- Growth of global electricity consumption by a factor of 1.5 by 2050 due to both population growth and increasing needs of industries (the world will consume more energy during the next 50 years than during the entire history);
- Accumulating greenhouse gases. The world emits about 30 billion tonnes of CO₂ per year, and emissions continue to grow. The concentration of greenhouse gases in the atmosphere is predicted to more than double compared to the pre-industrial period.

The global nuclear power industry will remain competitive in the long run compared to other energy sources. In particular, thermal power generation will yield to nuclear energy primarily because of CO₂ emissions, which negatively impact on the environment and drive up the cost of energy since many countries impose CO₂ emission fees. Unpredictable prices for raw hydrocarbons are yet another major disadvantage of thermal power generation.

Nuclear energy holds a special place among electricity generation technologies with the minimal impact on the environment. NPPs emit almost no greenhouse gases, and NPPs across the globe prevent emissions of approximately 4 billion tonnes of carbon dioxide over three years (which exceeds the annual amount of emissions produced by all passenger cars in the world).

Regarding renewable energy, even if energy generating and storage technologies get significantly cheaper, additional traditional backup facilities will need to be built to secure stable supplies of energy, which will entail significantly higher capital expenses.

Leading analytical agencies foresee a significant increase in the installed capacity of the nuclear power industry by 2030: the International Energy Agency, UxC consulting company and the World Nuclear Association expect to see an increase in the capacity of operating NPPs to 543 GW, 541 GW and 510 GW respectively under the medium scenario. The IAEA only predicts the floor and the cap for the global NPPs capacity, 385 GW and 632 GW respectively. The forecast by JSC Atomenergoprom is in line with the analytical agencies: the global installed NPP capacity is expected to increase to 521 GW by 2030.

The Russian nuclear industry maintains global leadership in terms of research and technical developments in reactor design, processing stages of the nuclear fuel cycle (NFC), NPP operation, and the qualifications of NPP personnel. Russia holds the most advanced enrichment technologies; nuclear power plants with water-cooled water-moderated power reactors (VVER) have proved their reliability over one thousand reactor-years of fail-free operation. The high quality of products and services is confirmed by the successes in international tenders for the supply of nuclear fuel and construction of NPPs in other countries. Currently, JSC Atomenergoprom is the largest global market player in terms of the number of NPP construction projects: its order portfolio comprises 36 power units (for more details, see the section 'International Business').

The plummeting oil prices had mixed effects but in general impacted positively on the competitive position of JSC Atomenergoprom. On the one hand, dropping oil prices caused gas prices to decrease too, which, in turn, helped reduce the cost of thermal power generation and improved the competitiveness of the technology. On the other hand, the drop in oil prices caused a devaluation of the Russian rouble, and thus reduced the foreign currency cost of NPP construction projects in other countries and improved JSC Atomenergoprom's competitiveness. Economic sanctions imposed against Russia had little impact on JSC Atomenergoprom: they limited the access to foreign funds but did not affect NPP construction agreements.

2.1.2. NATURAL URANIUM MARKET

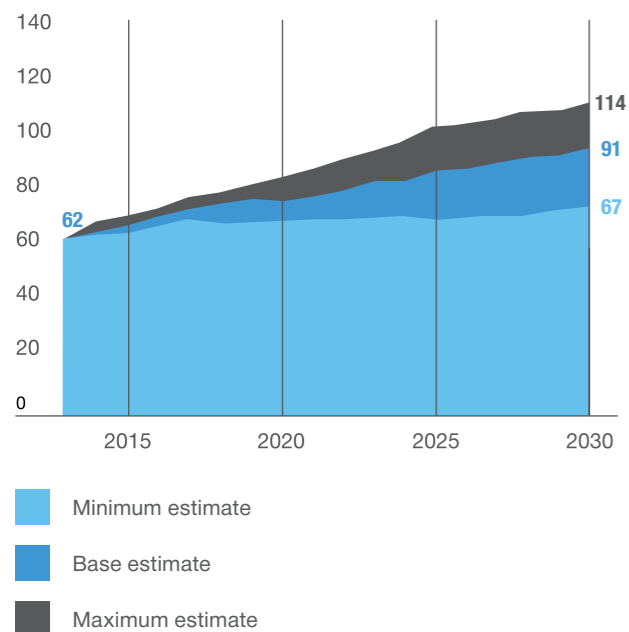
FORECAST FOR CHANGES IN URANIUM DEMAND BY 2030

The Fukushima Daiichi nuclear disaster in Japan caused the market price for uranium to drop but did not affect the medium- and long-term fundamental drivers of demand for uranium. 2015 saw the first signs of recovery in the global

uranium market. After a two-year hiatus, Japan resumed nuclear power generation: two power units were restarted at Sendai NPP in 2H2015, and over 20 power units are being prepared for re-launch.

FORECAST FOR CHANGES IN URANIUM DEMAND, KT

SOURCE: WORLD NUCLEAR ASSOCIATION (WNA)



The demand for uranium totalled 62,000 tonnes in 2015, according to the World Nuclear Association (WNA). Under the base scenario, the global demand for uranium will increase to 91,000 tonnes by 2030.

In 2015, uranium production increased significantly at the enterprises commissioned in previous years. Thus, the Cigar Lake mine in Canada (with Cameco and AREVA being its key shareholders) produced over 4,000 tonnes of uranium, which enabled it to become one of the largest companies in the world.

NATURAL URANIUM MARKET OVERVIEW

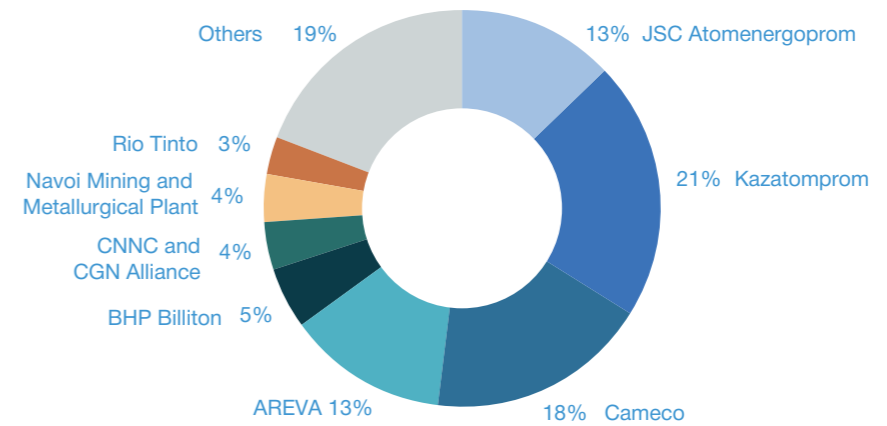
In 2015, global production of natural uranium exceeded 61,000 tonnes (an increase of 7% YoY). Supplies from secondary sources (inventories of energy companies and some states, reparation of depleted uranium hexafluoride, reprocessed uranium, etc.) totalled 12,000 to 15,000 tonnes of uranium equivalent.

Natural uranium production is expected to increase by 2030 in line with the growing demand (the full potential for boosting production totals up to 98,000 tonnes). In 2030, supply from secondary sources will total about 12,000 tonnes of uranium equivalent.

A settled group of leaders has now formed in the natural uranium market. At year-end 2015, the group comprised JSC Atomenergoprom (~13% of the global output), NAC Kazatomprom (Kazakhstan, ~21%), Cameco (Canada, ~18%), AREVA (France, ~13%), BHP Billiton (Australia-United Kingdom, ~5%), an alliance of CNNC and CGN (China, ~4%), Navoi Mining and Metallurgical Plant (Uzbekistan, ~4%), and Rio Tinto (Australia-United Kingdom, ~3%). The eight largest players account for about 81% of the total uranium output.

However, the pace of developing new projects slowed down. Mining operations commenced in December 2015 as part of the Lance project (operated by Peninsula Energy) in the US, and the finished products will be delivered in 2016. The Husab mine in Namibia (the largest enterprise under construction among those controlled by the Chinese CGN) was expected to start production in February 2016, but the launch was postponed.

LARGEST PLAYERS ON THE NATURAL URANIUM MARKET



Junior companies continued to develop their promising uranium projects in Canada, the US, Australia, Africa and South America hoping for improved market conditions in the long run; however, the work pace remained low due to the difficulties with raising funds and confirming sales.

As the controversial uranium market environment persisted in 2015, major foreign manufacturers continued to optimize their existing assets and revise their plans for promising projects. Kazatomprom, Navoi Mining and Metallurgical Plant, Rio Tinto and Paladin Energy intensified their efforts to improve the efficiency of their uranium business. In February

2015, the Chinese CNNC ceased operations at the Azelik mine in the Republic of Niger as it failed to achieve targets and struggled with financial issues. In June 2015, ERA, a subsidiary of Rio Tinto, abandoned the switchover to underground mining at the Ranger mine in Australia: the project was seen as unprofitable under the then-current market conditions.

For more details, see the section 'International Business' and the 2015 annual report of JSC Atomredmetzoloto.

2.1.3. URANIUM CONVERSION AND ENRICHMENT MARKET

Uranium enrichment is one of the main stages of the front end of the nuclear fuel cycle (NFC). Products sold on the market include enriched uranium product (EUP) and the uranium enrichment service measured in separative work units (SWU).

FORECAST FOR CHANGES IN THE DEMAND FOR URANIUM ENRICHMENT SERVICES BY 2030

The development of the nuclear industry in the next 15 years will positively impact on the market of natural uranium enrichment services. The future may see a shortage on the enrichment market as the demand is growing, plants using the gaseous diffusion technology in Europe and the US are being shut down and the US-Russian HEU Agreement has expired. The global demand for enrichment will grow to 57 million SWU and 71 million SWU by 2020 and 2030 respectively, according to the base scenario of the WNA.

URANIUM CONVERSION AND ENRICHMENT MARKET OVERVIEW

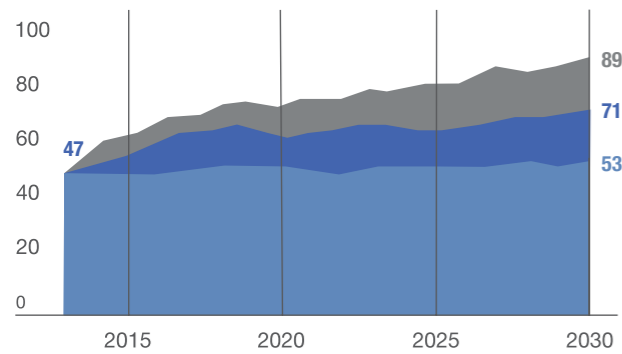
The main providers of uranium enrichment services in the world along with JSC Atomenergoprom are URENCO (United Kingdom, Germany, Netherlands), AREVA (France) and China, which altogether control about 90% of the market. At present, all players use a modern gas centrifuge technology for uranium enrichment. The Paducah Gaseous Diffusion Plant operated by USEC was the last plant to use an outdated gas-diffusion technology on an industrial scale. It was closed down in 2013.

In 2015, JSC Atomenergoprom met most of the demand for uranium enrichment services, with a global market share of over 1/3. URENCO is the main competitor of JSC Atomenergoprom. As of the end of 2015, its total installed capacity was ~19 million SWU/year. It may be further increased to ~20 million SWU/year by 2020.

For more details, see the section 'International Business' and the 2015 annual reports of JSC TVEL and JSC TENEX.

FORECAST FOR CHANGES IN DEMAND FOR URANIUM ENRICHMENT SERVICES BY 2030, MILLION SWU

SOURCE: WORLD NUCLEAR ASSOCIATION (WNA)



■ Minimum estimate
■ Base estimate
■ Maximum estimate

2.1.4. NUCLEAR FUEL FABRICATION MARKET

In 2015, the global market capacity for nuclear fuel fabrication totalled about 11,000 tonnes of heavy metal (tHM), with fuel requiring uranium enrichment accounting for 8,000 tHM (including over 1,000 tHM of fuel for VVER reactors) and fuel for heavy-water reactors accounting for 3,000 tHM. As the reactor fleet will be expanding, the demand for fabrication services will increase to the forecast 13,000 tHM by 2020 and to 15,000 tHM by 2030.

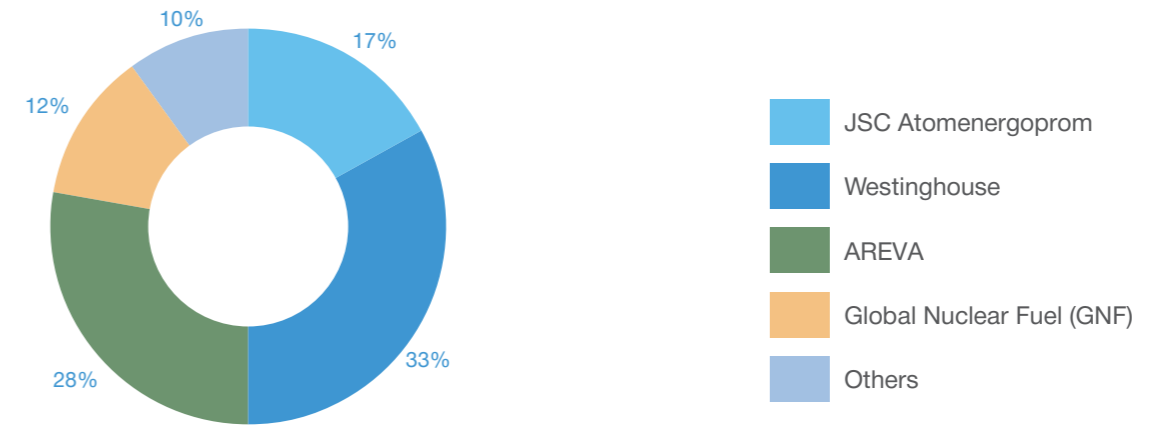
Global suppliers on the fabrication market are Westinghouse/Toshiba, AREVA, Global Nuclear Fuel, and JSC Atomenergoprom.

Westinghouse Electric Company fabricates nuclear fuel for nearly all types of light-water reactors (LWR). The major markets are the US and Western European countries. Moreover, Westinghouse is actively seeking to enter the market for fuel for VVER reactors and gain a foothold there. The company is the largest player holding 33% of the market.

AREVA produces fuel for PWR and BWR reactors, and holds nearly a third (28%) of the global fabrication market, with Western Europe being its main sales market.

Global Nuclear Fuel (GNF) is a joint venture of GE, Hitachi and Toshiba, holding 12% of the market. GNF consists of two divisions: GNF-J operating in Japan and GNF-A operating on other markets. The company only produces fuel for BWR reactors.

SHARES OF PLAYERS ON THE NUCLEAR FUEL FABRICATION MARKET IN 2015



In 2015, Russian nuclear fuel met the demand of entire Russia, as well as the demand of a number of other countries, including Iran, the Czech Republic, Slovakia, Hungary, Bulgaria, Ukraine, and Armenia. JSC Atomenergoprom's overall share of the nuclear fuel fabrication market totalled 17%, including 36% of the Finnish market, 4% of the Chinese market, and 17% of the Indian market.

Only two fast neutron reactors (FNRs) are currently in operation in the entire world, both of which are located in Russia: BN-600 and BN-800. The first reactor runs on uranium, and the second will fully run on MOX fuel manufactured by the plant established in 2014. Thus, JSC Atomenergoprom holds 100% of the market of MOX fuel for fast neutron reactors (for more details, see the section 'Innovative Development').

See also the section 'International Business' and the 2015 annual report of JSC TVEL.

2.1.5. POWER MACHINE ENGINEERING MARKET

In 2015, the global power engineering market totalled USD 110 billion, of which thermal power generation equipment accounted for 60%, gas and petrochemical equipment for 25%, and nuclear power generation equipment for 15%. The market may exceed USD 150 billion by 2030.

In 2015, most investments in equipment were made in the thermal power sector. Investments in equipment in the nuclear power industry are expected to level those in the thermal power industry by 2030.

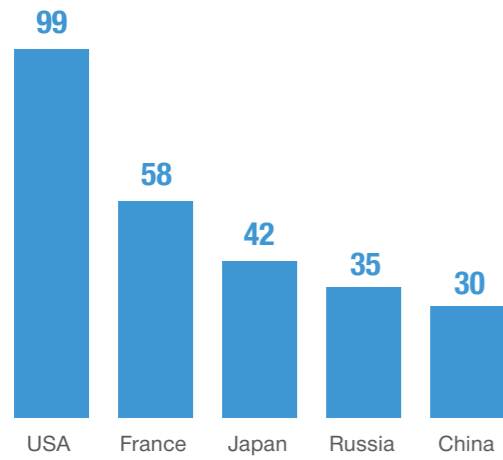
In 2015, the power engineering market in Russia was approximately RUB 350 billion, with equipment in the thermal power industry accounting for 60% of the total, equipment in the gas and petrochemical industry for 29%, and equipment in the nuclear power industry for 11%. Preliminary estimates suggest that the market capacity may increase to RUB 500 billion by 2030, with an average annual growth rate of 2.2%.

The main areas for developing Russia's power engineering market are linked to the commissioning of new generating capacities according to the General Scheme of Placement of Power Generation Facilities until 2020 with an Outlook until 2030 and the Roadmap of Nuclear Power Plant Construction being developed by ROSATOM.

The three largest players in Russia hold 59% of the power engineering market: these are OJSC Power Machines (27%), JSC Atomenergoprom (22%), and United Heavy Machinery Plants (10%). Russian nuclear engineering enterprises are technological leaders on the global market.

For more details, see the section 'Mechanical Engineering Division' and the 2015 annual report of JSC Atomenergomash.

LEADING COUNTRIES BY THE NUMBER OF OPERATING NPP POWER UNITS IN 2015

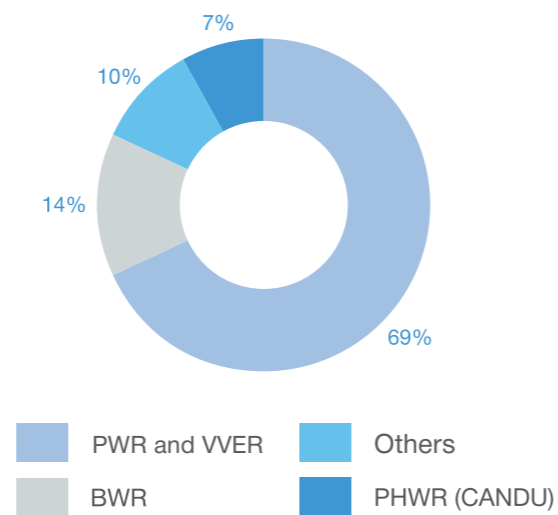


2.1.6. NPP CONSTRUCTION AND OPERATION MARKET

In 2015, the nuclear power industry accounted for 6% of the global energy supply. At year-end 2015, 438 power reactors were in operation with a total capacity of 380.8 GW (including the suspended Japanese reactors). Another 64 reactors were under construction. JSC Atomenergoprom ranked second among global generating companies in terms of installed NPP capacity (26.2 GW), surpassed only by the French EDF (74 GW).

For details, see the 2015 annual report of JSC Rosenergoatom Concern.

**OPERATING REACTORS IN THE WORLD,
% OF THE TOTAL INSTALLED CAPACITY**



Light-water reactors (PWR, VVER, BWR) are the main type of operating reactors used around the globe, and account for 83% of the global market (as a percentage of the total installed capacity). PHWR (CANDU) heavy-water reactors account for 7% of the installed capacity.

Currently, the demand for NPP construction comes primarily from Asian countries, which is due to the growing demand for electricity in this region.

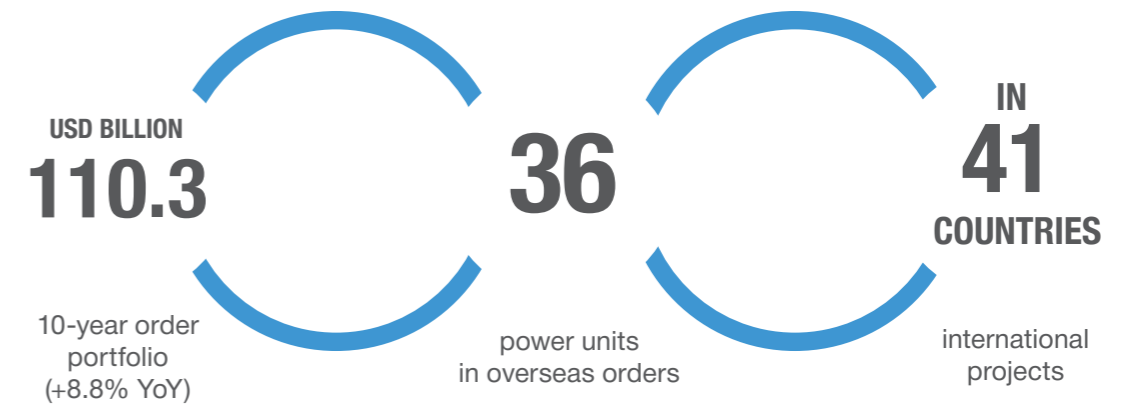
JSC Atomenergoprom is expanding its global footprint: it is currently the largest global player in terms of the number of projects in its export portfolio (*for more details, see the section 'International Business'*).

AREVA and Westinghouse/Toshiba will remain JSC Atomenergoprom's main competitors until 2030, with more intense competition coming from Chinese and South Korean companies.



2.2 INTERNATIONAL BUSINESS

KEY RESULTS IN 2015



2.2.1. GLOBAL TECHNOLOGICAL LEADERSHIP OF JSC ATOMENERGOPROM

JSC Atomenergoprom achieves technological leadership on international markets for nuclear technology and services by providing a unique integrated offer: a set of products and services from Russian nuclear power organizations

which provides full support to the national nuclear programme of the customer's country at all stages and provides the customer with access to the entire range of products and services throughout the NPP life from one supplier.

REGIONAL CENTRES OF JSC ATOMENERGOPROM

The establishment of a network of regional centres was completed in the reporting year to expand the global footprint of JSC Atomenergoprom and improve the performance of its subsidiaries on foreign markets. The centres form a foreign regional network for international sales and the promotion of products manufactured by nuclear companies. The centres are established and managed by the Private Institution Rusatom International Network.

As of December 31, 2015, the foreign regional network comprised 11 regional centres.

In 2015, 14 target seminars and 2 forums were conducted abroad for suppliers (Atomex Europe and Atomex Armenia), involving the demonstration of the entire range of JSC Atomenergoprom's products. About 2,000 foreign guests attended these events. Nuclear enterprises participated in 6 large foreign exhibitions, including the 21st International Energy and Environment Fair and Conference ICCI-2015 (Turkey), the PowerGen Africa International Exhibition and Conference (South Africa), and the 40th Annual Symposium by the World Nuclear Association (WNA Symposium 2015).

GLOBAL COMPETITIVE ADVANTAGES OF JSC ATOMENERGOPROM

- JSC Atomenergoprom is the only nuclear company in the world operating in all value chain segments ranging from natural uranium production through NPP construction and maintenance to NPP decommissioning. It simultaneously acts as both an operator and technology supplier, which gives it a unique set of competences and enables it to provide turnkey solutions;
- Control over the cost of each production stage and kWh of electricity produced by NPPs built by the Company;
- Reliable reference nuclear technologies (generation III+ reactor) proven over time and compliant with all post-Fukushima safety requirements;
- Guaranteed cooperation: fuel supply; construction of facilities to manufacture equipment for NPPs enabling localization of construction; support to national authorities in building the nuclear infrastructure and regulatory framework to ensure effective management and supervision over the use of nuclear energy; support in managing radioactive waste and spent nuclear fuel; training personnel and providing nuclear education; conducting events to promote nuclear power and building relations with stakeholders;
- Various project funding tools ranging from facilitating intergovernmental loans for building NPPs to investing in the authorized share capital of the companies responsible for the construction and future operation of NPPs;
- Economy of scale stemming from the global expansion strategy and allowing to negotiate more favourable supply terms by providing suppliers with guaranteed orders;
- Experience in cooperating/partnering with competitors;
- Guaranteed performance of all obligations;
- Unlike other countries, there was no 'nuclear pause' in Russia: new NPPs were built and R&D projects were running even during the post-Chernobyl hiatus and the collapse of the Soviet Union;
- Readiness to cooperate not only in large NPP construction, but also in the development of low-power reactors (to generate electricity and desalinate water), mobile research reactors, and in applied radiation technologies, such as nuclear medicine, agriculture, manufacturing, transportation, security, etc.

GLOBAL FOOTPRINT

JSC ATOMENERGOPROM REGIONAL CENTRES (AND THEIR AREA OF RESPONSIBILITY)



Uranium exploration and mining
Promising project/
Ongoing project



Supplies of LEU and uranium enrichment services
Promising project/
Ongoing project



Supplies of nuclear fuel and its components
Promising project/
Ongoing project



Products and services based on radiation technologies
Promising project/
Ongoing project



Nuclear fuel cycle back-end
Promising project/
Ongoing project



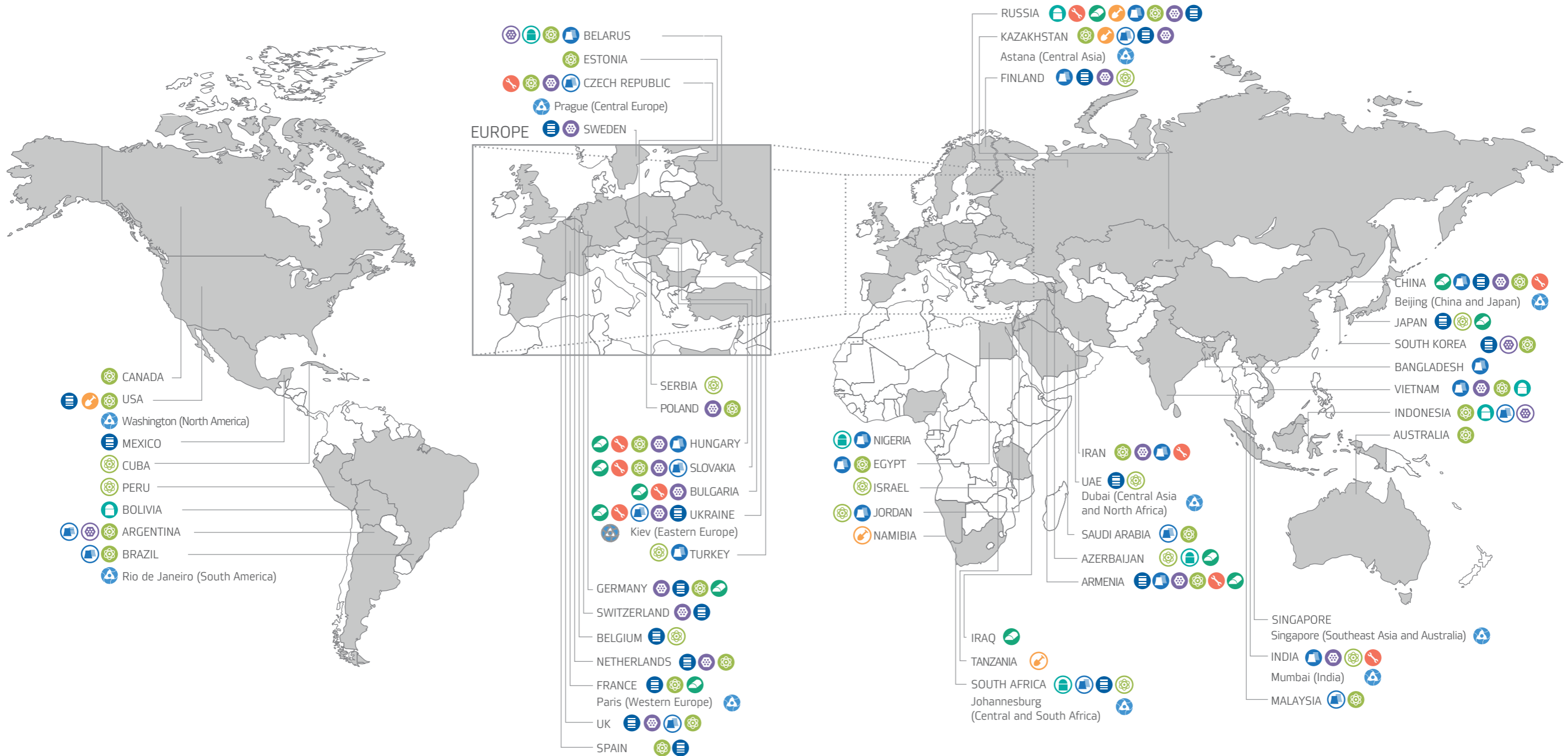
Service and modernization
Promising project/
Ongoing project



Construction of research reactors
Promising project/
Ongoing project



NPP construction
Promising project/
Ongoing project



2.2.2. PORTFOLIO OF OVERSEAS ORDERS

In 2015, despite economic challenges, JSC Atomenergoprom continued to build up its portfolio of overseas orders. At year-end, the 10-year order portfolio reached USD 110.3 billion⁸ (USD 101.4 billion in 2014), and the project portfolio included 36 NPP power units worldwide.

In the reporting year, an EPC contract for NPP construction in Bangladesh was signed.

NIAEP – ASE United Company and Vietnam Electricity Company (EVN) signed a master framework agreement on implementing the first phase of the Ninh Thuận 1 NPP construction project.

The construction of a two-unit NPP in Jordan was at the pre-investment stage. In 2015, project details were discussed in accordance with the intergovernmental cooperation agreement signed between Russia and Jordan.

Implementation was continued of the Strategic Vision for Strengthening Cooperation in Peaceful Uses of Atomic Energy between Russia and India, involving the construction and commissioning of at least 12 units over the next 20 years (in accordance with the 2008 Agreement). Unit No. 2 at Kudankulam NPP is scheduled for commissioning in 2016. A production localization programme was signed for Russian-design NPPs in India.

In 2015, JSC Atomenergoprom entered the foreign contracting segment for small- and medium-sized reactors. Indonesia's National Atomic Energy Agency (BATAN) declared the Russian-Indonesian consortium the winner of a tender for preliminary engineering design of a multipurpose experimental high-temperature gas-cooled reactor. The work was performed and accepted by the Indonesian customer.

CHANGES IN THE PORTFOLIO OF OVERSEAS ORDERS

| | 2013 | 2014 | 2015 |
|-------------------------------------------------------------------------|-------------|--------------|--------------|
| 10-YEAR PORTFOLIO OF OVERSEAS ORDERS, USD billion, including: | 72.7 | 101.4 | 110.3 |
| Construction of NPPs abroad | 34.5 | 66.0 | 75.9 |
| Uranium products | 24.2 | 21.8 | 21.1 |
| Nuclear fuel assembly and other activities | 14.0 | 13.6 | 13.3 |

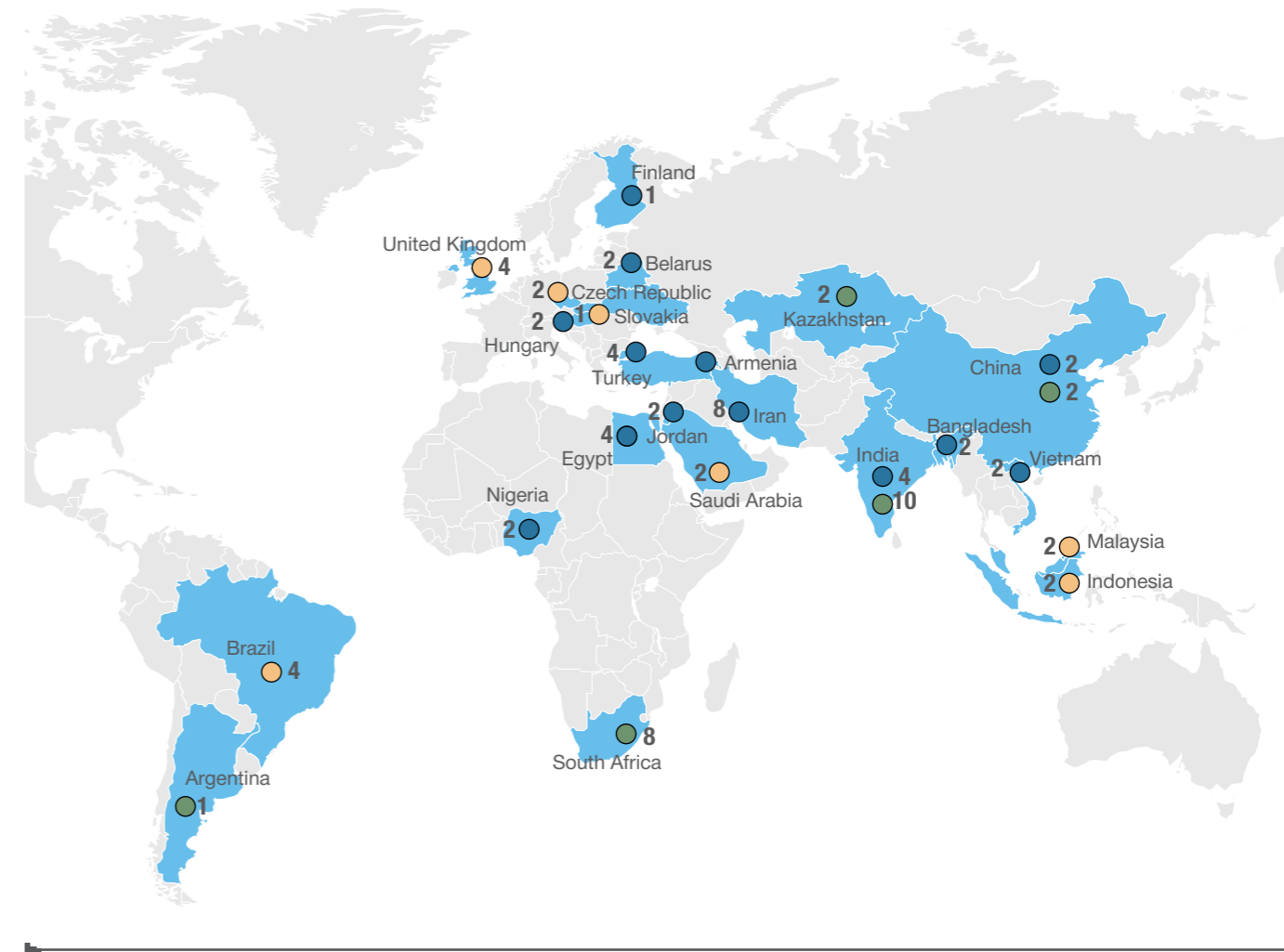
IN THE REPORTING YEAR, THE COMPANY'S INTERNATIONAL BUSINESS WAS RESTRUCTURED. IN 2015, THE DECISION WAS MADE TO RESTRUCTURE OPERATIONS OF JSC RUSATOM OVERSEAS. THUS, JSC RUSATOM OVERSEAS INC. WAS VESTED WITH THE POWERS OF AN INDUSTRY AGENT TO PROMOTE THE INTEGRATED OFFER ACROSS OVERSEAS MARKETS FOR NPP AND RESEARCH REACTOR CONSTRUCTION PROJECTS. RUSATOM ENERGY INTERNATIONAL BECAME THE DEVELOPER OF BOO PROJECTS.

⁸ Taking into account the portfolio of overseas orders of JSC Atomstroyexport, whose holding company is JSC NIAEP, an organization within JSC Atomenergoprom.

2.2.3. RESULTS IN 2015

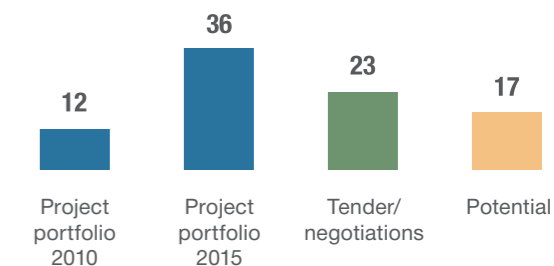
CONSTRUCTION OF NPPS ABROAD

POSITION OF JSC ATOMENERGOPROM ON THE INTERNATIONAL MARKET FOR NPP CONSTRUCTION, IN POWER UNITS



Project portfolio Power units, pcs.

- IGAs and contracts
- Negotiations on construction/ participation in the tender
- Potential projects/commencement of negotiations/tenders up till 2030



INTEGRATED SERVICING OF RUSSIAN-DESIGN NPPTS

JSC Atomenergoprom's share of the NPP service market is steadily growing. Three years ago, the Company (via its subsidiary JSC Rusatom Service) started off with five power units with VVER reactors abroad, whereas now it services 18 out of 37 Russian-design units currently in operation.

In 2015:

- A contract was signed for extending the life of power unit No. 2 of the Armenian NPP;
- A contract was signed for the supply and upgrade of generator equipment at power unit No. 5 of Kozloduy NPP, Bulgaria; the upgraded generator stator on power unit No. 6 was finally assembled and put into operation;
- The first major contract was signed to supply distributors for the main circulation pump of Paks NPP, Hungary.

URANIUM MINING ABROAD

Uranium mining companies managed by ROSATOM's subsidiary Uranium One implemented in full the annual production programme for the portfolio of overseas mining projects and maintained their leading positions in terms of production costs on the global market for natural uranium.

4,794 tonnes of natural uranium were produced by foreign enterprises.

The estimated mineral resource base of the Uranium One enterprises under international reporting standards totals 213,100 tonnes of natural uranium¹¹. At year end, the cash cost of sale of a pound of produced triuranium octoxide was below USD 12, which was the best result among the top five global manufacturers of natural uranium.

URANIUM MINING BY URANIUM ONE ENTERPRISES⁹

| COUNTRY | 2013 | 2014 | 2015 |
|----------------------------|-------|-------|-------|
| Uranium mining, including: | 5,086 | 4,857 | 4,794 |
| Kazakhstan | 4,629 | 4,640 | 4,749 |
| US | 362 | 217 | 45 |
| Australia ¹⁰ | 95 | 0 | - |

⁹ Production of natural uranium in the US and Australia dropped in 2014 and 2015 compared to 2013 due to a change in global market conditions and reduced prices for natural uranium.

¹⁰ The Honey Moon asset was sold in November 2015.

¹¹ The mineral resource base includes the 100% share in Mantra Resources Pty Limited.

EXPORT OF URANIUM PRODUCTS AND NATURAL URANIUM ENRICHMENT SERVICES

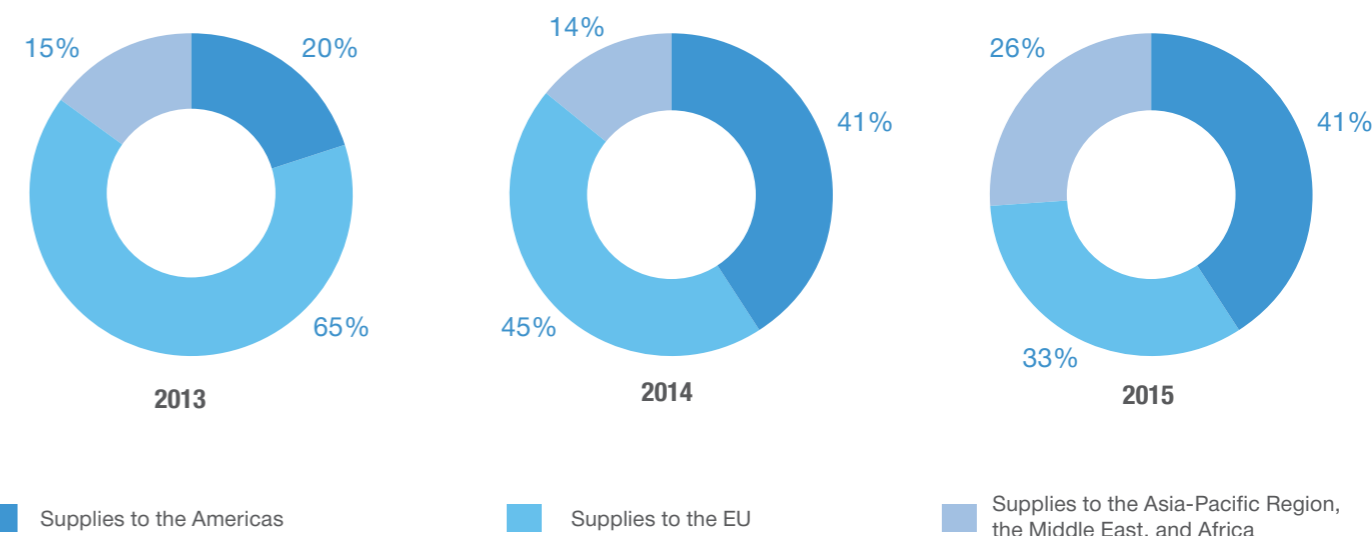
In 2015, JSC Atomenergoprom continued to actively expand its footprint on the uranium product market. JSC TENEX, a subsidiary of Atomenergoprom, concluded 15 agreements to supply uranium products and made shipments to 30 foreign customers in 15 countries in the Americas, Europe, the Asia-Pacific Region, the Middle East, and Africa.

Six out of 68 shipments of uranium products were made through the terminal of Vostochnaya Stevedoring Company LLC in the port of Vostochny,

Primorsky Territory, Russia, to the Republic of Korea and Japan. Having established a regular traffic flow through the Far Eastern transport corridor, JSC TENEX continues to improve the supply logistics within the region.

JSC Atomenergoprom supplies a significant portion of uranium enrichment services to satisfy the needs of foreign-design reactors. Sales of uranium products by JSC TENEX totalled USD 2.7 billion in the reporting year.

URANIUM PRODUCT EXPORT STRUCTURE BY REGION, %



EXPORT OF NUCLEAR FUEL

In 2015, export revenue of JSC Atomenergoprom's Fuel Division totalled USD 1.608 billion. A contract was signed to supply nuclear fuel to Paks NPP, Hungary, and another contract was signed to supply fuel pellets to Tarapur NPP, India.

The Company also signed a contract for fuel supply for the Maria research reactor in Poland: JSC Atomenergoprom won a fair competition and returned to that market after a long break. Moreover, PJSC Novosibirsk Chemical Concentrates Plant (an organization forming part of the Fuel Division) was selected as the supplier of fuel assemblies for a high-flux research reactor in the Netherlands.

JSC TVEL, a holding company of the Fuel Division, and Argentinian companies Comision Nacional De Energia Atomica and Invap S.E. signed memoranda of understanding providing for the supply of low-enriched nuclear fuel and its components to meet the needs of Argentina's research and power reactors, the supply of zirconium components of the NFC, as well as joint research and development initiatives.

For more details, see the section 'Fuel Division'.

2.3

INTERNATIONAL COOPERATION

COOPERATION WITH KEY PARTNERS IN STRENGTHENING THE INTERNATIONAL LEGAL FRAMEWORK





| | | |
|------------------------------------|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ARAB REPUBLIC OF EGYPT |  | An IGA on cooperation in NPP construction and operation was signed. The agreement provides for cooperation in the construction and operation in the Arab Republic of Egypt of an NPP comprising four VVER power units with a capacity of 1.2 GW each. |
| HASHEMITE KINGDOM OF JORDAN |  | An IGA on cooperation in NPP construction and operation was signed. Under the agreement, two NPP power units with VVER-1000 reactors will be constructed under the BOO (build-own-operate) model. A project company will be established to become the NPP owner and operator. JSC Atomstroyexport, which won the related tender in 2013, will be the general contractor. |
| KINGDOM OF SAUDI ARABIA |  | A framework IGA was signed on cooperation in the peaceful use of atomic energy. The agreement will make it possible to promote Russian nuclear technology across the Middle East markets. |
| REPUBLIC OF GHANA |  | A framework IGA was signed on cooperation in the peaceful use of atomic energy. The IGA outlines areas of possible cooperation between the two countries. |
| REPUBLIC OF ARMENIA |  | An IGA was signed on early notification of a nuclear accident and exchange of information on nuclear and radiation safety. The document complies with the recommendations of the IAEA contained in the Convention on Early Notification of a Nuclear Accident and contributes to the safety of the nuclear power industry. |
| FRENCH REPUBLIC |  | An IGA was signed on cooperation in operating research reactors. The document paves the way for further development of a long-term cooperation between the two countries in this field, including high-tech areas. |
| HUNGARY |  | An interdepartmental memorandum was signed on personnel training in the nuclear power industry and related industries. The document sets out a framework for cooperation on personnel training for the nuclear power industry of Hungary. |
| KINGDOM OF NORWAY |  | An interdepartmental protocol was signed to fulfil obligations under the IGAs on early notification of a nuclear accident and the exchange of information on nuclear facilities dated January 10, 1993. The document sets out details of the arrangements set forth in the IGA concerning procedures for notification and exchange of information on nuclear facilities of the parties. |
| REPUBLIC OF INDIA |  | An Action Programme was signed between ROSATOM and the Department of Atomic Energy, Government of India, on the production localization for Russian-design NPPs in India. The document is intended to supplement the Strategic Vision for Strengthening Cooperation in Peaceful Uses of Atomic Energy between Russia and India signed in December 2014, and provides for a gradual increase in Indian production of NPP equipment and components as new power units with Russian-design reactors are constructed in India. |
| ARGENTINE REPUBLIC |  | An interdepartmental memorandum was signed on the construction of a Russian-design NPP. The memorandum reflects an understanding on key elements for the next stage of cooperation: preparation of an IGA on NPP construction. |

KEY RESULTS IN 2015

8 INTER-GOVERNMENTAL AGREEMENTS AND 16 INTERDEPARTMENTAL ARRANGEMENTS WERE SIGNED

A LEGAL FRAMEWORK WAS FORMED AT THE INTERGOVERNMENTAL LEVEL FOR THE CONSTRUCTION OF RUSSIAN-DESIGN NPPS IN JORDAN AND EGYPT

A CONTRACTUAL FRAMEWORK WAS BUILT TO START PROCUREMENT OF EQUIPMENT FOR POWER UNITS NO. 3 AND NO. 4 IN KUDANKULAM NPP IN INDIA, AND ON-SITE WORKS AT THE NPP

| | | |
|-----------------------------------------|---------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PLURINATIONAL STATE OF BOLIVIA |  | |
| KINGDOM OF CAMBODIA |  | Interdepartmental memoranda were signed on cooperation in peaceful uses of atomic energy. |
| REPUBLIC OF THE UNION OF MYANMAR |  | These documents are intended to become a starting point for a bilateral dialogue on cooperation in the nuclear field. The signing of framework intergovernmental agreements will be the next step stipulated by the memoranda. |
| REPUBLIC OF TUNISIA |  | |

On a global scale, JSC Atomenergoprom aims to set favourable international legal and political conditions to promote Russian technologies across the global nuclear market, strengthen the nuclear safety and non-proliferation regimes, and actively cooperate with international organizations and forums.

2.3.1. STRENGTHENING THE INTERNATIONAL LEGAL FRAMEWORK FOR COOPERATION

In 2015, expansion of the international legal framework continued in order to promote Russian nuclear technologies in the world. Eight inter-governmental agreements (IGAs) and 16 interdepartmental arrangements were signed (11 and 18 in 2014, 11 and 7 in 2013 respectively).

2.3.2. OBJECTIVES FOR 2016 AND FOR THE MEDIUM TERM

In 2016, the Company will continue its efforts to develop the international legal framework, including the signing of new IGAs to construct Russian-design NPPs and implement other large-scale projects

in cooperation with partner countries. Moreover, general agreements will be prepared paving the way to practical cooperation in the future.

Major international projects carried out by JSC Atomenergoprom's divisions in the NFC, including uranium mining, will receive political and legal support.

Internationally, ROSATOM's medium-term objectives are as follows:

- To promote ROSATOM's integrated offer of services related to NPP construction and servicing across foreign countries (see also the section 'International Business');
- To expand the international legal framework for cooperation;
- To fulfil Russia's international obligations;
- To strengthen the nuclear non-proliferation and nuclear safety regimes.

2.4

INNOVATIVE DEVELOPMENT

2.4.1. IMPLEMENTATION OF THE INNOVATIVE DEVELOPMENT PROGRAMME

The Innovative Development Programme that is currently underway in the Russian nuclear industry is aimed at achieving strategic goals, and helps improve performance of all enterprises in the industry, which directly impacts on both operating performance and salary levels.

In 2015, over 50 projects were implemented as part of the Programme with the following aims:

- To make Russia's nuclear power sector competitive in the short and medium term (projects to upgrade existing technologies);
- To ensure long-term competitiveness (projects to develop new technologies for energy markets);
- To strengthen the position and expand the footprint of Russian nuclear enterprises or help them enter global non-energy markets (projects to upgrade existing technologies and develop new technologies for non-energy markets).

Targets set for 2015 for all technology projects were met.

In 2015, the system for innovation and innovative infrastructure management was expanded with a number of institutional, organizational and managerial innovations:

- Transition to a new system for documenting responsibility for target achievement was completed; the innovation target for 2015 and subsequent years was documented for all executives;
- A project-based management approach was adopted;
- The introduction of monitoring of design and manufacture of innovative products and innovative technical solutions based on the concept of the Technology Readiness Level (TRL) was started;
- A knowledge management system was implemented; tools were developed for acquiring, storing and spreading knowledge, including both formalized knowledge (via databases, information repositories, etc.) and unformalized knowledge (via expert institutes, expert directories, mentorship systems, professional network communities, etc.);
- An intellectual property management system was implemented in all organizations in the industry to facilitate the creation and identification of potentially protectable R&D results;

KEY RESULTS IN 2015

OVER 50 PROJECTS WERE IMPLEMENTED AS PART OF THE INNOVATIVE DEVELOPMENT AND TECHNOLOGICAL MODERNIZATION PROGRAMME

CONSTRUCTION OF THE WORLD'S MOST POWERFUL MULTIPURPOSE FAST NEUTRON RESEARCH REACTOR (MBIR) STARTED IN DIMITROVGRAD, RUSSIA

PILOT PRODUCTION OF MICROSOURCES FOR BRACHYTHERAPY TO TREAT CANCER WAS LAUNCHED

- Over 50 Russian universities, including 14 specialized universities, were engaged to train specialists in areas relevant to the industry and cooperated in scientific research; apart from training highly qualified employees, specialized universities take part in research projects commissioned by organizations in the industry;
- An agreement was concluded with JSC Federal Corporation for Small and Medium-Sized Business Development; its primary aim is to boost purchases of innovative and high-tech products.

The main objective for 2016 is to launch a new version of the Innovative Development and Technological Modernization Programme until 2030, which is aimed at helping the Company achieve its strategic goal of becoming a global leader in the nuclear industry in terms of growth rates and performance.

2.4.2. DEVELOPMENT OF A MULTIPURPOSE FAST NEUTRON RESEARCH REACTOR (MBIR)

2015 saw the start of construction of a Multipurpose Fast Neutron Research Reactor (MBIR) at JSC SSC RIAR in Dimitrovgrad, Russia; the reactor will be used for projects required to develop the global nuclear power industry in the future. The Company also intends to use MBIR to establish an International Research Centre to study new types of nuclear fuel, structural materials and coolants.

IN 2015, POWER UNIT NO. 4 OF BELOYARSK NPP EQUIPPED WITH A BN-800 REACTOR WAS CONNECTED TO THE GRID. BN-800 IS THE WORLD'S MOST POWERFUL FAST NEUTRON REACTOR RUNNING ON MOX FUEL (A MIXTURE OF OXIDES OF PLUTONIUM AND URANIUM). IN 2015, ROSATOM STARTED INDUSTRIAL PRODUCTION OF MOX FUEL FOR POWER UNIT NO. 4 OF BELOYARSK NPP.

THE POWER START-UP OF BN-800 HAS HELPED STRENGTHEN THE LEADING POSITION OF RUSSIA AND JSC ATOMENERGOPROM IN THE FIELD OF CLOSED FUEL CYCLE TECHNOLOGIES AND PROVIDES AN INSIGHT INTO THE ECONOMIC EFFICIENCY OF FAST NEUTRON REACTORS, WITH A VIEW TO POTENTIALLY BEGINNING THEIR LARGE-SCALE COMMERCIAL CONSTRUCTION IN THE FUTURE.

2.4.3. PRORYV (BREAKTHROUGH) PROJECT AIMED AT CLOSING THE NUCLEAR FUEL CYCLE (NFC)

The Proryv (Breakthrough) Project is aimed primarily at the qualitative transformation of the nuclear industry. The project comprises a number of initiatives which demonstrate the possibility of closing the NFC using fast neutron reactors and are aimed

at developing the relevant technologies. A closed NFC will significantly improve the efficiency of fuel usage and will help solve the issue of nuclear waste and secure a reliable long-term source of clean energy.

DEVELOPMENT OF INTEGRATING DESIGNS OF PILOT AND DEMONSTRATION ENERGY FACILITIES AND INDUSTRIAL ENERGY FACILITIES USING FAST NEUTRON REACTORS WITH A CLOSED NFC AND CONFORMING TO THE PRINCIPLES OF NATURAL SAFETY AND COMPETITIVENESS

In 2015, power units with fast neutron reactors proved to be competitive with other electricity generation sources, both in Russia and abroad.

In 2016, the Company intends to complete the design of an industrial power unit with a sodium-cooled fast reactor.

DEVELOPMENT AND CONSTRUCTION OF A PILOT AND DEMONSTRATION POWER UNIT WITH A LEAD-COOLED FAST REACTOR

In 2015, a positive opinion was obtained from the Main State Expert Review Board (Glavgosexpertiza), allowing the Company to start construction of the power unit. In addition, a series of R&D activities were conducted to substantiate the operability and safety of the reactor unit equipment.

In 2016, the Company intends to test mock-ups of equipment on test benches and adjust engineering designs of the reactor unit in line with the R&D results.

DESIGNING AN INDUSTRIAL POWER UNIT WITH A SODIUM-COOLED FAST REACTOR

In 2015, adjustments were made to engineering designs of the reactor unit and designs of the power

unit based on R&D findings in 2015. The work will be completed in 2016.

2.4.4. START OF PILOT PRODUCTION OF MICROSOURCES FOR BRACHYTHERAPY

2015 saw the start of pilot production of microspheres for brachytherapy aimed at treating cancer. The Company built a manufacturing site to produce microspheres using the iodine-125 isotope and other next-generation sources for brachytherapy. The project is aimed at introducing competitive domestically produced microspheres using the iodine-125 isotope into Russian health care institutions, to subsequently replace imported sources and foster the use of brachytherapy

in treating prostate cancer. In the reporting year, the first clinical trials were conducted, and 36 successful surgical operations were performed. The introduction of Russian sources significantly reduced the cost of surgical operations, as these sources are almost five times cheaper than imported analogues; moreover, they have a considerable export potential. Commercial sales are scheduled to commence in 2016.

2.4.5. MANUFACTURE OF HIGH-TEMPERATURE SUPERCONDUCTORS

2015 saw the completion of the Superconductor Industry initiative, which forms part of the Innovative Energy Project run by the Presidential Council for Economic Modernization and Innovative Development. The prime objective of this project is to build innovative technical facilities to improve the energy efficiency of the country's economy. To do so, pilot samples of a wide range of electrical equipment were designed using cutting-edge technologies and unique materials: high-temperature superconductors (HTSCs).

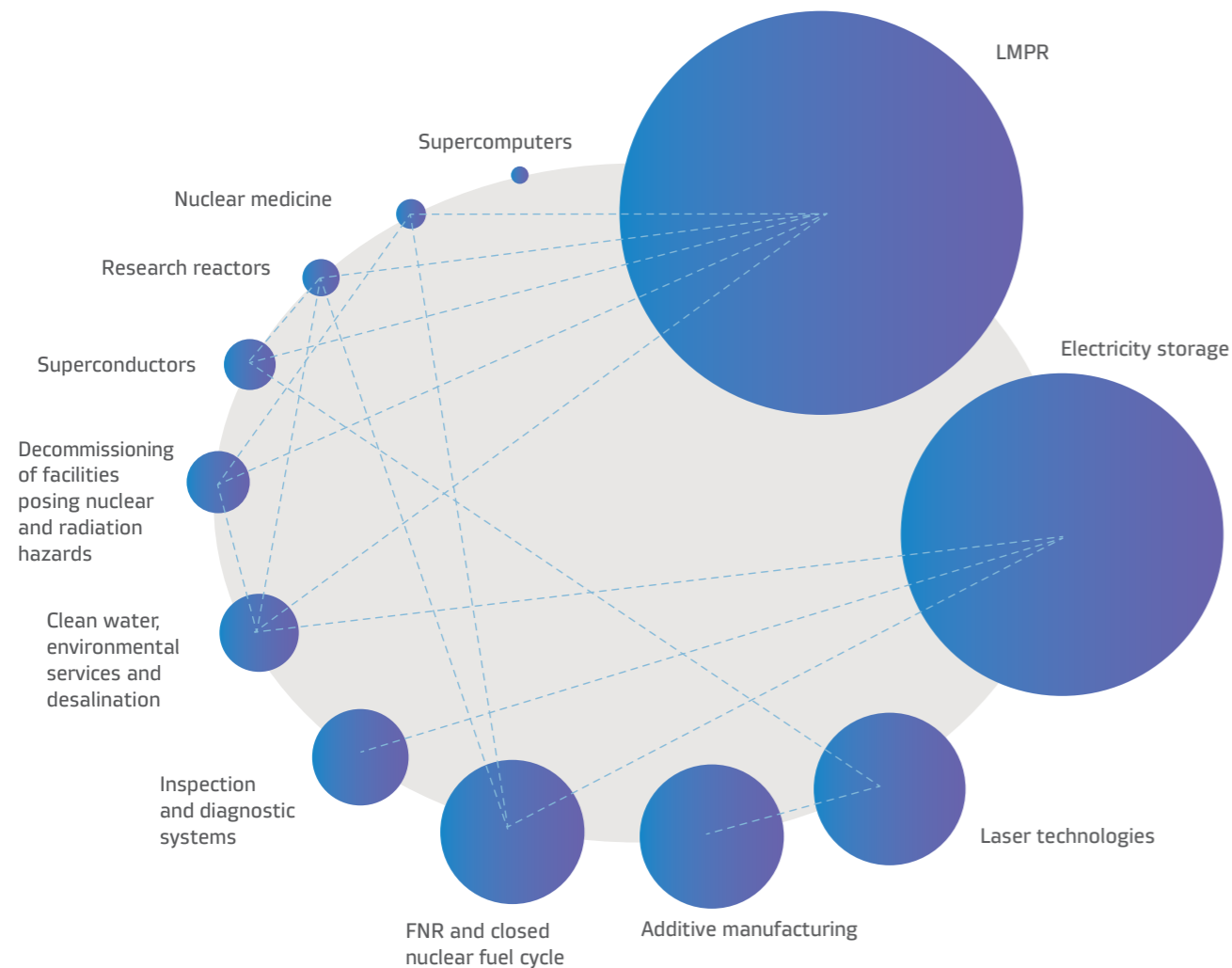
HTSC tapes make it possible to develop electrical devices that are much more efficient (without any power losses in the course of operation) and compact. The project was implemented quickly and with limited funding and helped to bridge the 20-year gap between Russian and foreign HTSC developments. For the first time in Russia, a set of pilot technical equipment was developed to produce HTSC tapes with a unit length of up to 1,000 metres, which is the basic material for manufacturing HTSC-based electrical equipment. In the reporting year, the first kilometre of the tape was produced.



2.5 DIVERSIFICATION OF BUSINESS

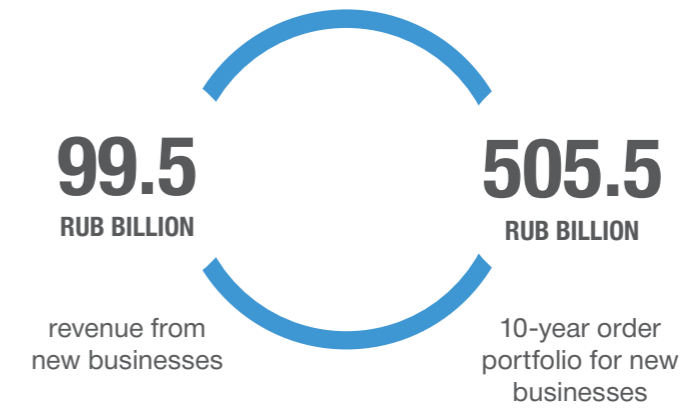
2.5.1. NEW BUSINESSES OF JSC ATOMENERGOPROM

NEW PRODUCTS FOR THE RUSSIAN AND INTERNATIONAL MARKET¹²



¹² The circle size illustrates the potential market size; dashed lines represent connections between technologies.

KEY RESULTS IN 2015



In the context of economic stability, JSC Atomenergoprom's presence in different market segments with different products allows it to adapt quickly to internal and external changes and to develop further. Moreover, the development of new businesses makes it possible to ensure production capacity utilization, employ highly qualified specialists, and increase labour productivity and return on assets.

Business diversification includes business expansion based on the Company's intellectual and production capabilities, import substitution and innovations enabling a qualitative increase of business and process efficiency.

The Company seeks not only to diversify its products but also to diversify into other market segments. Currently, the government is the Company's main customer, and in order to diversify risks connected with the political climate JSC Atomenergoprom seeks to build relationships and look for new consumers among private companies and individuals. By 2030 it plans to reduce the share of revenue generated by new businesses in the B2G segment and at the same time increase the share of revenue from the B2B and B2C segments.

In particular, in nuclear medicine we plan to develop methods for the diagnosis and treatment of cancer, heart diseases and neurological disorders using radiopharmaceuticals and to start production of such radiopharmaceuticals. The ultimate consumers are patients who seek diagnostic and therapy services (PET, SPECT diagnostics, radionuclide therapy, contact radiation therapy, ion/proton therapy) in health care centres. The same model will be used when selling radiopharmaceuticals to corporate entities in the B2B segment.

LLC UIC is a centre for JSC Atomenergoprom's business projects in nuclear medicine and radiation technology; its task in the industry value chain is to commercialize promising research and technological developments of ROSATOM's enterprises. The projects of LLC UIC in nuclear medicine and industrial irradiation and sterilization of materials are in different implementation phases, including the operating phase.

BY

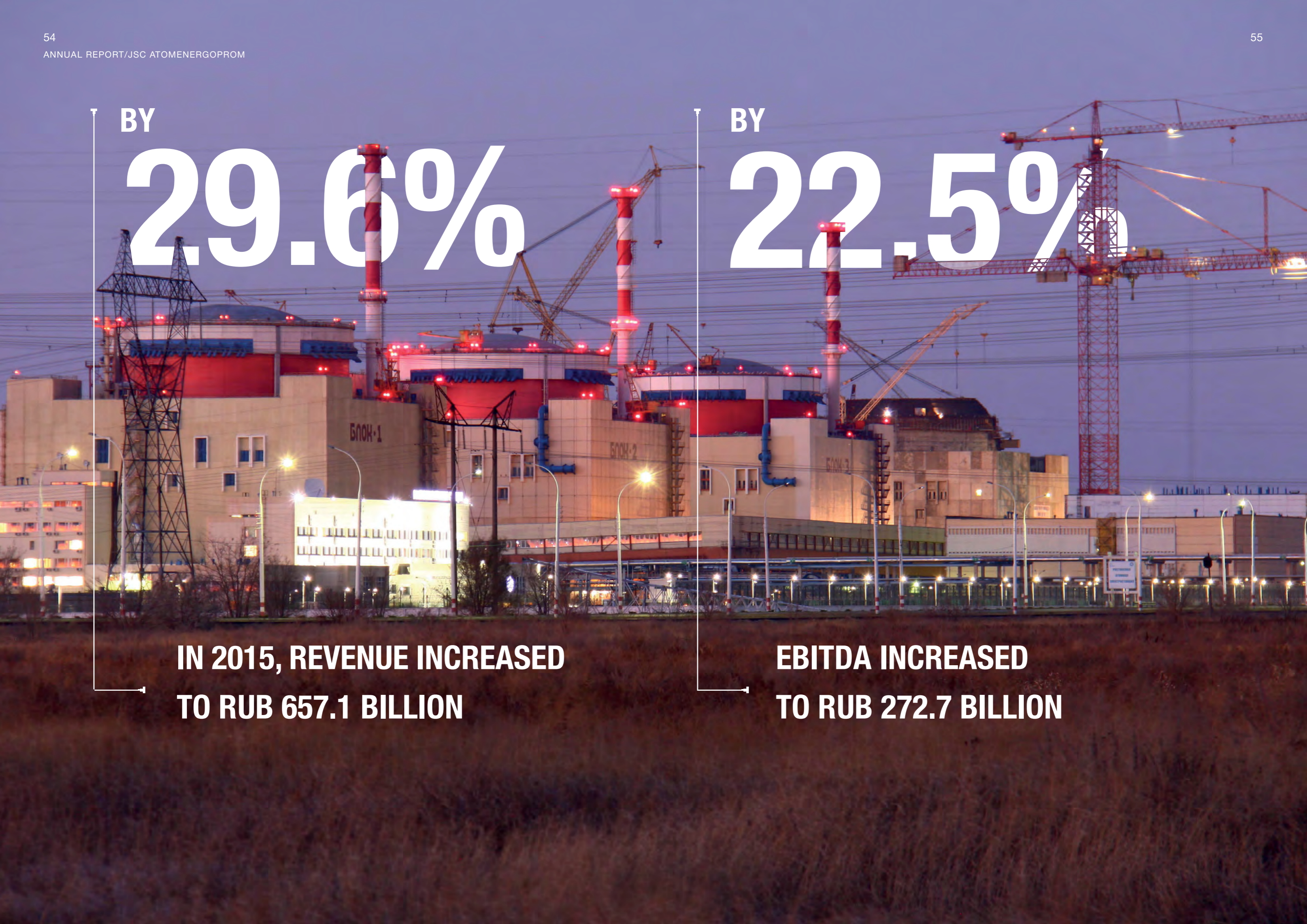
29.6%

**IN 2015, REVENUE INCREASED
TO RUB 657.1 BILLION**

BY

22.5%

**EBITDA INCREASED
TO RUB 272.7 BILLION**



2015

BUSINESS PERFORMANCE OF JSC ATOMENERGOPROM



KEY RESULTS

| | |
|--------------------------------------|----|
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3.1

FINANCIAL AND ECONOMIC RESULTS¹³

3.1.1. KEY FINANCIAL RESULTS

FINANCIAL RESULTS OF JSC ATOMENERGOPROM UNDER IFRS FOR 2013-2015, RUB BILLION

| | 2013 | 2014 | 2015 | 2015/2014, % |
|---------------------------------------------------------------------------|---------|---------|---------|--------------|
| Revenue | 436.1 | 507.0 | 657.1 | 129.6 |
| Cost of sales | (278.5) | (290.4) | (386.9) | 133.2 |
| Gross profit | 157.6 | 216.6 | 270.2 | 124.7 |
| Selling and administrative expenditures | (75.9) | (71.4) | (82.2) | 115.1 |
| Other net income and expenses | (20.9) | (22.0) | (26.5) | 120.5 |
| Financial net income and expenses | (9.7) | (45.1) | 18.3 | (40.6) |
| Share in the net profit (loss) of companies recorded by the equity method | (1.9) | 0.7 | 8.6 | 1,228.6 |
| Income tax expense | (18.0) | (20.7) | (44.6) | 215.5 |
| (Loss)/profit from discontinued operations (after income tax) | (6.6) | - | - | - |
| Profit for the year | 24.6 | 58.1 | 143.8 | 247.5 |
| Other comprehensive income | 7.1 | 48.5 | 4.9 | 10.1 |
| Total comprehensive income for the year | 31.7 | 106.6 | 148.7 | 139.5 |
| Net operating profit after taxes (NOPAT) | 42.8 | 102.5 | 116.9 | 114.0 |

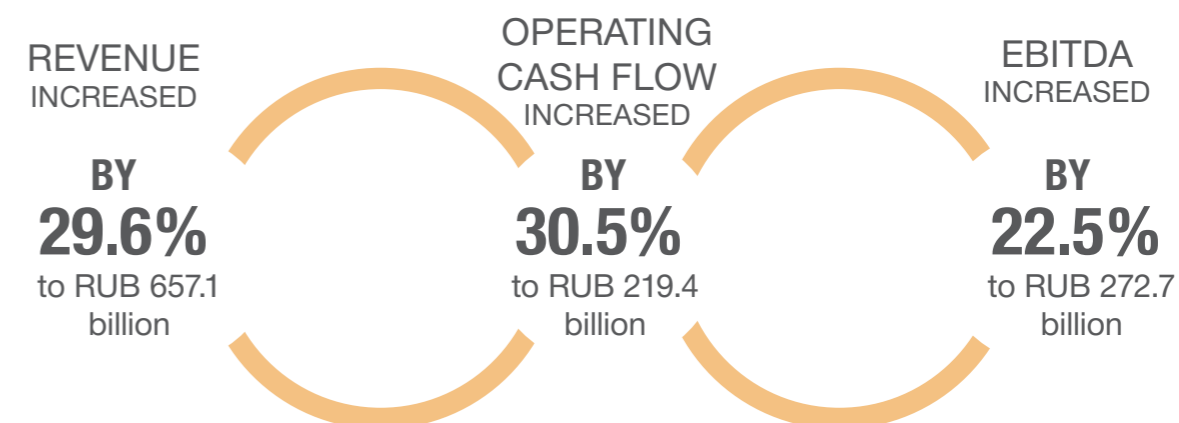
2015 revenue growth at JSC Atomenergoprom (by 29.6% or RUB 150.1 billion YoY) was driven mainly by the following factors:

- An increase in export revenue (sale of uranium products by the Sales and Trading segment and sale of nuclear fuel by the Fuel Division) and its rouble equivalent (due to currency fluctuations);

- An 8.1% increase in electricity production (by 14.7 billion kWh YoY) due to additional output at two operating NPP power units, faster repairs of NPP power units, commissioning of power unit No. 3 of Rostov NPP. The growth was, however, offset by negative factors, such as a reduced price following a competitive capacity auction on the wholesale electricity market.

¹³ 2014 data was recalculated due to an increase of the share in the authorized share capital of Uranium One Holding N.V. to 100% in December 2015, and, consequently, control over Uranium One Inc was acquired. In accordance with IFRS, comparative data of the P&L statement and the report on other comprehensive income for 2014 was retrospectively adjusted.

KEY RESULTS IN 2015



STRUCTURE OF SALES REVENUE FROM EXTERNAL CUSTOMERS BY OPERATING SEGMENT

| OPERATING SEGMENT | 2014 | | 2015 | |
|--------------------------|--------------|----------------|--------------|----------------|
| | RUB billion | % of the total | RUB billion | % of the total |
| Electricity | 255.0 | 50.3 | 271.6 | 41.3 |
| Sales and trading | 98.0 | 19.3 | 169.3 | 25.8 |
| Fuel | 73.2 | 14.4 | 106.8 | 16.3 |
| Mechanical Engineering | 28.4 | 5.6 | 40.6 | 6.2 |
| Uranium One Holding | 8.3 | 1.6 | 13.5 | 2.1 |
| Mining | 4.5 | 0.9 | 4.0 | 0.6 |
| Other operating segments | 39.6 | 7.9 | 51.3 | 7.7 |
| TOTAL | 507.0 | 100.0 | 657.1 | 100.0 |

In 2015, the total comprehensive income of JSC Atomenergoprom was RUB 148.7 billion, up by RUB 42.1 billion YoY (RUB 106.6 billion in 2014).

Total comprehensive income increased mostly due to the following:

- An increase in gross profit by RUB 53.6 billion due to the exchange rate increase and substantial growth of foreign currency revenues. The biggest contributors to the increase in gross profit were Sales and Trading and Fuel;
- A positive effect totalling RUB 33.0 billion due to a loss from the impairment of non-current assets and goodwill totalling RUB 33.6 billion that was recognized in 2014, while in 2015 the net loss on asset impairment decreased to RUB 0.6 billion;

- The growth was offset by an increase in pension benefit obligations and reserves (decommissioning of property, plant and equipment; radioactive waste management; spent and irradiated nuclear fuel management) by RUB 40.1 billion. The obligations increased mainly due to a year-on-year decrease in the discount rate as of December 31, 2015, as well as the revaluation of liabilities related to the decommissioning of property, plant and equipment.

3.1.2. COST STRUCTURE

COST STRUCTURE OF JSC ATOMENERGOPROM UNDER IFRS FOR 2013-2015, RUB BILLION

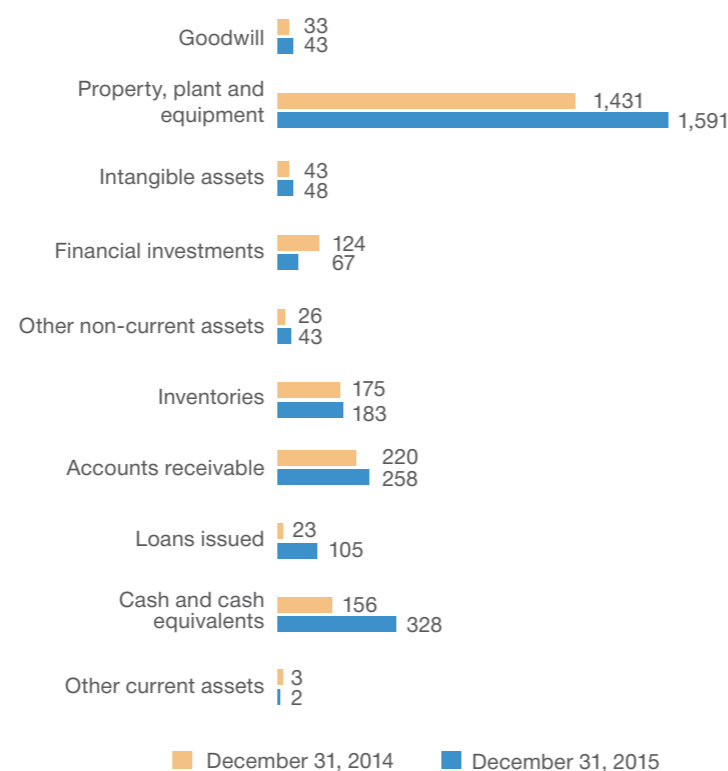
| COST OF SALES | 2013 | 2014 | 2015 | 2015/2014, % |
|------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| Raw and other materials and fuel | 68.9 | 66.1 | 140.5 | 212.6 |
| Staff costs | 74.5 | 84.4 | 96.4 | 114.2 |
| Costs of electricity purchased for resale and for own needs | 23.2 | 24.3 | 24.8 | 102.1 |
| Depreciation and amortization | 64.8 | 69.0 | 70.8 | 102.6 |
| Production and services by third-party contractors | 14.4 | 7.3 | 12.5 | 171.2 |
| Property tax and other budgetary payments | 12.3 | 12.1 | 13.3 | 109.9 |
| Other expenses | 38.0 | 32.9 | 38.3 | 116.2 |
| Changes in inventories of finished products and work in progress | (17.6) | (5.7) | (9.7) | 170.2 |
| TOTAL | 278.5 | 290.4 | 386.9 | 133.2 |

The costs increased (by 33.2% or RUB 96.5 billion YoY) due to the following:

- An increase in expenditures on raw and other materials and fuel (by 112.6% or RUB 74.4 billion) mostly due to foreign currency rate fluctuations, an increase in purchases of raw materials and fuel, and inflation of expenses on operating NPP power units and on those being commissioned;
- An increase in staff costs (by 14.2% or RUB 12.0 billion), which was primarily due to salary indexation. However, the salary growth rate is in line with the increase of labour productivity in the nuclear industry.

3.1.3. BALANCE SHEET STRUCTURE

KEY CHANGES IN THE ASSET STRUCTURE, RUB BILLION



The goodwill of Uranium One Inc. increased by RUB 10 billion due to USD appreciation in 2015.

The write-up of property, plant and equipment by RUB 160 billion was primarily due to the investment programme of NPP construction in Russia.

Financial investment decreased by RUB 57 billion primarily due to the repayment and sale of promissory notes in 2015 (RUB 36 billion), as well as due to the difference in the opening and closing exchange rates for equity-accounted investments in foreign currency.

Other non-current assets increased by RUB 17 billion due to an increase in long-term VAT recoverable (by RUB 9 billion), as well as recognition of expenses on connecting power unit No. 3 of Rostov NPP to the grid (RUB 8 billion) in 2015.

Inventories increased by RUB 8 billion primarily due to an increase in the balance of uranium products in the Sales and Trading segment.

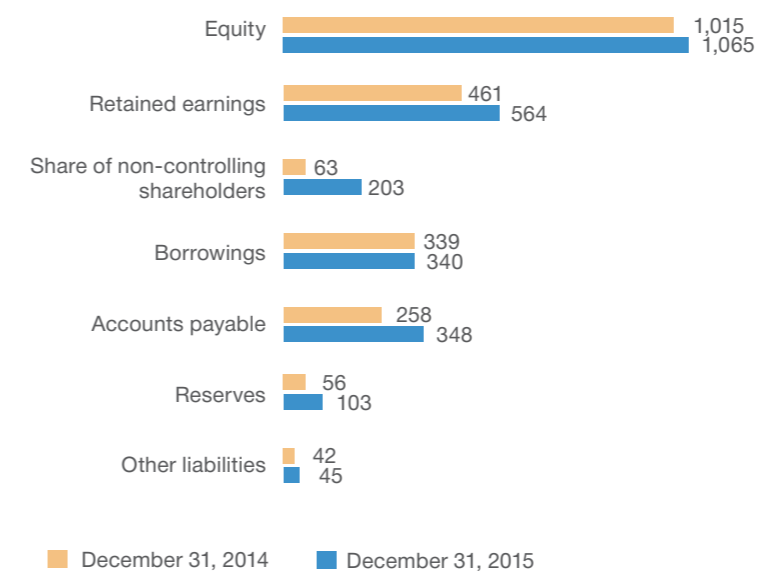
Accounts receivable increased by RUB 38 billion. The most significant changes were related to foreign currency accounts receivable under commission agreements in the Sales and Trading segment, as new supply agreements were concluded in 2015 for enriched uranium products (RUB 13 billion), as well as to debt under commission agreements arising from services related to long-lead equipment purchases (RUB 10 billion).

Loans increased by RUB 82 billion, primarily because a loan was granted to Fennovoima Oy, a jointly controlled entity, for construction of Hanhikivi 1 NPP in Finland.

Cash and cash equivalents increased by RUB 172 billion, primarily due to an increase in short-term deposit balances (less than three months) (by RUB 65 billion) and bank balances (by RUB 107 billion), including foreign currency accounts.

No significant changes in the lines Intangible Assets and Other Current Assets occurred in 2015.

KEY STRUCTURAL CHANGES IN EQUITY AND LIABILITIES, RUB BILLION



KEY STRUCTURAL CHANGES IN EQUITY AND LIABILITIES

Equity increased by RUB 50 billion, primarily due to an additional issue of JSC Atomenergoprom's shares paid for by the Russian Ministry of Finance and ROSATOM (worth RUB 58 billion). The increase was offset by a reduction in foreign currency reserves when translated into roubles (for foreign companies) by RUB 8 billion.

The share of non-controlling shareholders increased by RUB 140 billion, mainly due to additional issues of JSC Atomenergoprom's shares in favour of the Russian Federation represented by ROSATOM and in favour of ROSATOM.

Borrowings increased insignificantly due to the revaluation of foreign currency liabilities. Otherwise, borrowings would have decreased by RUB 23.6 billion.

Accounts payable increased by RUB 90 billion, primarily due to advance payments received for the construction of Hanhikivi 1 NPP and an increase in accounts payable for the supply of equipment for NPPs.

Reserves increased by RUB 47 billion, primarily due to a year-on-year reduction of the discount rate as of December 31, 2015, as well as the revaluation of liabilities related to the decommissioning of property, plant and equipment.

No significant changes occurred to other liabilities in 2015 compared to 2014.

The quick liquidity ratio increased by 15% YoY, primarily due to an increase in cash balance as of December 31, 2015.

Profitability ratios increased significantly in 2015, primarily due to a year-on-year increase in profits in the reporting period by a factor of 2.5.

3.1.5. KEY FINANCIAL AND ECONOMIC INDICATORS

| FINANCIAL SUSTAINABILITY | 2014 | 2015 |
|---------------------------------|-------------|-------------|
| Debt/equity ratio | 0.38 | 0.39 |

| LIQUIDITY RATIOS | 2014 | 2015 |
|-------------------------|-------------|-------------|
| Quick ratio | 1.36 | 1.56 |
| Current ratio | 2.09 | 2.06 |

| TURNOVER INDICATORS, DAYS | 2014 | 2015 |
|----------------------------------|-------------|-------------|
| Inventory turnover | 121 | 99 |
| Accounts receivable turnover | 54 | 53 |
| Accounts payable turnover | 73 | 60 |

| PROFITABILITY RATIOS, % | 2014 | 2015 |
|--------------------------------|-------------|-------------|
| Return on sales (ROS) | 11.5 | 21.9 |
| Return on assets (ROA) | 2.6 | 5.4 |
| Return on equity (ROE) | 3.8 | 7.9 |

3.1.6. CASH FLOW

| | 2013 | 2014 | 2015 | 2015/2014,% |
|-----------------------------------------------------------------------|----------------|----------------|----------------|--------------------|
| Cash flow from operating activities before changes in working capital | 145.0 | 202.6 | 267.9 | 132.2 |
| Changes in working capital | 32.3 | 5.0 | 29.3 | 586.0 |
| Income tax paid | (20.4) | (21.4) | (52.2) | 243.9 |
| Interest paid | (16.1) | (18.1) | (25.6) | 141.4 |
| NET CASH FLOW FROM OPERATING ACTIVITIES | 140.8 | 168.1 | 219.4 | 130.5 |
| Capital expenditures | (261.2) | (242.1) | (243.0) | 100.4 |
| Other | 36.8 | 22.6 | 23.7 | 104.9 |
| NET CASH FLOW USED IN INVESTING ACTIVITIES | (224.4) | (219.5) | (219.3) | 99.9 |
| Net changes in total debt | 31.0 | 5.5 | (24.0) | (436.4) |
| Proceeds from share issues | 79.2 | 79.8 | 57.5 | 72.1 |
| Dividends payable | (15.5) | (10.2) | (15.2) | 149.0 |
| Acquisition of non-controlling interests | (42.8) | - | - | - |
| Proceeds from the sale of a non-controlling interest | 17.3 | 10.8 | 98.5 | 912.0 |
| NET CASH FLOW FROM FINANCING ACTIVITIES | 69.2 | 85.9 | 116.8 | 136.0 |
| NET INCREASE/(DECREASE) OF CASH AND CASH EQUIVALENTS | (14.4) | 34.5 | 116.9 | 338.8 |
| Opening cash and cash equivalents | 80.3 | 89.1 | 156.2 | 175.3 |
| Impact of currency fluctuations on cash and cash equivalents | 2.9 | 32.6 | 54.3 | 166.6 |
| CLOSING BALANCE OF CASH AND CASH EQUIVALENTS | 68.8 | 156.2 | 327.4 | 209.6 |

Cash flow from operating activities increased by 30.5% to RUB 219.4 billion in 2015.

The Company financed its capital investments primarily with cash flow from operating activities and proceeds from the sale of a non-controlling interest.

No. 1 IN THE WORLD
IN TERMS OF URANIUM RESERVES
13% OF GLOBAL PRODUCTION



3.2

MINING DIVISION¹⁴

3.2.1. GOALS AND OBJECTIVES OF THE DIVISION

JSC Atomredmetzoloto is the holding company of JSC Atomenergoprom's Mining Division. The company develops uranium production assets in Russia, which are currently at different life cycle stages ranging from geological exploration to intensive commercial development of deposits.

JSC Atomredmetzoloto's mission is to ensure a competitive and long-term supply of raw materials for developing Russian technologies, especially

in the nuclear industry. The Company's strategic aim is to help achieve the governmental and corporate goals of ROSATOM, its main shareholder, through the guaranteed supply of Russian uranium in required amounts at a competitive price and free from any geopolitical risks.

See the Division's business model in the 2015 annual report of JSC Atomredmetzoloto.

3.2.2. OPERATING RESULTS IN 2015

MINERAL RESOURCE BASE AND URANIUM PRODUCTION

| | 2013 | 2014 | 2015 |
|-----------------------------------|-------|-------|-------|
| Mineral resource base, kt | 541.9 | 524.7 | 521.2 |
| Uranium production, t, including: | 3,135 | 2,991 | 3,055 |
| PJSC PIMCU | 2,133 | 1,970 | 1,977 |
| JSC Dalur | 562 | 578 | 590.1 |
| JSC Khiagda | 440 | 443 | 487.9 |

KEY PERFORMANCE INDICATORS

| INDICATOR | Target value | Actual value |
|--------------------------------------------------------------------------------------------|--------------|--------------|
| Labour productivity, RUB million per person | 1.76 | 2.61 |
| Revenue from new products within and outside the scope on a competitive basis, RUB million | 538.0 | 626.5 |
| Engagement rate, % | 48 | 53 |
| LTIFR ¹⁵ | 0.7 | 0.23 |

¹⁴ The Division comprises uranium production assets only in Russia. For uranium mining abroad see section 'International Business'.

¹⁵ The lost time injury rate is the number of lost working hours against the total working hours in a reporting year normalized to 1 million man-hours.

KEY RESULTS IN 2015

URANIUM RESOURCES TOTALLED 521,200 TONNES

3,055 TONNES OF NATURAL URANIUM WERE PRODUCED (THE PRODUCTION PROGRAMME WAS 100% COMPLETED)

THE COST OF END PRODUCTS ACROSS THE DIVISION'S URANIUM MINING COMPANIES WAS REDUCED BY 10% YOY

In 2015, JSC Atomredmetzoloto produced 3,055 tonnes of uranium. The Division's uranium mining enterprises completely fulfilled the production plan.

PJSC PIMCU (Krasnokamensk, Zabaykalsky Territory), the Division's main uranium mining enterprise, managed to reduce the cost of uranium production by 12% by improving its operating processes and implementing innovative technological solutions in operating mines. The long-term development programme involves the construction of Mine No. 6. The mineral resource base of the mine totals 40,900 tonnes (39% of the enterprise's mineral resource base); given the planned uranium production volume, its development will take at least 12 years.

JSC Khiagda launched a sulphuric acid plant with a capacity of 110,000 tonnes a year, which will fully meet Khiagda's demand for sulphuric acid required for uranium extraction.

JSC Dalur launched a new drying complex, which ensured full compliance of the finished product, namely yellowcake¹⁶, with international quality standards in accordance with the specification of the ASTM (American Society for Testing and Materials). Yellowcake moisture content decreased from 30% to 1.5%, which reduced the cost of its further processing and costs along the entire industrial chain.

3.2.3. PERFORMANCE IMPROVEMENT

In 2015, the development of ROSATOM's Production System (RPS) enabled JSC Atomredmetzoloto to save over RUB 225 million. This was made possible, in particular, by reducing the duration of some processes. For example, it now takes 72 hours to build a production well in JSC Khiagda instead of 106 hours, which was achieved through the standardization of work of drilling rig operators and improved planning of material delivery and drilling processes.

To reduce the cost and duration of processes, JSC Dalur standardized the process of releasing and returning vehicles from the line. Other projects implemented by JSC Khiagda and JSC Rusburmash to improve productivity were also effective.

¹⁶ Natural uranium concentrate, uranium oxide.

3.2.4. BUSINESS DIVERSIFICATION AND IMPORT SUBSTITUTION

Business diversification is one of the priority areas for the Mining Division. Its key goals include:

- Expansion of the product portfolio to minimize risks related to uranium production as a monoprodukt;
- Improving efficiency of operating enterprises, including by improving the processing depth of existing mineral resources due to complete utilization of the existing competences;
- Ensuring the long-term financial and social stability of the Division's enterprises by scaling up the business.

KEY AREAS FOR DIVERSIFICATION OF BUSINESS AT JSC ATOMREDMETZOLOTO



Development of service assets based on the existing and new competences



Development of projects in the mining industry and related industries
(priorities include improved processing depth for own resource base and industrial waste and development of special-use territories)



Industrial partnership as a territory of priority social and economic development in Krasnokamensk, Zabaykalsky Territory, Russia

IN 2015, GEOLOGICAL EXPLORATION AT THE PAVLOVSKOYE DEPOSIT ON NOVAYA ZEMLYA (ONE OF THE LARGEST DEPOSITS OF LEAD AND ZINC IN RUSSIA) RESULTED IN A 26% INCREASE IN THE MINERAL RESOURCE BASE. THE LEAD AND ZINC ORE RESERVES ARE ASSESSED AT 47.7 MILLION TONNES.

The switchover to Russian equipment at the Division's enterprises was one of the main achievements related to import substitution. PJSC PIMCU set up the production of load-haul-dump trucks to substitute for foreign analogues. Nine machines were produced during the reporting year, which reduced equipment costs by over RUB 100 million. Additionally, over RUB 2.1 million were saved through substituting foreign spare parts with their Russian analogues.

JSC Khiagda also substitutes German pumps and engines with Russian analogues, significantly reducing overall costs.

See also the section 'Diversification of Business' for more information on new businesses of JSC Atomenergoprom and the 2015 annual report of JSC Atomredmetzoloto for details on the Division's new businesses.

3.2.5. PROBLEMS OF THE REPORTING PERIOD AND SOLUTIONS

2015 saw a deterioration in most commodities markets, which added to the volatility of the global and Russian economies. Financial resources became harder to access, with the terms and conditions getting less favourable.

That did not, however, have a significant effect on JSC Atomredmetzoloto's business diversification projects. External risks were mitigated through industrial partnership and giving priority to projects at later stages.

3.2.6. OBJECTIVES FOR 2016 AND FOR THE MEDIUM TERM

The Company intends to maintain uranium production at the level of about 3,000 tonnes per year in 2016 and subsequent years.

DEVELOPMENT OF URANIUM PRODUCTION

PJSC PIMCU will continue to restructure the uranium chain in order to improve the efficiency of the operating facilities based on a new technological platform. As part of the Development Programme,

construction of Mine No. 6 will commence in 2016. Its commissioning will secure the enterprise's long-term stability.

Moreover, the well-balanced growth of uranium production will be secured across drillhole in-situ leaching enterprises (JSC Dalur, JSC Khiagda), which will help maintain stable uranium production in Russia and improve the overall economic performance of the Division.

BUSINESS DIVERSIFICATION

In 2016, JSC Atomredmetzoloto's Engineering Centre, JSC VNIPIpromtehnologii, will continue to be developed. The external order volume will be increased in the medium term to build a competitive company that provides a full range of design and construction services in the mining industry, radioactive waste management and environmental engineering.

Pavlovskoye is the largest project in terms of investments and expected economic benefits. It involves the development of the Pavlovskoye lead and zinc deposit in Arctic Russia. Activities related to the commencement of in-situ engineering surveys and design of infrastructure facilities for the mining and processing enterprise are scheduled for 2016. Finished products are expected to be produced starting from 2020 or 2021.

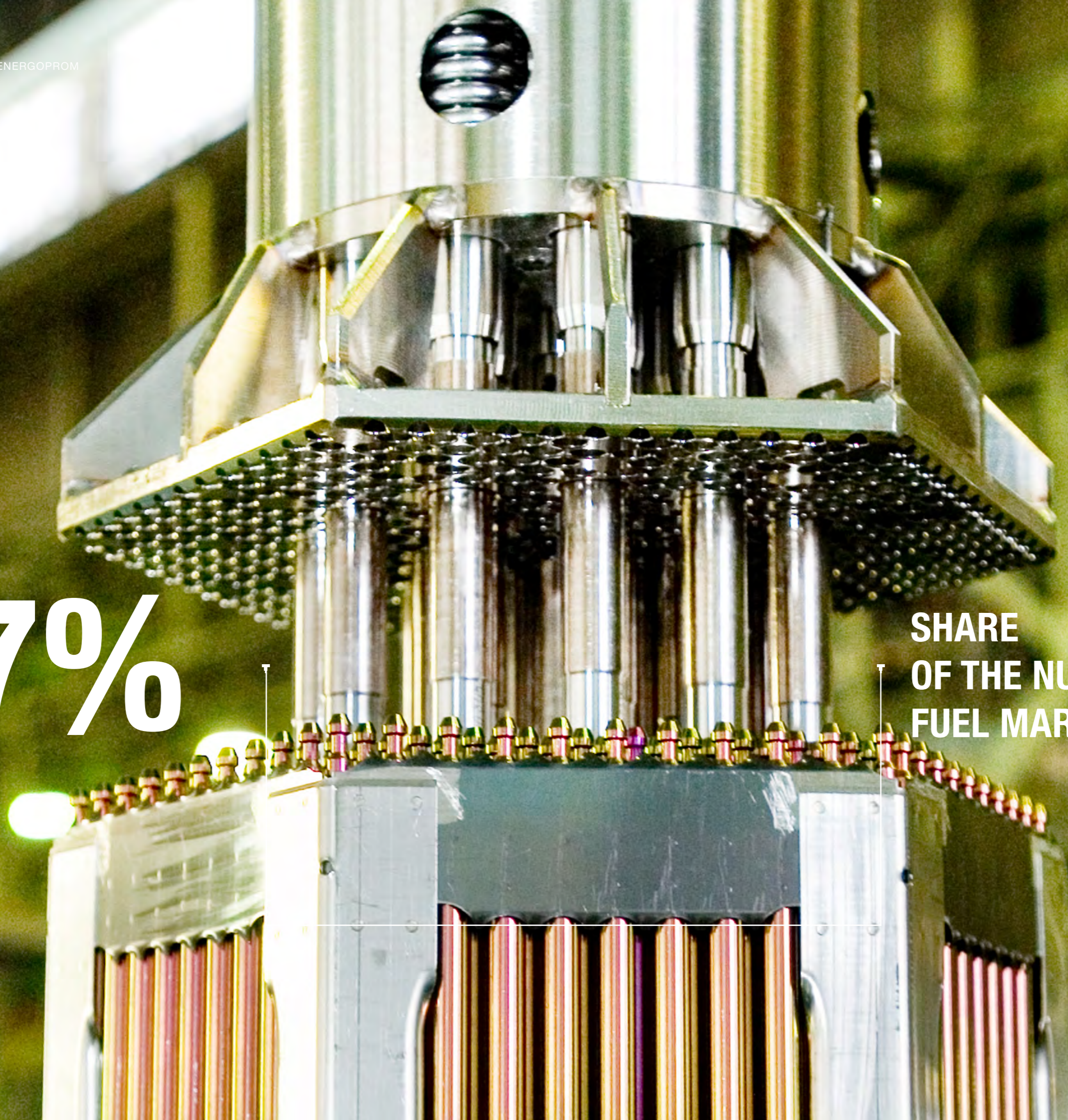
Projects in the mining and related industries will be carried out as part of a comprehensive programme in the following areas:

- Development of the Pavlovskoye lead and zinc deposit;
- Entering other mining segments;
- Improving processing depth of the mineral resource base and industrial waste ('Pyrite cinder processing' and 'Scandium' projects);
- Gold production (business initiative).

JSC DALUR BUILT A PILOT PLANT AND CARRIED OUT R&D FOR THE ASSOCIATED SCANDIUM EXTRACTION TECHNOLOGY BASED ON THE EXISTING OPERATING INFRASTRUCTURE. INPUT DATA WAS OBTAINED TO DESIGN FACILITIES FOR THE PILOT PRODUCTION OF SCANDIUM CONCENTRATE WITH A CAPACITY OF UP TO 1.6 TONNES PER YEAR (CALCULATED FOR SCANDIUM OXIDE).

17%

**SHARE
OF THE NUCLEAR
FUEL MARKET**



3.3

FUEL DIVISION¹⁷

3.3.1. GOALS AND OBJECTIVES OF THE DIVISION

The Fuel Division of JSC Atomenergoprom is responsible for uranium conversion and enrichment, and nuclear fuel fabrication, supplying the fuel or its components to all NPPs designed in Russia and some NPPs designed by foreign companies. The Division's holding company is JSC TVEL.

One in every six reactors in the world uses Russian nuclear fuel. JSC TVEL supplies fuel for a total of 78 power reactors in Russia, Europe and Asia, as well as research reactors in 9 countries worldwide. Additionally, the Division supplies non-nuclear products to Russian and foreign markets, including the metals industry, mechanical engineering, instrumentation, chemistry, and power engineering.

The Division aims to become a global leader and provide customers with products and services of the front end of the nuclear fuel cycle (NFC) and related industries in strict compliance with the requirements for reliability, security, and environmental and social responsibility.

The Division's goals are as follows:

- To promote growth on the NFC markets (to increase the share on the fabrication market to 22% and on the enrichment market to 42% by 2030 (including 20% of supplies through JSC TENEX));
- To develop the second business core (to increase revenue from non-nuclear areas (including newly-founded businesses) more than tenfold under the comparable conditions of 2014);
- To improve efficiency.

See the 2015 annual report of JSC TVEL for the Division's business model.

KEY RESULTS IN 2015

ALL OBLIGATIONS RELATED TO NUCLEAR FUEL SUPPLY TO RUSSIAN AND FOREIGN CUSTOMERS WERE MET

TWO NEW NINTH-GENERATION GAS CENTRIFUGE UNITS FOR URANIUM ENRICHMENT WERE COMMISSIONED; TENTH-GENERATION CENTRIFUGES ARE BEING TESTED

INDUSTRIAL PRODUCTION OF MOX FUEL FOR POWER UNIT NO. 4 OF BELOYARSK NPP WITH A FAST NEUTRON REACTOR WAS SET UP AND LAUNCHED

THE NEW GENERATION TVSA-12 FUEL WAS SUPPLIED TO KOZLODUY NPP, BULGARIA

3.3.2. PERFORMANCE IN 2015

KEY PERFORMANCE INDICATORS

| INDICATOR | Target value | Actual value |
|---------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Semi-fixed costs, RUB billion | 38.9 | 35.9 |
| IRR of the project portfolio for new businesses, % | 12 | 70.1 |
| Integral indicator for new products ¹⁸ , % | 100 | 91 |
| Revenue from new products within and outside the scope on a competitive basis, RUB million per person | 4,151.0 | 4,230.6 |
| 10-year order portfolio for new products, RUB million | 16,325.4 | 13,078.4 |
| Labour productivity (JSC TVEL + JSC TENEX), RUB million per person | 13 | 14.2 |
| Overseas revenue, USD million | 1,572.0 | 1,608.9 |
| 10-year portfolio of overseas orders, USD million | 10,300 | 10,305 |
| No violations rated at level 2 on the INES scale and accompanied by employee exposure of over 50 mSv per year | none | none |
| No violations rated above level 2 on the INES scale across the industry | none | none |
| LTIFR ¹⁹ | 0.34 | 0.14 |
| Fulfilment of governmental orders, % | 100 | 100 |

In 2015, the Division fulfilled all of its obligations related to supplying nuclear fuel to Russian and foreign customers.

Acceptance tests of the new generation TVSA-12 fuel were carried out. The fuel has improved technical and economic properties, and has been approved for use at 104% of the nameplate capacity. The fuel is supplied to Kozloduy NPP, Bulgaria. The use of this fuel from 2016 onwards will help improve the economic efficiency of the plant.

The pilot batch of TVS-KVADRAT fuel was tested in the core of a power unit of a European NPP (*see also the section 'International Business' for more information on the Division's international operations*).

JSC UEIP (an organization forming part of the Fuel Division), the world's largest uranium enrichment enterprise, launched two new ninth-generation gas centrifuge units. This will boost the efficiency of uranium enrichment.

¹⁷ This section contains reporting information on the TVEL Fuel Company consisting of the Holding Company JSC TVEL and subsidiary companies: gas centrifuge, separation and sublimation, fabrication and research organizations.

¹⁸ Hereinafter, the indicator includes revenue and the 10-year order portfolio for new products. The list of goods and services classified as new products is approved by ROSATOM on an annual basis. At the planning stage, the target figure is 100%, which means full achievement of targets for both components of the indicator.

¹⁹ Hereinafter, the lost time injury rate is the number of lost working hours against the total working hours in a reporting year normalized to 1 million man-hours.

Works related to closing the NFC included the following:

- Facilities for the industrial production of MOX fuel for power unit No. 4 of Beloyarsk NPP with a BN-800 fast neutron reactor were built and commissioned; the technology for NFA production with MOX fuel is being finalized;

- Experimental REMIX fuel was developed, and its production was launched. The unique fuel will reduce the consumption of natural uranium in the nuclear industry, as it reuses not only plutonium contained in the spent fuel, but also the residual amount of uranium-235.

IN 2015, THE FUEL DIVISION'S SALES OF ROLLED TITANIUM, CALCIUM AND CALCIUM WIRE, LITHIUM COMPOUNDS, AUTOMOTIVE CATALYSTS AND NPP EQUIPMENT GREW BY OVER 35% OR RUB 1.1 BILLION.

3.3.3. PERFORMANCE IMPROVEMENT

The Fuel Company is consistently introducing improvements to ensure its long-term sustainability. PJSC MSZ, PJSC KGIW, JSC UEIP and JSC TVEL were the pilot enterprises to implement the 'Fabrika Idey' (Factory of Ideas) industrial automated system. 1,500 RPS projects were launched and implemented to improve process efficiency. In 2015, employees of the Fuel Company submitted over 108,000 improvement proposals with the economic benefit totalling RUB 380 million.

The Fuel Company develops and implements various performance improvement initiatives to maintain the competitiveness of its products on international markets. These initiatives are aimed at increasing the adjusted free cash flow and labour productivity, as well as at reducing inventories, semi-fixed costs and the cost of goods.

The Fuel Division's strategy was operationalized in 2015 to achieve the targets for these indicators.

3.3.4. BUSINESS DIVERSIFICATION AND IMPORT SUBSTITUTION

DEVELOPMENT OF CALCIUM PRODUCTION

The Company adopted the technology for production of a new high-tech product: calcium injection wire for molten steel refining. Prior to this, there was no full production cycle for this product in Russia.

LITHIUM PRODUCTION

In 2015, sales markets were actively expanded for lithium-7, a stable lithium isotope used in existing nuclear reactors and those under development. Production was organized and the first batches of high-purity lithium-7 in the form of hydroxide monohydrate were supplied.

TITANIUM PRODUCTION

In 2015, the production of large-diameter seamless hot-worked titanium tubes was set up. In addition, JSC CMP started commercial production of titanium welding wire with unique characteristics.

NEW POWER GENERATION TECHNOLOGIES (ENERGY STORAGE DEVICES)

The Company launched an initiative to apply its successful experience of implementing Li-ion batteries (LIB) for in-plant electric transport across the nuclear industry.

ADDITIVE MANUFACTURING

In 2015, JSC UEIP became an industrial partner of a consortium of Russia's leading research institutes in a project aimed at building a Russian metal 3D printer. Separate elements of the 3D printer are being designed and developed. The project is expected to be completed in 2017.

These new business areas of the Fuel Division will continue to be developed in 2016, including

through the participation in import substitution projects in the Russian economy and penetration of international markets.

See also the section 'Diversification of Business' for more information on the new businesses of JSC Atomenergoprom, and the 2015 annual report of JSC TVEL for details on the new businesses of the Division.

IN 2015, THE FIRST SAMPLE OF RUSSIAN BERYLLIUM WAS OBTAINED USING THE LABORATORY EQUIPMENT OF THE RESEARCH INSTITUTE AT THE TOMSK POLYTECHNIC UNIVERSITY. AN EXPERIMENTAL INDUSTRIAL INSTALLATION IN JSC SKHK (AN ORGANIZATION WITHIN THE FUEL DIVISION) IS PLANNED TO BE BUILT IN THE FUTURE. ITS PRODUCTION CAPACITY WILL DEPEND ON THE MARKET NEEDS.

RPS PROJECTS IMPLEMENTED ACROSS THE DIVISION'S ORGANIZATIONS ARE ONE OF THE MAIN TOOLS TO IMPROVE ITS PERFORMANCE. REDUCED LEAD TIME WAS THE KEY OUTCOME OF RPS PROJECTS IN 2015:

- **JSC TVEL IMPROVED THE DEVELOPMENT OF PROMISING PRODUCTS, AS THE TIME FOR PRODUCING AND TESTING PILOT SAMPLES WAS REDUCED BY 53%.**

AS PART OF A PROJECT TO 'BALANCE' NFA PRODUCTION FOR THE VVER-1000 REACTOR, PJSC NCCP MANAGED TO:

- **REDUCE THE TIME OF NFA PRODUCTION BY 17%;**
- **INCREASE LABOUR PRODUCTIVITY BY 22%;**
- **GAIN ECONOMIC BENEFITS FROM RELATED PROJECTS TOTALLING RUB 83.7 MILLION.**

3.3.5. OBJECTIVES FOR 2016 AND FOR THE MEDIUM TERM

GOALS RELATED TO NUCLEAR FUEL DEVELOPMENT AND IMPROVEMENT IN 2016 ARE AS FOLLOWS:

- To complete the licensing procedure for TVSA-12 in Bulgaria;
- To develop supporting materials for the use of TVSA-2M at power units No. 3, No. 4 of Tianwan NPP;
- To develop and strengthen cooperation with companies and organizations interested in promoting the TVS-KVADRAT project across all target markets.

REVIVAL OF ATOMMASH

THE ATOMMASH INDUSTRIAL COMPLEX
IN VOLGODONSK, RUSSIA,
HAS BEEN REVIVED AND INTEGRATED
INTO THE PROCESS CHAIN OF ROSATOM

3.4

MECHANICAL ENGINEERING DIVISION

3.4.1. GOALS AND OBJECTIVES OF THE DIVISION

The Mechanical Engineering Division of JSC Atomenergoprom offers a set of efficient solutions to design, produce and supply equipment for nuclear and thermal power generation, the oil and gas industry, shipbuilding and the special steel market. The holding company of the Mechanical Engineering Division is JSC Atomenergomash, which manages about 30 enterprises. The Division's production facilities are located in Russia, the Czech Republic, Hungary and Ukraine. Equipment manufactured by the Division's enterprises has been installed in over 20 countries. New markets account for 33% of the order portfolio, and international projects in the portfolio are worth about RUB 10 billion.

The Division's key strategic goal is to become a single-source manufacturer of key equipment for NPPs (nuclear and turbine island).

LONG-TERM GOALS (BY 2030) INCLUDE:

- 50% of revenue from the adjacent non-nuclear markets;
- 30% of revenue from foreign transactions;
- Improved profitability and productivity to match the average across the international power engineering industry.

MEDIUM-TERM GOALS (BY 2019) ARE AS FOLLOWS:

- To reduce fixed expenses by 30%;
- To reduce the full production cycle time by 30%.

See the 2015 annual report of JSC Atomenergomash for the Division's business model.

3.4.2. PERFORMANCE IN 2015

KEY PERFORMANCE INDICATORS

| INDICATOR | Target value | Actual value |
|----------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Labour productivity, RUB million per person | 3.3 | 2.9 |
| Index of implementation of the investment programme of JSC Rosenergoatom Concern pertaining to the Division, % | 100 | 100 |
| Integral indicator for new products, % | 100 | 120 |
| Revenue from new products within and outside the scope on a competitive basis, RUB million | 22,695 | 17,134 |
| 10-year order portfolio for new products, RUB million | 70,748 | 116,304 |
| Semi-fixed costs, RUB million | 23.84 | 23.45 |
| Overseas revenue, USD million | 128 | 122 |
| LTIFR | 0.63 | 0.42 |

Targets for some key indicators were not achieved due to rescheduling of some non-nuclear and foreign long-lead equipment projects and the overall macroeconomic environment.

KEY RESULTS IN 2015

THE MANUFACTURING FACILITY ATOMMASH IN VOLGODONSK, ROSTOV REGION, RUSSIA, WAS REVIVED AND INTEGRATED INTO THE PROCESS CHAIN OF JSC ATOMENERGOPROM

THE ORDER PORTFOLIO WAS RUB 392.7 BILLION BY THE END OF THE REPORTING PERIOD

THE SHARE OF REVENUES FROM NEW BUSINESSES REACHED 33%

In 2015, the Atomash industrial complex in Volgodonsk, Rostov Region, Russia, was revived and integrated into the production and process chain of JSC Atomenergoprom. Today, Atomash is the only Russian plant producing a full set of equipment for the NPP nuclear island. In 2015, the first reactor and key equipment were installed at the Belarusian NPP, Belarus. This is the first reactor vessel manufactured by Atomash after a nearly 30-year break and the first reactor vessel manufactured by an enterprise of JSC Atomenergoprom.

The Division successfully fulfilled the steam generator supply agreements for Leningrad NPP-2 and the second stage of Tianwan NPP (power units No. 3 and 4) in China. It also concluded an agreement on the delivery of a complete set of equipment for the reactor building of power units No. 3 and 4 in Kudankulam NPP, India.

In 2015, power start-up and low power testing of power unit No. 4 with a BN-800 fast neutron reactor was initiated at Beloyarsk NPP, Russia. The reactor was designed and installed by the principal design firm specializing in fast neutron reactors: JSC Afrikantov OKBM, an enterprise forming part of the Mechanical Engineering Division (*see also the section 'Innovative Development'*).

3.4.3. PERFORMANCE IMPROVEMENT

In 2015, the Mechanical Engineering Division implemented a number of performance improvement programmes. In particular, JSC NPO TSNIITMASH designed and implemented a new technology for sectional forging and stamping of the bottom of steam generators, which helps save up to 40% of metal and reduces labour intensity and power consumption.

In May and June 2015, the Division's holding company JSC Atomenergomash carried out a unique logistical operation to deliver oversize steam generators from the production site in Podolsk, Moscow Region, Russia, to the construction site of Leningrad NPP-2 in Sosnovy Bor, Leningrad Region, Russia. A new delivery scheme involving transportation by water resulted in substantial financial savings and helped reduce the delivery time (about three months). Additionally, the need to arrange possession of the railroad line for a special extra heavy platform was brought down to the minimum; costs of reinforcing the roadway and bridges, as well as potential issues related to size when crossing power lines, overhead roads, etc. were eliminated.

NEW AGREEMENTS CONCLUDED BY THE DIVISION IN 2015 ARE WORTH A TOTAL OF RUB 171.9 BILLION.

3.4.4. BUSINESS DIVERSIFICATION AND IMPORT SUBSTITUTION

In 2015, JSC Atomenergomash and its enterprises signed Memoranda of Understanding with foreign companies to continue cooperation in thermal power, including the design and production of pulverized coal-fired boilers, as well as cooperation in establishing enterprises for solid municipal waste treatment in Russia and the CIS countries.

JSC SNIIP, one of the Division's enterprises, implemented Russian software as part of the governmental import substitution programme. JSC TSNIITMASH, another of the Division's

enterprises, commenced the development and implementation of power engineering equipment related to gas turbine technologies.

The new businesses were generating 33% of the Division's revenues by year-end 2015.

See also the section 'Diversification of Business' for more information on the new businesses of JSC Atomenergoprom and the 2015 annual report of JSC Atomenergomash for details on new businesses of the Division.

3.4.5. OBJECTIVES FOR 2016 AND FOR THE MEDIUM TERM

In 2016, JSC Atomenergomash is expected to expand its participation in the key nuclear projects of JSC Atomenergoprom, and to continue the development of non-nuclear businesses.

The size and geography of the Division's traditional nuclear power markets are defined by the scale of ROSATOM's road map for the construction of new NPP units in Russia and worldwide.

In the non-nuclear sector, the strategic goal is to increase revenues from these businesses to 50%:

- In the Thermal Power Generation sector, cooperation with NEM Energy will be fostered to expand the range of waste heat boilers and gas turbines; other plans include cooperation with the main Russian general contractors implementing thermal power projects on foreign markets;
- In the gas and petrochemical industry, the goals are to significantly increase the share of the Division's enterprises on the gas and petrochemical equipment market, and promote internal cooperation;
- In the Special Steel sector, new orders from the largest Russian and international companies are expected to be fulfilled. The Division will also participate in a project to build a multipurpose fast neutron research nuclear reactor (*for more details, see the section 'Innovative Development'*);
- In the Shipbuilding sector, the Division will continue the import substitution programme, adopt new types of equipment, extend the range of supplied equipment and increase the share of orders fulfilled at the facilities of the Division's enterprises.



**CONSTRUCTION AND PRE-COMMISSIONING
WORK HAS BEEN COMPLETED**

**AT
POWER UNIT
No.6
OF NOVovorONEZH
NPP**



3.5

ENGINEERING
DIVISION

3.5.1. GOALS AND OBJECTIVES OF THE DIVISION

In 2015, JSC NIAEP (the holding company; an engineering company specializing in NPP design and construction), JSC ASE (an engineering company specializing in NPP construction abroad), JSC Atomenergoproekt (an engineering company specializing in NPP design and construction) and JSC ATOMPROEKT (a company specializing in NPP design) were merged into ASE Group of Companies.

The strategic goals of the Engineering Division include:

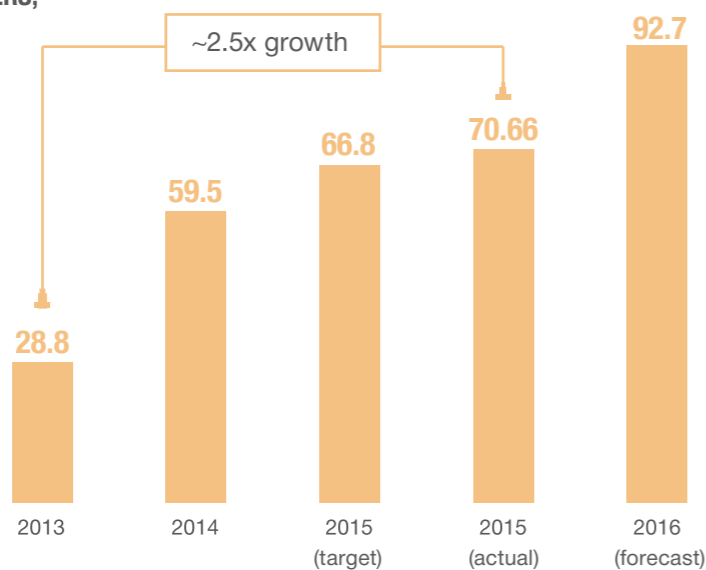
- Attaining a leadership position in the construction of large NPPs, in particular by offering a more competitive solution in terms of cost per kWh during the life cycle of a facility (LCOE);

- Achieving operational sustainability (changes to the schedule of some projects should not affect others, which can be achieved by expanding the order portfolio and extending the scale of operations in Russia and worldwide);
- Achieving financial stability and developing the ability to provide resources for the development of other divisions of JSC Atomenergoprom.

See the 2015 annual report of JSC NIAEP for the Division's business model.

3.5.2. PERFORMANCE IN 2015

KEY PERFORMANCE INDICATORS

PORTFOLIO OF OVERSEAS ORDERS,
USD BILLION

See also the section 'International Business'.

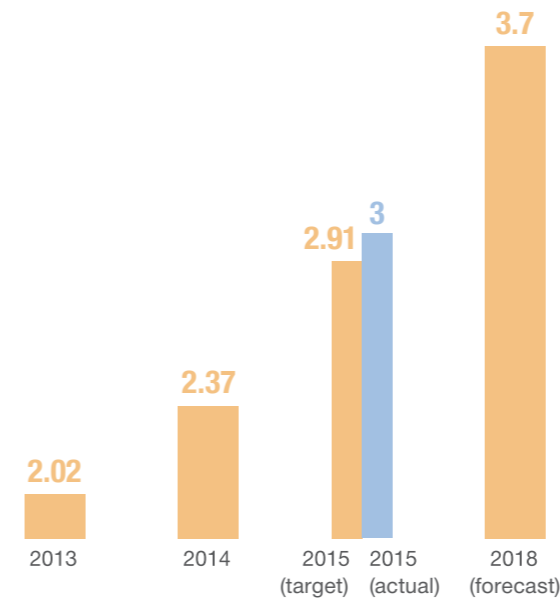
KEY RESULTS IN 2015

EIGHT NPP POWER UNITS CONTINUED TO BE BUILT IN RUSSIA

POWER UNIT NO. 4 OF BELOYARSK NPP (SVERDLOVSK REGION, RUSSIA) WITH A BN-800 FAST NEUTRON REACTOR WAS CONNECTED TO THE GRID AND STARTED ELECTRICITY GENERATION FOR THE RUSSIAN UNIFIED POWER SYSTEM

POWER UNIT NO. 3 OF ROSTOV NPP, ROSTOV REGION, RUSSIA, WAS SUCCESSFULLY COMMISSIONED

CONSTRUCTION AND PRE-COMMISSIONING WORK WAS COMPLETED AT POWER UNIT NO. 6 OF NOVovorONEZH NPP, VORONEZH REGION, RUSSIA

LABOUR PRODUCTIVITY BASED ON THE COMPANY'S
OWN INCOME (WITHOUT CONTRACTORS), RUB MILLION
PER PERSON

3.5.3. PERFORMANCE IMPROVEMENT

The Division participates in the Industry-Wide Incentive Programme for the Participants of Investment and Construction Projects aimed at reducing the costs and the time taken to build nuclear facilities. In 2015, the project at Kursk NPP-2, Russia, entered a highly active phase: over 13 proposals were implemented. The received proposals were aimed at reducing the size of structural elements, the weight of some process units and systems, and the cost of the electrical equipment of the facility.

In 2015, the system for submitting and reviewing cost-cutting proposals was simplified; a reward programme was launched to remunerate employees for such initiatives. A burial site for low-level radioactive waste is a prime example of such proposals; it helped reduce the amounts of soil dislodged during primary blasting by a factor of 1.5, consequently reducing the cost of work by almost 20%.

POWER UNIT NO. 6 OF NOVovorONEZH NPP, RUSSIA, IS SCHEDULED TO BE LAUNCHED IN 2016. IT WILL BE THE MOST TECHNOLOGICALLY ADVANCED UNIT BOTH IN RUSSIA AND WORLDWIDE.

3.5.4 BUSINESS DIVERSIFICATION AND IMPORT SUBSTITUTION

In its new business segments outside of the core business, ASE Group of Companies primarily aims to ensure the operational sustainability of its business in the long run.

Priority is still given to expansion within market segments relevant to the core business.

- Decommissioning of facilities posing nuclear and radiation hazards; construction and modernization of radioactive waste and spent nuclear fuel management facilities:

A major achievement in 2015 consisted in winning the tender for decommissioning power unit No.1 of Philippsburg NPP, Germany, which was a landmark tender in 2015 in the Eastern European market in the life cycle back end segment.

- NPP maintenance and modernization:

In the reporting period, ASE Group of Companies carried out works to extend the life of operating Russian NPPs in Balakovo, Kursk, Novovoronezh and Smolensk.

- Project Management Consulting (PMC):

PMC contracts were signed related to the Kudankulam NPP construction project in India (power units No. 3 and 4), and 100% fulfilment of obligations under PMC contracts was stipulated for power units No. 3 and 4 of Tianwan NPP, China.

See also the section 'Diversification of Business' for more information on new businesses of JSC Atomenergoprom and the 2015 annual report of JSC NIAEP for more information on the Division's new businesses.

3.5.5. PROBLEMS OF THE REPORTING PERIOD AND SOLUTIONS

ASE Group of Companies conducts a significant part of its business on foreign markets. 2015 was marked with growing political tension in ASE's strategic regions as well as deterioration of external relations with some partner countries. Therefore, ASE made efforts to extend its global footprint (opportunities for cooperation with Bolivia, Ghana, Nigeria were explored) and strengthen relations with current customers.

3.5.6. OBJECTIVES FOR 2016 AND FOR THE MEDIUM TERM

Key medium-term objectives of the Engineering Division are centred around retaining its leading position on the global NPP construction market. The portfolio of overseas orders is expected to be increased by over 20% in 2016.

Another priority remains unchanged: to improve ASE's competitiveness, primarily by reducing the time and cost of NPP construction, and improving labour productivity.

Other priorities include: maintaining the share of new businesses in the revenue structure in the amount sufficient for the Company's sustainable operation, i.e. at least 10%, and the build-up of the project portfolio in new business areas.



195.2 BILLION KWH

ALL-TIME RECORD FOR ELECTRICITY OUTPUT

IN 2015, 35 POWER UNITS OF 10 OPERATING NPPS PRODUCED RECORD AMOUNTS OF ELECTRICITY IN THE ENTIRE HISTORY OF RUSSIAN NUCLEAR ENERGY: 195.2 BILLION KWH



3.6

POWER ENGINEERING DIVISION

3.6.1. GOALS AND OBJECTIVES OF THE DIVISION

The Power Engineering Division of JSC Atomenergoprom generates electricity and heat at NPPs and serves as an operator of NPPs, radiation sources, storage facilities for nuclear and radioactive materials according to the procedure stipulated by Russian legislation. JSC Rosenergoatom Concern, the Division's holding company, is responsible for reliable and safe operation of all Russian nuclear power plants.

Strategic goals of the Power Engineering Division are as follows:

- To ensure safe, efficient and reliable operation of the operating NPPs, nuclear and radiation safety of nuclear facilities, safety of personnel, population and environment;

- To increase electricity production while ensuring required safety;
- To close the NFC on the basis of power units with BN-800, BN-1200, VVER-TOI fast neutron reactors with mixed uranium and plutonium fuel;
- To increase the share of nuclear power generation in the country's energy mix;
- To develop international operations;
- To improve the efficiency of NPP operation, design and capital construction.

See the 2015 annual report of JSC Rosenergoatom Concern for more information on the Division's business model.

3.6.2. PERFORMANCE IN 2015

KEY PERFORMANCE INDICATORS

| INDICATOR | Target value | Actual value |
|----------------------------------------------------------------------------------------------------------------|--------------|--------------|
| NPPs' output, billion kWh | 189.45 | 195.21 |
| Labour productivity, million kWh per person | 6.26 | 6.59 |
| Index of implementation of the investment programme of JSC Rosenergoatom Concern pertaining to the Division, % | 100 | 99.8 |

In 2015, Russian NPPs generated 195.2 billion kWh of electricity, which was 14.7 billion kWh more than in 2014 and exceeded the target set by the Russian Federal Tariff Service (189.15 billion kWh) by over 6 billion kWh. The record power production contributed substantially to the annual revenue of JSC Atomenergoprom (for more details, see the section 'Financial and Economic Results').

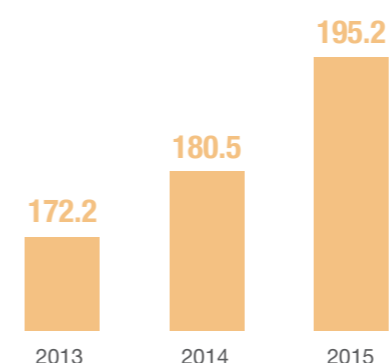
KEY RESULTS IN 2015

THE RUSSIAN NPPS GENERATED A RECORD AMOUNT OF ELECTRICITY: 195.2 BILLION KWH (WHICH IS COMPARABLE TO ELECTRICITY CONSUMPTION IN MOSCOW AND THE MOSCOW REGION OVER TWO YEARS)

INSTALLED CAPACITY OF 10 RUSSIAN NPPS (35 POWER UNITS) AMOUNTED TO 26.2 GW

THE NPP CAPACITY FACTOR REACHED 86.0%

ELECTRICITY PRODUCTION BY RUSSIAN NPPS, BILLION KWH



The record production was due to the following:

- The total duration of scheduled repairs of power units was reduced substantially. In 2014, over 2,050 days were spent on repairs, while in 2015 this was reduced to 1,832 days. The repair time was reduced through the targeted search for and elimination of non-productive loss of working days, by adjusting the repair schedule of power units and allowing extra time for remedying potential defects and through other measures. Moreover, the number of emergency shutdowns and unloading of the power units was reduced (in particular, at Russian NPPs in Balakovo, Kursk and Smolensk).

Taken together, these measures made it possible to generate an additional 2.2 billion kWh.

- The total capacity of NPPs increased by 461.6 MW throughout the duration of the programme aimed at increasing the heat generation capacity of power units. In 2015, power unit No. 4 of Kalinin NPP, Russia, was put into pilot operation, with its capacity increased by 40 MW.
- The commissioning of power unit No. 3 in Rostov NPP, Russia, on September 16, 2015, also contributed to the total output, as it enabled the additional generation of 1.47 billion kWh.

3.6.3 PERFORMANCE IMPROVEMENT

33 power units were modernized to ensure safe and sustainable operation of the power units at the set and increased capacity levels. The operational life of power units No. 4 of Kursk NPP and No. 2 of Smolensk NPP was extended for 15 years, while the life of power unit No. 1 of Balakovo NPP was extended for 30 years. In the reporting year, documents were prepared to extend the operational life of eight other power units in Russian NPPs.

Cost-cutting measures helped save RUB 3.3 billion of the approved budget. As electricity output exceeded the target, unit semi-fixed costs decreased by 8.8% YoY to 329.3 RUB/MWh.

3.6.4. BUSINESS DIVERSIFICATION

The Division invests heavily in the expansion of its services by introducing new products or entering new markets with current products. Key diversification strategies include:

- Providing NPP maintenance in foreign countries (for more details, see the section ‘International Business’);
- Rendering services on related markets (commissioning and maintenance in thermal power, maintenance and repairs in the metals industry);

- Selling electricity to new markets;
- Establishing data centres.

See also the section ‘Diversification of Business’ for more information on new businesses of JSC Atomenergoprom and the 2015 annual report of JSC Rosenergoatom Concern for details on the Division’s new businesses.

IN 2015, JSC ROSENERGOATOM CONCERN REACHED AN AGREEMENT WITH PJSC ROSTELECOM ON CONSTRUCTION OF THE LARGEST DATA CENTRE IN RUSSIA, WHICH WILL HOST IMPORTANT STATE INFORMATION SYSTEMS. THE CENTRE WILL BE LOCATED NEAR TO KALININ NPP, WHICH WILL PROVIDE IT WITH AN INDEPENDENT AND CHEAP SOURCE OF UNINTERRUPTED POWER SUPPLY.

3.6.5. OBJECTIVES FOR 2016 AND FOR THE MEDIUM TERM

TARGET ELECTRICITY GENERATION IN RUSSIA IN 2016-2018

| | 2016 | 2017 | 2018 |
|---------------------------------------------|-------|-------|-------|
| Electricity generation by NPPs, billion kWh | 196.7 | 206.8 | 212.4 |

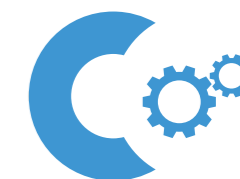
With regard to new businesses, the Division’s key objectives for 2016 and for the medium term are as follows:

- To optimize the product portfolio;
- To take all the products to a single sustainable level of development with stable financial results and a guaranteed order portfolio;
- To earn RUB 68.5 billion in revenue in 2016 and to build up a 10-year order portfolio of RUB 272.7 billion.



2015

BUSINESS PERFORMANCE OF JSC ATOMENERGOPROM



EFFICIENT MANAGEMENT

| | |
|------------------------------------------|-----|
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4

4.1

CORPORATE GOVERNANCE

4.1.1. OBJECTIVES, PRINCIPLES AND MECHANISMS OF CORPORATE GOVERNANCE

JSC Atomenergoprom exercises its shareholder powers with regard to organizations in the nuclear power sector in full compliance with the applicable Russian corporate legislation. The main goal of these powers is to follow corporate procedures of JSC Atomenergoprom in an efficient and timely manner. Since it holds 100%

of JSC Atomenergoprom's voting shares, ROSATOM influences all of the shareholder's organizational decisions with regard to these organizations.

JSC Atomenergoprom aims to improve the performance of these organizations in order to implement the strategic objectives of ROSATOM.

PRINCIPLES AND MECHANISMS OF CORPORATE GOVERNANCE:

- Standardization of governance in the organizations in the Russian nuclear power sector, organizations of various legal forms specializing in nuclear and radiation safety, nuclear science and technology, and personnel training, with due regard to the special characteristics of each enterprise and organization;
- Removal of non-operating and inactive companies from the nuclear industry and elimination of redundant corporate ownership levels;
- Avoidance of overloading corporate governance bodies of these organizations with excessive tasks; transferring 'optional' issues to the horizontal level based on regulatory documents adopted in the industry with regard to various business processes;

- Implementation of a division-based management model within the civilian part of the nuclear industry, which involves having core business divisions (Mining, Fuel, Mechanical Engineering, Power Engineering, Engineering, etc.) and a number of business incubators and industrial complexes whose holding companies own/manage various organizations of the nuclear industry depending on the nature of their business.

4.1.2. GOVERNING BODIES

JSC ATOMENERGOPROM'S BOARD OF DIRECTORS

Members of JSC Atomenergoprom's Board of Directors during the period from January 1, 2015 through December 31, 2015 (elected on June 30, 2014 and re-elected on June 6, 2015):

1. Kirill Komarov;
2. Ekaterina Lyakhova, Chair;
3. Andrey Popov;
4. Ilya Rebrov;
5. Vladislav Korogodin.

DETAILS OF THE BOARD MEMBERS

KOMAROV KIRILL

DATE OF BIRTH: DECEMBER 29, 1973
PLACE OF BIRTH: LENINGRAD
EDUCATION: UNIVERSITY DEGREE

Graduated with honours from the Legal Lyceum under the Ural State Law Academy in 1992. Graduated with honours from the Faculty of Judicial Activity and Prosecution of the Ural State Law Academy in 1997; PhD in Law.

POSITIONS HELD OVER THE LAST FIVE YEARS:

2010 – present – Executive Director at the Directorate for Nuclear Power Complex, ROSATOM; Deputy CEO — Director of the Development and International Business Unit; First Deputy CEO — Director of the Development and International Business Unit, ROSATOM, simultaneously acting as the Director of JSC Atomenergoprom.

He does not own the Company's shares.

K. B. Komarov was appointed as Director of JSC Atomenergoprom on April 14, 2015

(Minutes of the Meeting of JSC Atomenergoprom's Board of Directors No. 272 dated March 26, 2015).



DETAILS OF THE BOARD MEMBERS



LYAKHOVA EKATERINA

DATE OF BIRTH: JUNE 7, 1975
PLACE OF BIRTH: SVERDLOVSK
EDUCATION: UNIVERSITY DEGREE

Graduated from the Ural State Law Academy; holds an EMBA degree from the Universitet Antwerpen Management School.

POSITIONS HELD OVER THE LAST FIVE YEARS:

2010-2011 – Vice-President of JSC TVEL.

2011 – present – Deputy Director of JSC Atomenergoprom, Director for Investment Management and Operational Efficiency at ROSATOM.

She does not own the Company's shares.



POPOV ANDREY

DATE OF BIRTH: MARCH 3, 1971
PLACE OF BIRTH: LENINGRAD
EDUCATION: UNIVERSITY DEGREE

Graduated from Saint Petersburg State University.

POSITIONS HELD OVER THE LAST FIVE YEARS:

2009 – present – Director of the Department for Legal Issues and Corporate Governance, Director for Legal Issues, Corporate Governance and Property Management — Director of the Department for Legal Issues and Corporate Governance, ROSATOM.

He does not own the Company's shares.



REBROV ILYA

DATE OF BIRTH: OCTOBER 10, 1976
PLACE OF BIRTH: LENINGRAD
EDUCATION: UNIVERSITY DEGREE

Graduated from Saint Petersburg State Technical University

POSITIONS HELD OVER THE LAST FIVE YEARS:

2010 – present – Director of the Economics and Financial Controlling Department, Economics and Finance Director, ROSATOM.

He does not own the Company's shares.



KOROGODIN VLADISLAV

DATE OF BIRTH: OCTOBER 25, 1969
PLACE OF BIRTH: MOSCOW
EDUCATION: UNIVERSITY DEGREE

Graduated from Moscow Institute of Physics and Technology.

POSITIONS HELD OVER THE LAST FIVE YEARS:

2010 – present – Deputy Director of the Directorate for Nuclear Power Complex, Director of NFC and NPP Life Cycle Management, ROSATOM.

He does not own the Company's shares.

4.1.3. REPORT OF THE BOARD OF DIRECTORS

In 2015, 34 meetings of the Board of Directors were held by absentee voting. During the board meetings, decisions were made on key aspects of JSC Atomenergoprom's business, including the following:

- A meeting of the Board of Directors was held under the established procedure prior to the Annual General Meeting of Shareholders of JSC Atomenergoprom;
- JSC Atomenergoprom's budget for 2015 was approved;
- As part of additional issuance, the Resolution on Additional Issuance of Book-Entry Registered Ordinary Shares of JSC Atomenergoprom, and the Resolution on the Issuance of Book-Entry Registered Preferred Shares of JSC Atomenergoprom, and the accompanying Prospectus were approved;
- Kirill Komarov was re-appointed as Director of JSC Atomenergoprom;

- A number of decisions were taken to improve the structure of JSC Atomenergoprom Group, including:
 - JSC Atomenergoprom's stance was determined with regard to the issue reviewed by the sole shareholder of JSC NIKIMT-Atomstroy on the reorganization of JSC NIKIMT-Atomstroy through its merger with LLC Engineering Centre of Nuclear Equipment Strength and Research in Material Behaviour and LLC Engineering Centre for Diagnostics of NPP Components of NIKIET;
 - On the participation of JSC Atomenergoprom in the establishment of Atom-TOR, a private institution to support the implementation of territorial nuclear projects;
 - On the stake of JSC Atomenergoprom in the authorized share capital of JSC Atomenergomash acquired through the acquisition of 121,279 book-entry registered ordinary shares of JSC Atomenergomash from JSC TENEX;
 - On the stake of JSC Atomenergoprom in the authorized share capital of JSC SPC Khimpromengineering acquired through the acquisition of 2,775,768 book-entry registered ordinary shares of JSC SPC Khimpromengineering from JSC TENEX.

4.1.4. KEY RESOLUTIONS OF THE SOLE SHAREHOLDER

Two resolutions of the sole shareholder were issued in 2015 which approved the annual report and annual financial statements of JSC Atomenergoprom, profit distribution for 2014, the election of the Board of Directors and the Auditing Commission and the selection of an auditor for 2015.

4.1.5. AUDITING COMMISSION

JSC Atomenergoprom's Auditing Commission monitors the Company's financial and business operations.

MEMBERS OF JSC ATOMENERGOPROM'S AUDITING COMMISSION APPOINTED UNDER THE RESOLUTION OF THE SOLE SHAREHOLDER DATED JUNE 29, 2015

| MEMBERS OF THE AUDITING COMMISSION | POSITION (AT THE TIME OF ELECTION) |
|------------------------------------|---------------------------------------------------------------------------------------------------------------|
| T. V. Blazhnova | Head of the Consolidated Reporting Division, Accounting Department, ROSATOM; Chair of the Auditing Commission |
| V. M. Ostrous | Head of the Accounting Methodology Division, Accounting Department, ROSATOM |
| P. A. Maslov | Chief Specialist at the Tax Planning Division, Accounting Department, ROSATOM |

The Report of the Auditing Commission is provided in Appendix 3.

4.1.6. PAYMENT OF DECLARED (ACCRUED) DIVIDENDS ON JSC ATOMENERGOPROM'S SHARES

On June 29, 2015, the sole shareholder of JSC Atomenergoprom declared dividends for 2014 totalling RUB 15,208 million, including:

- RUB 14,348.4 million on ordinary shares;
- RUB 859.4 million on preference shares.

The dividends were paid out in Q3 2015.

4.1.7. MAJOR TRANSACTIONS AND NON-ARM'S LENGTH TRANSACTIONS

MAJOR TRANSACTIONS

In 2015, JSC Atomenergoprom did not conclude any transactions recognized as major transactions under the Russian legislation and subject to approval by the Company's authorized governing body.

NON-ARM'S LENGTH TRANSACTIONS

In 2015, JSC Atomenergoprom did not conclude any non-arm's length transactions subject to approval by the issuer's authorized governing body.

4.1.8. KEY CHANGES TO THE CORPORATE STRUCTURE IN 2015

- To expand the global footprint of the organizations in the nuclear power sector, regional offices of the Private Institution ROSATOM International Network were opened in India (ROSATOM South Asia Marketing (India) Private Limited, Mumbai), the UAE (ROSATOM Middle East and North Africa FZ-LLC, Dubai), and the US (ROSATOM NORTH AMERICA LLC, Washington, DC).
- A private institution Atom-TOR was established by JSC Atomenergoprom to support the implementation of territorial nuclear projects aimed at fostering the development of priority social and economic development areas in the regions where nuclear organizations operate.

- JSC Atomenergoprom established Joint-Stock Company Rusatom Automated Control Systems (JSC RACS) to develop a competitive automated process control system for NPPs on the global market.
- JSC TVEL, JSC Rosenergoatom Concern, JSC TENEX and the Russian Trade Union of Nuclear Power and Industry Workers established the Autonomous Non-Profit Health and Recreation Organization Atom-Sport to organize and conduct sports and recreational events across nuclear organizations to promote sports and a healthy lifestyle.
- LLC UIC, JSC Rusatom Energy International (previously JSC Rusatom Overseas) and FSUE Russian Federal Nuclear Centre – Zababakhin All-Russia Research Institute of Technical Physics founded Limited Liability Company Snezhinsk Nuclear Medical Technology (LLC Snezhinsk NMT), a diagnostic nuclear medicine centre in the Chelyabinsk Region (Snezhinsk).
- RAOS Project, a wholly-owned subsidiary of JSC Rusatom Energy International, was established to improve NPP construction management.
- A block of shares in the Dutch company Uranium One Holding N.V. was purchased by JSC Atomenergoprom to optimize the corporate holding structure of foreign uranium assets.
- A stake (about 90%) in the authorized share capital of JSC Atomenergomash, the Holding Company of the Mechanical Engineering Division, was consolidated through the buyout of a minority stake held by JSC TENEX in order to optimize the corporate holding structure of JSC Atomenergoprom's nuclear power assets;
- A stake in the authorized share capital of the Holding Company of the Advanced Materials Incubated Business of JSC SPC Khimpromengineering (about 60%) was consolidated through the buyout of shares from JSC TENEX in order to optimize the corporate holding structure of JSC Atomenergoprom's nuclear power assets.

4.1.9. JSC ATOMENERGOPROM'S COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE RECOMMENDED BY THE CENTRAL BANK OF RUSSIA

JSC Atomenergoprom adheres to the key corporate governance principles stipulated by Russian legislation and the Corporate Governance Code (e.g. respect for shareholder rights, the procedure, format and scope of information disclosure), with some exceptions stemming from special characteristics of the business of JSC Atomenergoprom and

its organizations, given their legal status stipulated by Russian laws and regulations (restricted civil circulation of shares of joint-stock companies appearing on the lists approved by the Russian President and comprising legal entities that may be holding nuclear materials or nuclear facilities).

4.1.10. KEY PROVISIONS OF JSC ATOMENERGOPROM'S POLICY ON REMUNERATION AND/OR REIMBURSEMENT OF EXPENSES; INFORMATION ON REMUNERATION AND/OR REIMBURSEMENT OF EXPENSES

No decisions were taken throughout 2015 to pay out remunerations and/or reimburse expenses incurred by the members of JSC Atomenergoprom's Board of Directors; no remunerations and/or reimbursement for expenses were paid out.

Board members who are full-time employees of the Company/ROSATOM are remunerated for their work in accordance with the Standardized

Industry-Wide Remuneration System instituted by ROSATOM. Remuneration, including salary, is paid to Board members who are full-time employees in accordance with employment contracts and applicable local regulations of the Company/ROSATOM²⁰ on remuneration.

²⁰ Details on income, expenses, assets and liabilities of JSC Atomenergoprom's Board members who are full-time employees are provided on the website at <http://rosatom.ru/about/protivodeystvie-korruptsii/svedeniya-o-dokhodakh-rashodakh-ob-imushchestve-i-obyazatelstvakh-imushchestvennogo-kharaktera-rabo/>



4.2

RISK MANAGEMENT

4.2.1. RISK MANAGEMENT SYSTEM

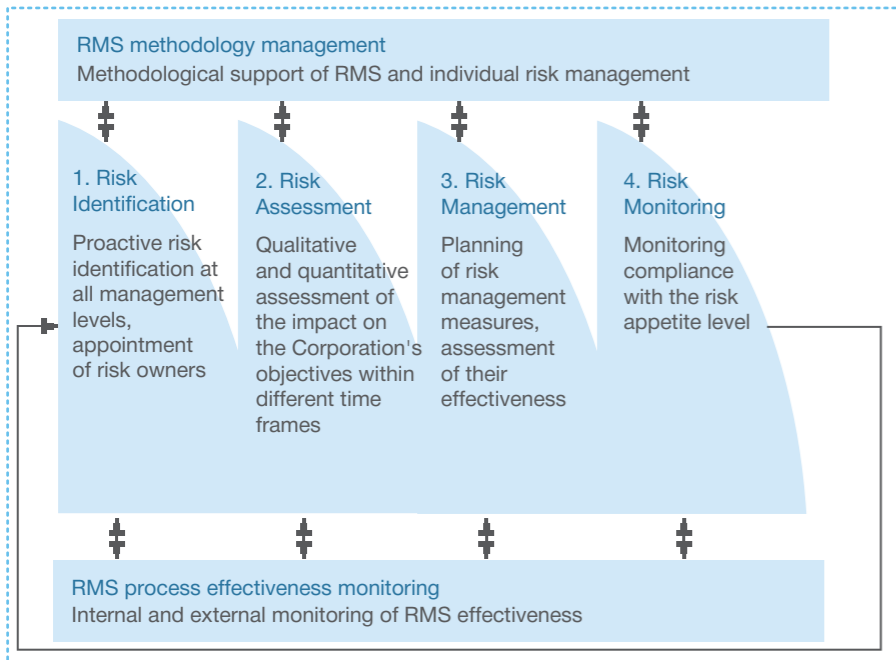
The Company has established a risk management system (RMS) for assessing risks in strategic, budget, investment and business planning processes.

In 2015:

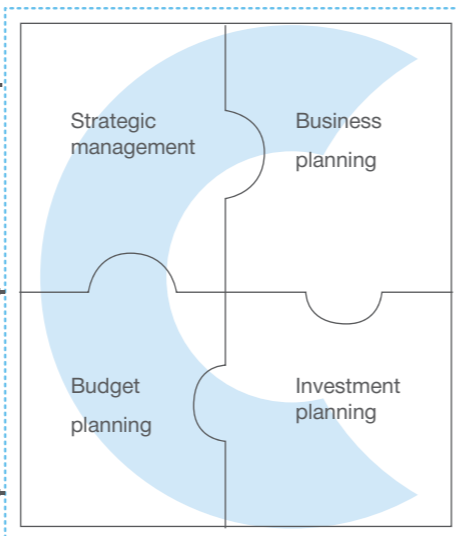
- The corporate Risk Management Policy was updated in accordance with the Guidelines on Preparing Regulations on a Risk Management System by the Russian Federal Property Management Agency;

- The risk management function was directly subordinated to the Strategy Director of ROSATOM to integrate risk information into the strategic decision-making process in the Corporation.

RISK MANAGEMENT PROCESS RMS PROCESSES



REPORTING ON RISKS IN THE PLANNING PROCESS



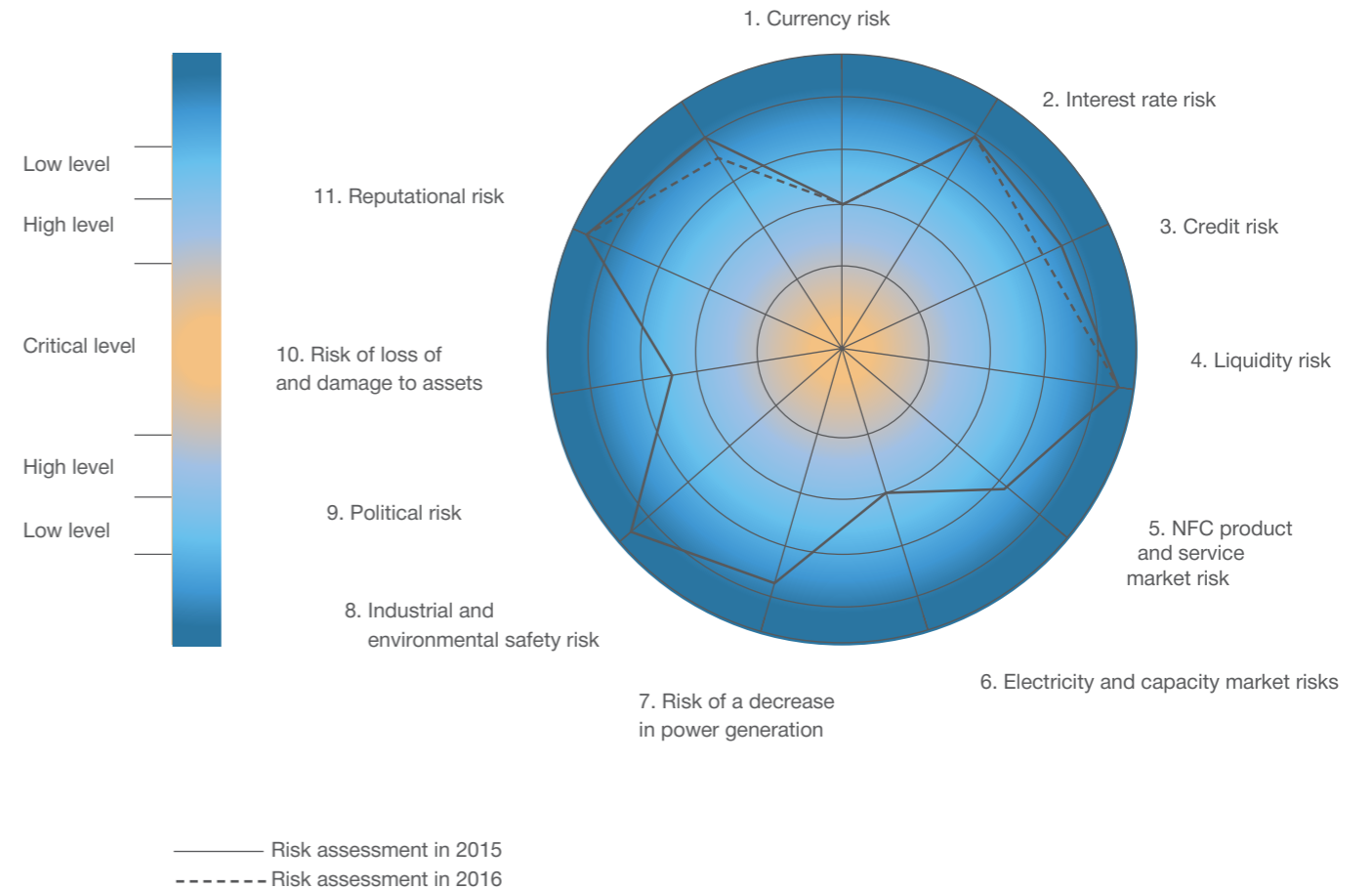
RMS ORGANIZATIONAL MODEL



4.2.2. KEY BUSINESS RISKS

As part of RMS processes, a list of critical risks and risk owners was compiled, risks were assessed, and risk management measures were developed and implemented.

RISK RADAR








4.2.3. RISK MANAGEMENT IN 2015

THE COMPANY'S STRATEGIC GOALS ARE AS FOLLOWS:

- 1 To increase its international market share.
- 2 To reduce production costs and lead time.
- 3 To develop new products for the Russian and international markets.

CHANGE IN ESTIMATED RISK LEVELS:

-  INCREASE
-  DECREASE
-  UNCHANGED

| RISKS AND CHANGES IN RISK LEVELS (RISK OWNERS) | RISK DESCRIPTION | RISK CONTROLS | CONNECTION WITH STRATEGIC GOALS |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| FINANCIAL RISKS | | | |
| 1.Currency risk (Heads of Divisions)  | Adverse changes in exchange rates | <p>MANAGEMENT APPROACHES:</p> <ul style="list-style-type: none"> Maintaining a balance of claims and liabilities denominated in foreign currencies (natural hedging); Use of financial hedging instruments. <p>RESULTS:</p> <ul style="list-style-type: none"> Favourable ratio of assets and liabilities denominated in the same currency. | 1 2 3 |
| 2. Interest rate risk (Treasury Department)  | Adverse changes in interest rates, different timing of interest income and interest expenses | <p>MANAGEMENT APPROACHES:</p> <ul style="list-style-type: none"> Maintaining a balance of interest income and interest expenses in terms of time and amounts; Reasonable selection of interest rates (fixed or floating) for the expected maturity period. <p>RESULTS:</p> <ul style="list-style-type: none"> JSC Atomenergoprom's exchange-traded bonds were listed with a total par value of RUB 30 billion, which strengthened the long-term credit portfolio. <p><i>For details, see the section 'Financial Management'</i></p> | 1 2 3 |
| 3. Credit risk (Treasury Department for banks / Directors of the Company's organizations for other contractors)  | Failure by counterparties to fulfil their obligations in full and on time | <p>MANAGEMENT APPROACHES:</p> <ul style="list-style-type: none"> Setting limits on counterparty banks; Use of suretyship, warranties, limitations on advance payments in favour of external contractors; Improvement of the legal framework for the wholesale electricity and capacity market (including an increase in fines, improvement of the system of financial guarantees); Monitoring of accounts receivable; <p>RESULTS:</p> <ul style="list-style-type: none"> No significant losses through the fault of counterparties. <p>CHANGES:</p> <ul style="list-style-type: none"> The risk increased due to the expected rise in the number of unpaid electricity bills stemming from low or negative growth rates of the Russian economy, and persisting volatility of the Russian financial market. | 1 2 |

4. Liquidity risk
(Treasury Department / Heads of divisions)

Lack of funds for fulfilment of obligations by the Company and its organizations



MANAGEMENT APPROACHES:

- Centralized fund management;
- Rolling liquidity forecasts and cash flow budget;
- Maintaining required amounts of open lines of credit with banks;
- Reduction in the period of keeping free cash on bank deposits;
- Placement of JSC Atomenergoprom's exchange-traded bonds;
- Discussion of matters related to state support with the Russian federal executive authorities.


RESULTS:

- Sufficient liquidity to repay liabilities on time, preventing unacceptable losses and managing reputational risk.

For details, see the section 'Financial Management'.



COMMODITY RISKS

5. Nuclear fuel cycle product and service market risk
(Heads of relevant divisions)


Adverse change of the pricing environment and demand on markets for natural uranium and uranium conversion and enrichment services

MANAGEMENT APPROACHES:


- Use of market-focused and escalation pricing mechanisms in contracts;
- Stipulating quantitative flexibility and options in contracts with suppliers.

RESULTS:

- Despite persisting stagnation of demand and price on the NFC product and service markets, a 10-year portfolio of overseas orders was secured for USD 33.4 billion.

For details, see the section 'International Business' and 2015 annual reports of JSC TENEX and JSC TVEL.



6. Electricity and capacity market risks
(CEO of JSC Rosenergoatom Concern)


Adverse changes in electricity and power prices


MANAGEMENT APPROACHES:

- Limited possibilities to manage this risk: poor liquidity of trading platforms makes it difficult to use financial derivatives as a means for mitigating this risk.

For details, see the 2015 annual report of JSC Rosenergoatom Concern.



OPERATIONAL RISKS

7. Risk of a decrease in power generation
(CEO of JSC Rosenergoatom Concern)


Decrease in power generation due to equipment shutdowns and unavailability

MANAGEMENT APPROACHES:

- Scheduled preventive maintenance and repairs at NPPs;
- Implementation of the NPP life extension programme and the programme to increase power generation (including the possibility of power units operating at above nameplate capacity).

RESULTS:

- Performance against FTS targets for the minimum annual power output totalled 103.2%;
- Actual power output totalled 195.2 billion kWh, up by 8.1% YoY;
- The process disruption rate in NPP operations decreased by 20% YoY.

For details, see the section 'Power Engineering Division' and the 2015 annual report of JSC Rosenergoatom Concern.



8. Industrial and environmental safety risk

(Heads of divisions)



Major accidents/incidents at nuclear enterprises

MANAGEMENT APPROACHES:

- Provision of an up-to-date legal framework;
- Ensuring technical safety of nuclear facilities;
- Maintaining a high level of professionalism and safety culture among employees.

RESULTS:

- Safe running of nuclear facilities and hazardous industrial facilities;
- No events rated at level 2 or higher on the international INES scale;
- No emergencies at hazardous industrial facilities.

For details, see the section 'Nuclear and Radiation Safety'.

1

3

9. Political risk

(International Cooperation Department)



Changes in the regulatory and political climate in foreign countries imposing restrictions on the operations of the Company and its organizations

Key risk factors in the reporting year:

- Some countries attempted to use international platforms to amend the existing and draft international nuclear standards and guidelines, which could negatively affect the Russian nuclear industry;
- Regulators in partner countries tightened their policies on assessing the safety of NPPs under construction and in operation;
- Some countries may impose bans on supplying high-tech equipment to Russian nuclear organizations for political reasons.

MANAGEMENT APPROACHES:

- Cooperation with the Russian Ministry of Foreign Affairs and other authorities;
- Political support for global operations of nuclear organizations;
- Using the platform of specialized international organizations;
- Awareness-raising activities conducted worldwide.

RESULTS:

- As of December 31, 2015, the 10-year portfolio of overseas orders totalled USD 110.3 billion, up by 8.8% YoY;
- 8 intergovernmental agreements and 16 interdepartmental agreements were concluded, which is a positive trend.

For details, see the sections 'International Cooperation' and 'International Business'.

1

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10. Risk of loss of and damage to assets

(Asset Protection Department)



Corruption and other infringements of law leading to the damage to/ loss of assets

MANAGEMENT APPROACHES:

- The Company utilizes an integrated industry-wide anti-corruption and asset protection system.

RESULTS:

- Preventive measures and inspections aimed at protecting assets in the sector helped save RUB 5.7 billion in the reporting year.

1

2

11. Reputational risk

(Communications Department and Heads of divisions)



Changes in stakeholder perception of the trustworthiness and appeal of the Company and its organizations

MANAGEMENT APPROACHES:

- Measures were taken to shape a positive public opinion on nuclear technologies through improved informational transparency and open stakeholder engagement.

RESULTS:

- 75.5% of the population in early 2016 were in support of the use of nuclear power in Russia, according to a survey by Levada-Centre.

CHANGES:

- The risk increased due to the 2016 Russian State Duma election campaign, with some candidates exploiting the theme of radiophobia for political purposes.

For details, see the section 'Stakeholder Engagement'.

1

3

4.2.3. RISK INSURANCE

Risk insurance is one of the main risk management strategies employed by JSC Atomenergoprom. To improve the reliability of its insurance coverage, in 2015 the Company, jointly with the insurance community, continued to make efforts to reinsure property risks of Russian organizations in the international pooling system. A significant share of liability of Russian NPPs for potential nuclear damage

was transferred for reinsurance to the international pooling system, which proves that the international nuclear insurance community acknowledges the safety and reliability of Russian NPPs.

Key organizations of the industry will continue to be audited for insurance purposes in 2016.

4.2.4. OBJECTIVES FOR 2016 AND FOR THE MEDIUM TERM

To further develop its risk management system, the Company intends to:

- Strengthen the functional risk management hierarchy in the Divisions;
- Ensure compliance with strategic controls requirements²¹ of the Russian Accounts Chamber.

²¹ Russian Federal Law No. 41-FZ on the Accounts Chamber of the Russian Federation of November 4, 2014

4.3

INTERNAL CONTROL SYSTEM

KEY RESULTS IN 2015

A 100% SCORE ON THE INTERNAL CONTROL AND INTERNAL AUDIT RANKING (FINANCIAL MANAGEMENT QUALITY MONITORING) WAS ASSIGNED BY THE RUSSIAN MINISTRY OF FINANCE

552 INSPECTIONS IN 144 ORGANIZATIONS OF THE INDUSTRY WERE CARRIED OUT; 13 INSPECTIONS WERE CONDUCTED BY EXTERNAL REGULATORY AUTHORITIES, INCLUDING 5 INSPECTIONS BY THE RUSSIAN ACCOUNTS CHAMBER; NO INSTANCES OF MISUSE OR ILLEGAL USE OF BUDGETARY FUNDS AND ASSETS WERE DETECTED

The internal control system is based on:

- The COSO model (The Committee of Sponsoring Organizations of the Treadway Commission);
- The IAEA requirements;
- Guidelines for Internal Control Standards for the Public Sector by the International Organization of Supreme Audit Institutions (INTOSAI)
- Russian laws and regulations.

The aim of the internal control and audit system (ICAS) is to secure the achievement of strategic goals and ensure corporate governance efficiency at JSC Atomenergoprom.

In 2015, the ICAS was supplemented with the following risk mitigation mechanisms:

- Asset impairment monitoring in the organizations within the industry;
- Monitoring of investment and project activities (KPIs of managers and responsibility matrices, real-time project monitoring);
- Monitoring of semi-fixed costs;
- Ban on arrears on inter-company debts within the industry and on exceeding projected expenses;
- Introduction of a standardized procedure for determining and imposing sanctions against employees for violating compliance standards.

THE INDUSTRY-WIDE HIERARCHY OF SPECIALIZED INTERNAL CONTROL BODIES COMPRISES 293 EMPLOYEES IN 53 ORGANIZATIONS OF THE INDUSTRY.

4.4

FINANCIAL AND INVESTMENT MANAGEMENT

FOUR ISSUES OF EXCHANGE-TRADED BONDS OF JSC ATOMENERGOPROM WITH A TOTAL PAR VALUE OF RUB 30 BILLION WERE PLACED AND WERE PURCHASED BY RUSSIAN PRIVATE PENSION FUNDS

A TOTAL OF ABOUT RUB 18.8 BILLION WAS SAVED THROUGH INTRAGROUP FINANCING WITHIN THE INDUSTRY BETWEEN 2010 AND 2015

4.4.1. FINANCIAL MANAGEMENT

4.4.1.1. IMPLEMENTATION OF THE FINANCIAL STRATEGY

- The financial strategy until 2020 is an integral part of the Company's development strategy. Given the scale of JSC Atomenergoprom, its impact on Russia's GDP, social obligations, global image and competitiveness, the Company's management attaches great significance to financial solvency of nuclear organizations, which becomes even more crucial in a changing environment. This financial strategy is based on the principles of economic efficiency and financial stability, which involves raising funds under the most favourable market conditions. Another purpose of this financial strategy is to manage financial risks.

Underinvestment and securing adequate liquidity at a reasonable price in a turbulent financial environment were the main challenges of 2015. If the cost of borrowing increases, the best strategy is to centralize the borrowing function. Therefore, in 2015 the Company continued to make efforts to:

- Centralize the treasury functions;
- Optimize the consolidated debt portfolio of organizations within the industry.

4.4.1.2. IMPROVING EFFICIENCY OF TREASURY TRANSACTIONS

To improve the performance of treasury functions, in 2015 the Company continued to make efforts in the following areas:

- Accumulation of spare cash on the accounts of pool leaders²²;
- Improvement of accuracy of payment scheduling (a rolling liquidity forecast);
- Ensuring competitiveness of the cost of servicing of the consolidated debt portfolio;
- Centralization of treasury transactions.

The established structure of treasuries makes it possible to control 100% of the funds of JSC Atomenergoprom and its organizations. Between 2010 and 2015, savings from intragroup financing within the industry totalled about RUB 18.8 billion²³.

IN 2015, THE COMPANY CONTINUED TO MAKE EFFORTS TO BOOST THE INVESTMENT APPEAL OF THE RUSSIAN NUCLEAR INDUSTRY AND ENGAGE STRATEGIC INVESTORS IN NPP CONSTRUCTION PROJECTS IN RUSSIA AND ABROAD:

- **ON-SITE VISITS TO THE OPERATIONAL LENINGRAD NPP AND THE CONSTRUCTION SITE OF LENINGRAD NPP-2 WERE ORGANIZED THROUGHOUT 2015, AND WERE ATTENDED BY REPRESENTATIVES OF RUSSIAN AND FOREIGN BANKS;**
 - **A ROUND-TABLE CONFERENCE ON FINANCING NPP CONSTRUCTION PROJECTS WAS HELD IN JUNE AS PART OF THE ATOMEXPO 2015 INTERNATIONAL FORUM.**
-

4.4.1.3. OBTAINING LOANS, ISSUING BONDS AND MAINTAINING CREDIT RATINGS

In 2015, a deal was closed to raise a syndicated loan for JSC TENEX totalling USD 300 million over a period of three years from a pool of foreign banks, with JSC Atomenergoprom acting as a guarantor.

In July 2015, the placement of series BO-05 exchange-traded bonds of JSC Atomenergoprom with a par value of RUB 10 billion and series BO-06 exchange-traded bonds with a par value of RUB 5 billion was completed; the bonds have a 10-year maturity term. The terms and conditions of the placement provide for a five-year put option and a two-year call option. The coupon rate was set at 11.9% per annum.

In December 2015, JSC Atomenergoprom bought out series BO-05 exchange-traded bonds and redeemed them before their maturity date. Simultaneously, JSC Atomenergoprom placed two issues of series BO-07 and series BO-08 exchange-traded bonds

with a total par value of RUB 15 billion and a 10-year maturity term. The issue of series BO-07 bonds has a seven-year put option and a 4.5-year call option. The issue of series BO-08 bonds has a 5.5-year call option. The coupon rate on these bonds was set at 11.1% per annum.

Additionally, JSC Atomenergoprom raised five-year loans in US dollars and euros, which, along with the exchange-traded bonds, allowed it to extend the average term of the credit portfolio.

In the reporting year, JSC Atomenergoprom continued to work on maintaining its credit ratings assigned by international rating agencies. Each Big Three rating agency (Standard & Poor's, Fitch Ratings, Moody's Investors Service) rated the Company at the level of Russia's sovereign credit ratings: BB +/BBB-/Ba1.

²² A pool leader means an organization of the Corporation on whose accounts spare cash is accumulated and subsequently redistributed between the Corporation's organizations through loan agreements. A pool leader is appointed under the resolution of ROSATOM's executive bodies.

²³ Savings from intragroup financing include savings by subsidiaries on loans provided by JSC Atomenergoprom as an industry pool leader, interest paid on loans/bonds, interest income from deposits/minimum permanent balances, etc.

4.4.1.4. GOALS FOR 2016 AND MEDIUM-TERM GOALS

Facing the risk of increasing debt burden as a result of external influences, the Company will:

- Ensure a consistent payment discipline for intragroup financing;
- Improve the accuracy of medium-term cash flow planning;
- Prevent internal competition for credit resources between organizations;
- Continue to centralize cash management;
- Focus on maintaining relations with supporting banks as the most reliable partners providing accessible funds in terms of both volumes and cost;
- Fulfil all of its obligations, including covenants, to current lenders (including for a syndicated loan) and rating agencies.

The Company may also expand the pool of its financing instruments (provided this is economically feasible and market conditions are favourable) in order to reduce the cost of debt service and ensure timely and full financing of the industry organizations' investment programme on acceptable terms.

4.4.2. INVESTMENT MANAGEMENT

4.4.2.1. KEY APPROACHES TO INVESTMENT MANAGEMENT

To take into account the interests of all value chain participants, a large number of decision-makers and experts grouped into collective or consultative bodies are engaged in investment management. The final decision-making authority (top management or division level) is determined by the strategic importance of a project. Decisions on key milestones of projects vital for the Company are made and the projects are monitored at the top level.

An independent verification procedure (in relation to the project initiator) was put in place to improve the efficiency of investment decisions.

A project portfolio made up of projects of all the organizations within the industry is built for a year and for the medium term based on available investment resources. The resources are calculated based on the financial stability requirements for the Holding Company and based on the required rate of return on investment.

Progress on projects in the organizations in the industry is monitored on a quarterly basis.

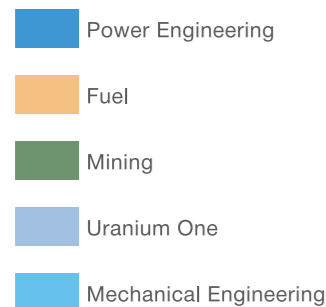
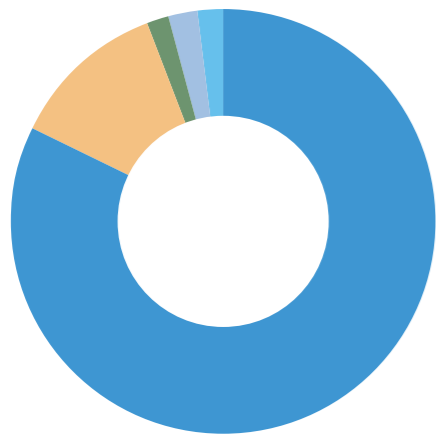
A phase-gate approach is applied to project implementation.

A comprehensive audit is conducted, which helps formulate recommendations on how to improve planning and implementation of investment projects.

Measures to raise external financing, including project financing, are being actively developed.

IN 2015, JSC ATOMCAPITAL (A WHOLLY-OWNED SUBSIDIARY OF ROSATOM ACTING AS A POOL LEADER IN FSUE INTRAGROUP FINANCING) ENABLED AN OPTIMAL DEBT BURDEN DISTRIBUTION BETWEEN JSC ATOMENERGOPROM AND ORGANIZATIONS OUTSIDE OF ITS SCOPE.

4.4.2.2. RESULTS IN 2015

INVESTMENTS BY CORE DIVISION IN 2015²⁴

MEASURES TO IMPROVE INVESTMENT EFFICIENCY

In 2015:

- Projects were optimized using a feasibility analysis technique developed in 2014 and implemented industry-wide in 2015. As a result, in 2015, budgets of 73 projects were optimized with savings exceeding RUB 3 billion;
- Product strategies for new businesses were approved, which allowed the Company to launch 18 projects in 2015 aimed at diversifying its product range;
- Maturity rating of investment and project activities is performed regularly in the organizations within the industry, which provides for a systemic approach aimed at improving competencies of project team members, including by sharing information on best practices;
- The industry-wide knowledge management system is now extensively used as a communication platform for the participants of investment and project activities: 150 new users joined the community in the reporting year;
- A project to improve the industry-wide automated portfolio management system was launched; in 2016, its implementation will help improve the performance of employees in investment departments and members of project teams, improve transparency and make it possible to assign personal responsibility;
- The project management system was certified in accordance with the national and international standard of the Project Management series (Certificate No. 011.03.0010 dated October 23, 2015 issued by the Autonomous Non-Profit Organization Project Management Assessment and Development Centre).

4.4.2.3. CHALLENGES OF THE REPORTING PERIOD AND SHORT- AND MEDIUM-TERM MITIGATION MEASURES

CHALLENGES

Underinvestment (higher cost of credit resources, restrictions on raising funds on the global market), which limits the Corporation's ability to build an investment project portfolio, forcing it instead to give priority to financing its liabilities.

Processing of large amounts of information, time-consuming procedures.

Inadequate justification of the need for investments.

Major changes in the external environment (macro parameters).

MITIGATION MEASURES

- Making timely decisions to abandon or suspend a number of projects.
- Optimizing project budgets using technological and price analysis.

- Switchover to a more flexible automated portfolio management system adjusted to the needs of industry managers, integrated with the previously implemented corporate information systems.
- Development of a system for delegation of powers and responsibility.

- Standardized requirements for project management, supporting materials, material quality control procedures.
- Improvement of the project examination institution.
- Improvement of the industry-wide knowledge base on investment projects.
- Development of competences of project team members.

Development of measures to improve investment efficiency:

- Search for new projects, technological and design solutions for ongoing projects to optimize investment expenditures;
- Improvement of accuracy of investment and project planning;
- Stricter control over the intended use of funds;
- Abandoning ineffective projects;
- Improvement of the risk management system.

²⁴ Investments (actual financing including VAT) in civilian projects from all sources, excluding intragroup turnovers within ROSATOM's network, across consolidated organizations in accordance with the scope of the budget as of December 31, 2015.

2015

BUSINESS PERFORMANCE OF JSC ATOMENERGOPROM



WORKING AS ONE TEAM

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5

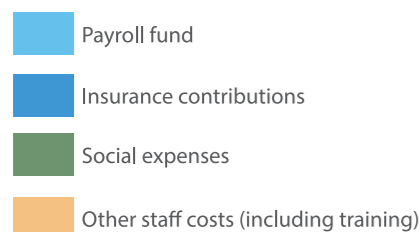
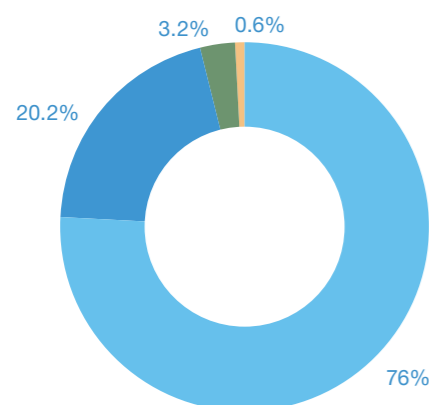
5.1 DEVELOPING HUMAN CAPITAL

5.1.1. STAFF INFORMATION

As of December 31, 2015, the average headcount in JSC Atomenergoprom's organizations totalled 86,560 people. 56,100 employees have a university degree; 1,269 are Candidates and Doctors of Sciences.

The age of employees averaged 44.2 years. The share of employees aged under 35 stood at 34.7%.

STAFF COST STRUCTURE



5.1.2. STAFF COSTS

In 2015, staff costs totalled RUB 100.4 billion.

CORPORATE REMUNERATION SYSTEM

The current remuneration system is:

- Result-based: strengthening the link between employees' compensation and their efficiency and key performance indicators (KPIs). Managerial KPIs are linked to the strategic goals and KPIs established for ROSATOM by the Supervisory Board; strategic goals set for the organizations and enterprises are converted into KPI maps of specific managers and cascaded down to business units and employees;
- Adequate salary level matching the compensation in the best Russian companies.

In 2015, the average monthly salary in JSC Atomenergoprom totalled RUB 72,900, up by 7.8% YoY.

5.1.3. EXECUTIVE SUCCESSION POOL

A centralized programme to build and develop the executive succession pool (ESP) was launched in 2012 to ensure succession and train managers to later take managerial positions in the nuclear industry.

KEY RESULTS IN 2015

THE AVERAGE MONTHLY SALARY TOTALLED RUB 72,900 PER MONTH (+7.8% AGAINST 2014)

34.7% OF EMPLOYEES ARE AGED UNDER 35

In 2015, ESP members selected in 2013 and 2014 completed their training. They successfully completed a number of modules, including 'Enterprise Resource Management', 'Leadership', 'Change Management', etc., and participated in project activities, including projects forming part of ROSATOM's Production

System (RPS) and initiatives to integrate the Company's values into the corporate culture.

By the end of 2015, the ESP comprised over 800 employees; 50.9% of ESP members were appointed to middle-level and senior positions (35.6% in 2014).

NUMBER OF ESP MEMBERS (BY CATEGORIES OF EMPLOYEES)

| ESP LEVELS | ESP DEVELOPMENT PROGRAMME | NUMBER OF PARTICIPANTS | | |
|-------------------------|---------------------------|------------------------|------------|------------|
| | | 2013 | 2014 | 2015 |
| Senior executives | ROSATOM's Assets | 65 | 56 | 101 |
| Middle-level executives | ROSATOM's Capital | 139 | 169 | 326 |
| Junior executives | ROSATOM's Talents | 165 | 267 | 390 |
| TOTAL | | 369 | 492 | 817 |

5.1.4. STAFF ASSESSMENT

In 2015, the Company adopted an industry competence model based on corporate values. The competence model is built into the main HR management processes: recruitment, annual performance assessment, career and succession planning, screening and development of the succession pool, training, and an industry-wide mentoring system (see also the section 'Values of JSC Atomenergoprom').

Thus, all employees are not only expected to be aware of and abide by the corporate values but can also benefit from them by receiving further training and building their careers in the nuclear industry.

5.1.5. STAFF TRAINING

Training, professional development and improvement of staff competences are integral to developing, fostering competitiveness and improving the quality of the internal labour market in the nuclear industry.

In 2015, 47,255 employees of JSC Atomenergoprom underwent training and retraining and completed professional development programmes.

ANNUAL AVERAGE TRAINING HOURS PER EMPLOYEE BY PERSONNEL CATEGORY

| CATEGORY OF PERSONNEL | AVERAGE NUMBER OF HOURS PER EMPLOYEE IN 2014 | AVERAGE NUMBER OF HOURS PER EMPLOYEE IN 2015 |
|--------------------------------|----------------------------------------------|----------------------------------------------|
| Executives | 39 | 36 |
| Specialists and office workers | 20 | 15 |
| Workers | 24 | 36 |

IN 2015, 33,541 EMPLOYEES (38.8% OF THE TOTAL HEADCOUNT) RECEIVED A RECORD-BASED ASSESSMENT (INCLUDING A PERFORMANCE ASSESSMENT BASED ON KPI MAPS, AN ASSESSMENT OF PROFESSIONAL AND TECHNICAL KNOWLEDGE AND SKILLS AND AN ASSESSMENT BASED ON CORPORATE VALUES).

5.1.6. SOCIAL POLICY

JSC Atomenergoprom's social policy is designed to:

- Make the Company more attractive as an employer;
- Engage and integrate young professionals and highly skilled specialists;
- Improve employee loyalty;
- More efficiently manage social expenses.

Employment benefits provided to employees and retirees fully comply with the Uniform Industry-Wide Social Policy (hereinafter the 'UIWP'), which is based on standardized corporate social programmes (hereinafter the 'CSP').

JSC Atomenergoprom adheres to the Industry-Wide Agreement on Nuclear Power, Manufacturing and Science for 2015-2017 (hereinafter referred to as the 'Agreement'). The Agreement is based on the long-term practice of social partnership in the nuclear industry and aims to implement the Integrated

Standardized Remuneration System, the Uniform Industry-Wide Social Policy, and the Occupational Safety Management System. The Agreement focuses on the protection of employees' life and health (the sections 'Occupational Safety' and 'Social Policy'). Jointly with the Russian Trade Union of Nuclear Power and Industry Workers, employers maintain records of and analyse morbidity among employees, including records of periodic medical examinations and sick leave, and build an integrated health care programme Health, which may be appended to a collective labour agreement. The Agreement is adjusted to the new legislation on the special inspection of working conditions (SIWC), which stipulates an additional mechanism for cooperating with the trade union in conducting an SIWC and analysing inspection findings.

KEY CORPORATE SOCIAL PROGRAMMES OF JSC ATOMENERGOPROM, RUB MILLION

| | 2013 | 2014 | 2015 |
|-------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Voluntary health insurance | 545.4 | 640.5 | 900.3 |
| Accident and illness insurance | 27.0 | 41.8 | 46.4 |
| Health resort treatment and recreation for employees and their children, including: | 406.4 | 294.5 | 407.4 |
| • Health resort and rehabilitation treatment of employees | 1.1 | 0.7 | 382.1 |
| • Health resort treatment and recreation for children | 69.1 | 65.0 | 141.8 |
| Provision of housing for employees | 190.8 | 212.6 | 486.8 |
| Non-state pension plans | 275.4 | 329.6 | 480.7 |
| Retiree support | 1,113.0 | 867.4 | 887.2 |
| Catering arrangements | 20.4 | 157.6 | 28.4 |
| Sports and cultural events | 377.3 | 356.2 | 933.1 |
| Employee support programmes | 846.1 | 314.6 | 552.9 |
| Other | 416.4 | 341.6 | 805.6 |
| TOTAL: | 4,218.2 | 3,420.8 | 5,528.8 |

5.1.7. RECRUITMENT OF YOUNG PROFESSIONALS

JSC Atomenergoprom specifically invests in young professionals and recruits talented young people into the nuclear industry. In 2015, 392 employees were hired by the Company; JSC Atomenergoprom's organizations continued to provide internship opportunities to students of specialized universities: the initiative covered 2,911 students, 31 lecturers and postgraduate students.

In 2015, 891 students (786 in 2014) studied at universities sponsored from the federal budget by the order of JSC Atomenergoprom's organizations. Additionally, 61 students underwent training funded by the organizations. Organizations in the industry spent a total of RUB 94.8 million on targeted education programmes for university students.

5.1.8. PLANS FOR 2016:

- Improve labour productivity;
- Increase the share of new appointments from amongst ESP members;
- Improve satisfaction of internal clients with the quality of education in the Corporate Academy.

5.2

DEVELOPING THE REGIONS OF OPERATION

JSC Atomenergoprom impacts on the social and economic development of the operating regions in many ways. The Company contributes significantly to the energy security of a number of regions. JSC Atomenergoprom is a large taxpayer paying taxes to the budgets of all levels. The Company makes a substantial economic impact on the regions of its operation by providing employment opportunities to skilled professionals in the nuclear industry and related industries, thus improving overall employment in the regions, as well as providing decent working conditions and remuneration.

5.2.1. ENSURING THE ENERGY SUPPLY OF RUSSIAN REGIONS

In 2015, NPPs accounted for 18.6% of the total electricity output in Russia (17.2% in 2014). Nuclear power generation contributes significantly to Russia's integrated power systems.

SHARE OF POWER GENERATED BY JSC ROSENERGOATOM CONCERN NPPS IN THE TOTAL ELECTRICITY GENERATION IN RUSSIA IN 2015 BY REGION (INTEGRATED POWER SYSTEM [IPS]).

| INDEX | RUSSIA | EUROPEAN RUSSIA ²⁵ | IPS OF THE CENTRE | IPS OF THE MIDDLE VOLGA | IPS OF THE NORTH- WEST | IPS OF THE SOUTH ²⁶ | IPS OF THE URALS | IPS OF THE EAST ²⁶ |
|-------------------------------------------------------------------------|---------|----------------------------------|----------------------|-------------------------------|------------------------------|-----------------------------------|---------------------|----------------------------------|
| Electricity generated by NPPs of JSC Rosenergoatom Concern, billion kWh | 195.21 | 195.0 | 100.17 | 32.75 | 36.99 | 20.51 | 4.58 | 0.22 |
| Share of power generated by NPPs of JSC Rosenergoatom Concern, % | 18.6 | 24.6 | 42.3 | 31.1 | 36.5 | 22.7 | 1.8 | 0.5 |
| Power generation in Russia ²⁷ | 1,049.9 | 791.55 | 236.97 | 105.37 | 101.28 | 90.2 | 257.73 | 47.7 |

²⁵ European Russia: IPS of the Centre + IPS of the Middle Volga + IPS of the North-West + IPS of the South + IPS of the Urals.

²⁶ Including isolated systems.

²⁷ According to the press release by the System Operator of the Unified Power System at year-end 2015 dated January 12, 2016 (SO UPS website: www.so-ups.ru).



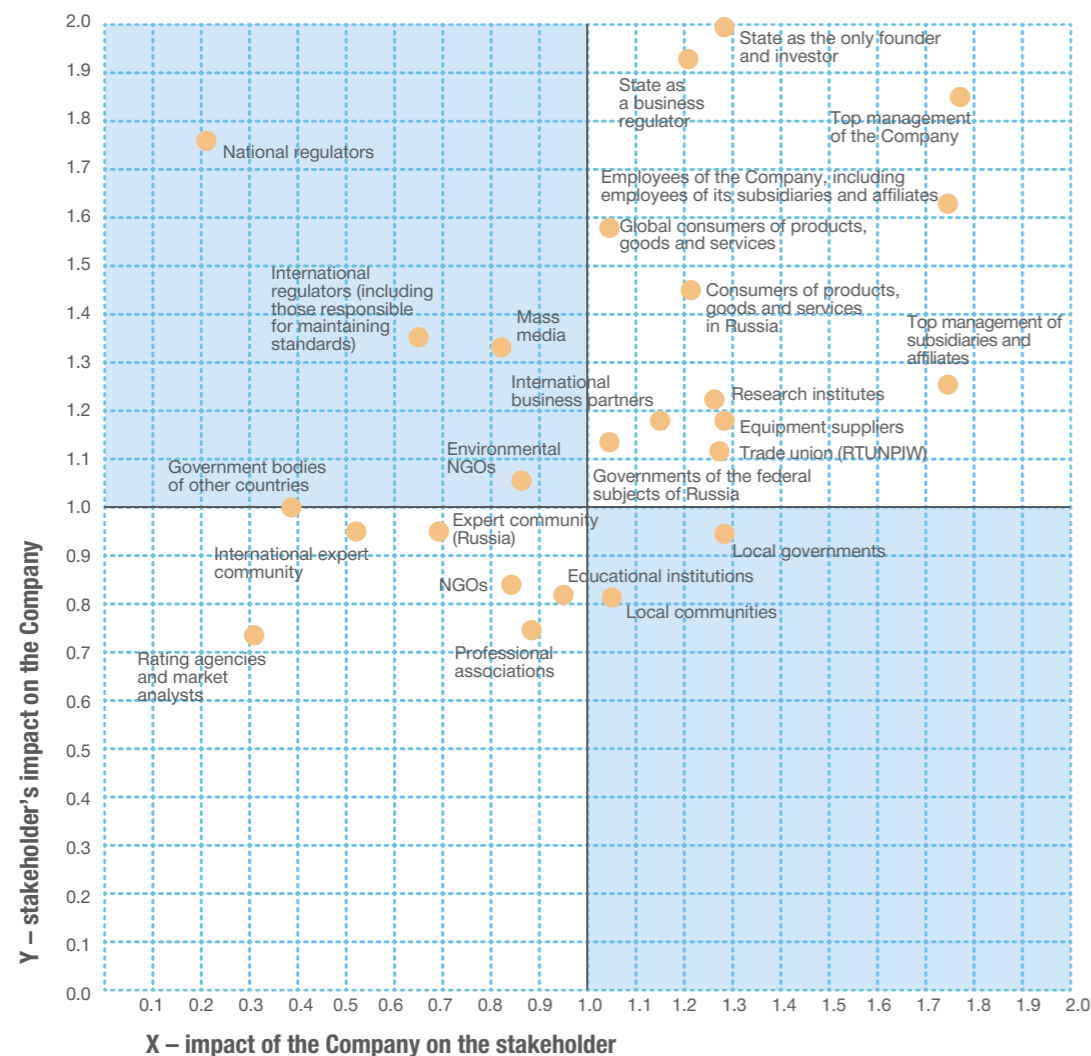
5.3 STAKEHOLDER ENGAGEMENT

5.3.1. APPROACHES TO STAKEHOLDER ENGAGEMENT

Due to its scale and special characteristics of its business, JSC Atomenergoprom has a wide range of stakeholders both in Russia and worldwide. Targeted work with stakeholders is aimed at achieving strategic objectives and getting the public on board

for developing nuclear energy. The Company fosters systematic and constructive stakeholder engagement in each area of its business, and communicates with society as a whole.

STAKEHOLDER MAP



KEY RESULTS IN 2015

75.5% OF THE POPULATION IN RUSSIA SUPPORTS THE USE OF NUCLEAR ENERGY

571,000 PEOPLE VISITED NUCLEAR ENERGY INFORMATION CENTRES

VIEWERSHIP OF TERRESTRIAL AND CABLE CHANNELS BROADCASTING THE 'STRANA ROSATOM' TV PROGRAMME TOTALS 11.3 MILLION PEOPLE

5.3.2. EXHIBITIONS

In 2015, the Company took part in 13 exhibitions and forums across Russia. The 7th International Forum ATOMEXPO 2015 (Moscow) was a landmark event held under the slogan 'Nuclear energy gives momentum to social and economic development'. The forum was attended by about 4,200 people, delegations from 47 countries and over 100 companies (including 29 foreign ones).

In September 2015, the Central Exhibition Hall Manege successfully held a cultural and historical exhibition titled '70 Years of the Nuclear Industry'.

The Chain Reaction of Success' dedicated to the anniversary of the Russian nuclear industry. The exhibition recreated the historical context and showed why the Russian nuclear industry was given an impetus 70 years ago, in 1945. The exhibition showcased personal belongings of prominent nuclear scientists, declassified archival documents and other unique exhibits from the industry and public museums around the country, as well as interactive and 3D exhibitions dedicated to modern innovative nuclear technologies. In total, over 100,000 people attended the exhibition.

FUNDAMENTAL PRINCIPLES OF STAKEHOLDER ENGAGEMENT ARE AS FOLLOWS:

- RESPECT AND ACCOMMODATION OF THE INTERESTS OF ALL PARTICIPANTS;
- OPEN EFFICIENT COOPERATION;
- TIMELY AND EXHAUSTIVE INFORMATION ON ALL THE ACTIVITIES OF JSC ATOMENERGOPROM;
- STRIVING TO PROVIDE SPECIFIC BENEFITS TO ALL PARTICIPANTS;
- FULFILMENT OF OBLIGATIONS.

5.3.3. NUCLEAR ENERGY INFORMATION CENTRES

NUCLEAR ENERGY INFORMATION CENTRES MAP



Since 2008, a project has been underway to build a network of nuclear energy information centres (NEIC) in the Company's operating regions. The first centre was opened in 2008. By the end of 2015, the NEIC network comprised 17 centres in Russia and 6 centres abroad (including a centre opened in the reporting year in Astana, Kazakhstan). During 7 years, over 2 million people visited the centres, including over 571,000 in 2015.

In 2015, the NEIC network continued to organize and conduct events for promoting nuclear energy, science and technology:

- 2,300 people at 16 centres took part in two creative and research contests for high school students: Nuclear Science and Technology, and My Atom;
- The Energy of Science project brought together over 800 people, including university and school students and teachers, who were offered an opportunity to participate in events held by leading Russian scientists and science communicators;
- In Kaliningrad, Russia, about 4,000 participants took part in over 40 events of various formats at 16 venues across the city as part of the Facets of the Future science festival.

5.3.4. THE FORSAZH FORUM

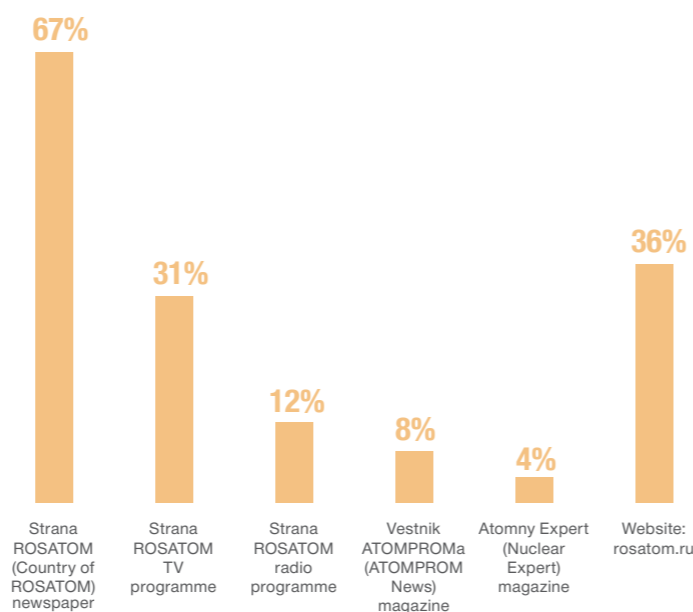
In 2015, the Kaluga Region hosted the fifth Forsazh forum, which was attended by about 800 participants. The forum was designed as a shared communication platform for future professionals from innovative Russian and international companies. Moreover, Forsazh is the face-to-face stage of the Innovative Nuclear Leader competition, which provides young inventors with an opportunity to present their own inventions and receive grants to further develop and finalize these inventions. Every year, young nuclear industry employees submit innovative projects by post; 35 projects selected at the preliminary stage are then presented to the Committee face to face. 20 participants are named winners and receive grants of RUB 200,000 each; the other 15 are awarded consolation prizes of RUB 55,000.

5.3.5. WHAT? WHERE? WHEN?

In 2015, the Company continued its cooperation with the *What? Where? When?* TV game show, which promotes ROSATOM (and JSC Atomenergoprom) amongst the target audience as the Knowledge Corporation: an area of activities and a business which is underpinned by people's knowledge, innovations and high technologies.

The ROSATOM team, which comprises nuclear specialists from various industry organizations, participated in a series of games in the 40th anniversary season of *What? Where? When?*, demonstrating the human and intellectual potential of the nuclear industry to the Russian TV audience.

INDUSTRY-RELATED INFORMATION SOURCES FOR EMPLOYEES²⁸



²⁸ According to the annual engagement survey in the industry (% of employees who marked this source of information).

5.3.6. INDUSTRY MEDIA

In 2015, the Company continued to publish Strana ROSATOM ('The Country of ROSATOM'), a weekly industry newspaper with a circulation of 58,000 copies and a readership of over 250,000 people.

The newspaper is designed to:

- Shape an industry-wide information environment consistent with the Company's mission, strategic goals and values;

- Increase employee engagement;
- Support the Company's image as an employer.

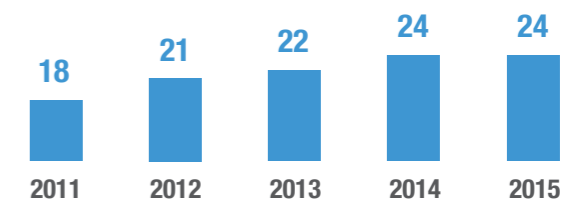
The newspaper readership comprises employees of nuclear enterprises ranging from line professionals up to senior managers. The polls indicate, however, that employees' relatives, veterans of the nuclear industry, customers and partners read the newspaper too.

5.3.7. INDUSTRY TELEVISION

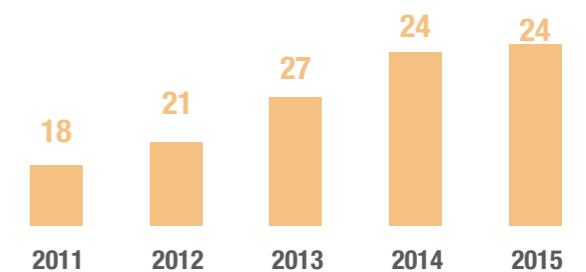
In 2015, an information and analytical TV programme Strana ROSATOM was aired in 24 'atomic' cities across 17 regions of Russia. It was broadcast in 34 industry organizations. The viewership of terrestrial and cable channels that broadcast the programme totalled about 11.3 million people.

In 2015, a total of 469 pieces were aired (185 on TV, 397 on the Internet). In the reporting year, the share of items on operational matters increased across the board from 49% to 66.3%. In addition, media services of the industry organizations sent 2.5 times more pieces than the number of those prepared for TV broadcasting, which made it possible to select the best pieces for broadcasting. Thus, pieces on operational matters occupied 80% of the TV schedule (72% on the Internet), which helped reflect more accurately the image of the nuclear industry.

BROADCASTING CITIES OF THE STRANA ROSATOM TV PROGRAMME



NUMBER OF INDUSTRY ORGANIZATIONS THAT PROVIDE VIDEO MATERIAL FOR THE STRANA ROSATOM PROGRAMME



5.3.8. INDUSTRY RADIO

The Strana ROSATOM radio programme is broadcast three times a week (for 15-18 minutes). In 2015, 135 radio programmes were broadcast, including 714 news items, 98 interviews, 44 reports, 55 columns, and 23 special information blocks. The programmes were aired across 50 industry organizations via cable radio or the intranet, and uploaded to ROSATOM's website.

In 2015, the industry radio was active on social networks. The number of #atomradio podcast plays on PodFM.ru doubled in the reporting year (from 12,894 to 26,369). The Atomradio audience comprises listeners from over 15 countries. 900 unique visitors per month visit #atomradio pages on social networking websites.

THE STRANA ROSATOM RADIO PROGRAMME WAS AWARDED A CERTIFICATE 'FOR AN EXEMPLARY MEDIA PRODUCT' AT THE INTER-REGIONAL CONTEST OF CORPORATE MEDIA RESOURCES 'SILVER THREADS – VOLGA REGION AND URALS 2015'.

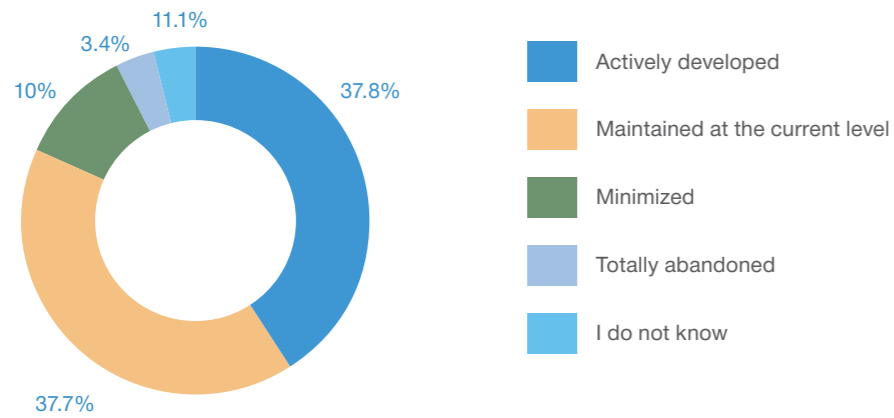
5.3.9. OPINION POLLS

JSC Atomenergoprom annually analyses the findings of independent opinion surveys on how the Russian population perceives the development of nuclear energy in the country, and adjusts its communications with stakeholders accordingly.

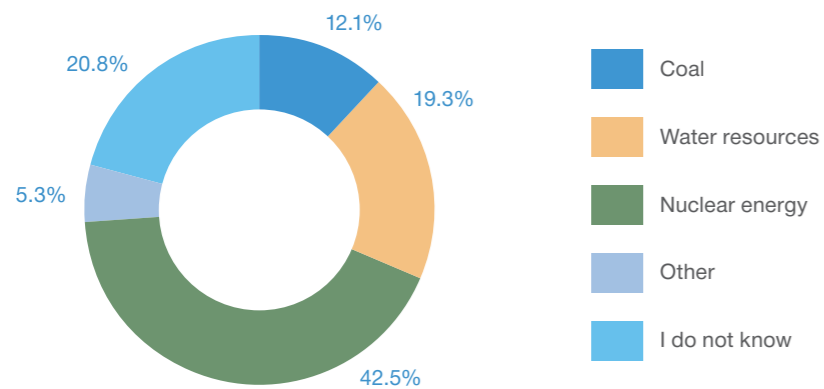
In early 2016, 75.5% people supported the use of nuclear energy in Russia, according to a survey

by ANO Levada-Centre²⁹ (in the survey, they answered 'Develop it actively' and 'Maintain at the current level'). This reflects the population's acceptance of nuclear energy and trust in the nuclear industry. Moreover, people tend to see nuclear energy as the most promising energy source which will replace hydrocarbons in the future.

DO YOU THINK THE NUCLEAR POWER INDUSTRY SHOULD BE ACTIVELY DEVELOPED, MAINTAINED AT THE CURRENT LEVEL, MINIMIZED, OR TOTALLY ABANDONED?



THEY SAY RUSSIA WILL RUN OUT OF OIL AND GAS IN 20 YEARS. WHAT DO YOU THINK COULD REPLACE THEM AS A SOURCE OF ENERGY?

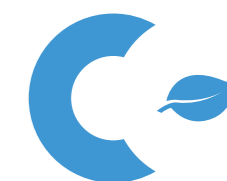


²⁹ The survey was conducted between February 12 and February 15, 2016 across a representative sample of Russian citizens comprising 1,602 people aged 18 and above.



2015

BUSINESS PERFORMANCE OF JSC ATOMENERGOPROM



6.1. NUCLEAR AND RADIATION SAFETY

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SAFETY GUARANTEE

6

6.1

NUCLEAR AND RADIATION SAFETY

6.1.1. NUCLEAR AND RADIATION SAFETY AT NUCLEAR FACILITIES

In 2015, JSC Atomenergoprom ensured safe and steady operation of enterprises in the nuclear industry. In 2015, there were no incidents involving radiation leaks. Limits on employee radiation exposure were not exceeded.

As in recent years, in 2015, no events rated at level 2 or higher on the international INES scale were detected at ROSATOM's nuclear facilities (level 1 and 0 deviations pose no risk to employees operating the facilities, local residents or the environment).

6.1.2. PHYSICAL PROTECTION OF NUCLEAR FACILITIES

The security and physical protection of facilities of JSC Atomenergoprom posing nuclear and radiation hazards and nuclear and radioactive materials used and stored by the Company (including during their transportation) complies with the Russian legislation. Furthermore, Russian regulatory requirements are fully consistent with the IAEA recommendations

on physical protection and in some respects even exceed them. The requirement to have at least two lines of intrusion detection devices based on different physical principles along the perimeter of a guarded facility was fulfilled in all of the Company's nuclear facilities.

6.1.3. INDUSTRY-WIDE AUTOMATED RADIATION MONITORING SYSTEM (IARMS)

IARMS is a functional subsystem of the Integrated State Automated Radiation Monitoring System (ISARMS). Its main purpose is to monitor the radiation level in the areas where facilities posing nuclear and radiation hazards are located. IARMS is one of the tools for alarm notification and providing information for decisions on accident response.

Real-time data from radiation monitoring stations operated by organizations in the industry are available on the website at www.russianatom.ru.

KEY RESULTS IN 2015

NO EVENTS RATED AT LEVEL 2 OR HIGHER ON THE INES SCALE WERE DETECTED

THE INJURY FREQUENCY RATE FELL FROM 0.43 IN 2014 TO 0.34 IN 2015

THE LOST TIME INJURY FREQUENCY RATE (LTIFR) DECREASED FROM 0.29 IN 2014 TO 0.2 IN 2015

6.1.4. OCCUPATIONAL HEALTH AND SAFETY

One of the fundamental priorities for JSC Atomenergoprom is to protect the life and health of the Company's employees.

In 2015, the injury frequency rate across the industry decreased to 0.34 (0.43 in 2014), which is considerably lower than the rate for Russia (1.6).

The lost time injury frequency rate (LTIFR)³⁰ stood at 0.2, with the industry target being 0.4 (the global best practice rate is 0.5).

6.1.5. RADIATION EXPOSURE OF EMPLOYEES

The criteria of employee radiation safety are laid down in the Radiation Safety Standards (NRB-99/2009), the Basic Sanitary Rules of Radiation Safety (OSPORB-99/2010) and other regulations. Most enterprises in the industry provide workplace conditions that fully comply with the requirements set out in these documents.

Over the past seven years, annual average effective and collective employee radiation exposure has been varying insignificantly and remains at the lowest possible level under the current economic and social conditions. As in previous years, in 2015,

the total effective dose for any employee did not exceed 100 mSv over five consecutive years. The annual dose limit of 50 mSv set in the Radiation Safety Standards was not exceeded.

Over the last five years, the industry average individual employee radiation risk did not exceed 8% of the regulatory limit, while the maximum individual risk has been decreasing steadily from 0.012 to 0.0066.

³⁰ LTIFR is the ratio between the total number of working hours lost as a result of injuries (1 million man-hours) and the total number of working hours.

6.2

ENVIRONMENTAL SAFETY

6.2.1. ENVIRONMENTAL SAFETY AND ENVIRONMENTAL PROTECTION MANAGEMENT

JSC Atomenergoprom attaches great importance to environmental safety and environmental protection. The Company and its enterprises give priority to minimizing the negative environmental impact of nuclear facilities. Since 2008, *the Fundamental Principles of the Environmental Policy of ROSATOM and its Organizations* have been the main regulatory document on environmental safety and environmental protection.

In 2015, organizations in the nuclear industry operated in compliance with the legislative requirements for environmental safety and environmental protection. Through its systematic approach to environmental safety and environmental protection, as well as the implementation of its environmental policy, the Company achieved impressive results and improved its environmental performance.

6.2.2. ADOPTION OF INTERNATIONAL STANDARDS

In 2015, organizations in the nuclear industry continued to implement environmental management systems and subsequently transitioned to an integrated management system.

JSC ROSENERGOATOM CONCERN

Environmental management systems at operating NPPs and in the headquarters of JSC Rosenergoatom Concern were audited for compliance with ISO 14001:2004 and recertification. The validity of environmental certificates was confirmed.

JSC TVEL

The integrated quality management, environmental management, occupational health and safety management and energy management system was successfully audited and acknowledged to be compliant with the international ISO 9001, ISO 14001, OHSAS 18001 and ISO 50001 standards. TÜV International Certification (TIC), a German certification body, audited and confirmed the efficiency of the existing systems and the correctness of the approach of JSC TVEL's management to improving management efficiency and operational safety, and reducing the environmental impact of the Company's products.

6.2.3. IMPROVED ENERGY EFFICIENCY

| ENERGY CONSUMPTION IN 2015 DIVISION | ELECTRICITY | | HEAT | | WATER | |
|------------------------------------------------|---------------------|------------|-----------------|------------|---------------------|------------|
| | '000 kWh | % | '000 Gcal | % | '000 m ³ | % |
| Fuel Division | 3,033,839.56 | 64.65 | 2,360.72 | 34.4 | 519,264.75 | 75.6 |
| Power Engineering Division (operational needs) | 894,129.06 | 19.1 | 3,535.69 | 51.6 | 153,677.32 | 22.4 |
| Mechanical Engineering Division | 185,393.87 | 3.95 | 82.92 | 1.2 | 2,905.23 | 0.4 |
| Mining Division | 579,317.10 | 12.3 | 875.60 | 12.8 | 10,812.40 | 1.6 |
| TOTAL | 4,692,679.59 | 100 | 6,854.93 | 100 | 686,659.70 | 100 |

In the reporting year, energy costs across the Company's core divisions were reduced by an average of 23.7% (on a comparable basis against 2009 as the base year). This was achieved through investment initiatives, improved energy efficiency culture and higher efficiency of monitoring of energy consumption achieved through the introduction of technical metering systems and an automated reporting process.

REDUCTION IN ENERGY CONSUMPTION IN THE NUCLEAR INDUSTRY (UNDER COMPARABLE CONDITIONS) AGAINST 2009

| DIVISION | RESULT IN 2015, % |
|---------------------------------|-------------------|
| Fuel Division | 30.86 |
| Power Engineering Division | 26.28 |
| Mechanical Engineering Division | 27.16 |
| Mining Division | 10.34 |



**NO EVENTS RATED AT LEVEL 2
OR HIGHER ON THE INTERNATIONAL
INES SCALE HAVE BEEN DETECTED**

**(LEVEL 1 AND 0 DEVIATIONS POSE NO RISK
TO EMPLOYEES OPERATING THE FACILITIES,
LOCAL RESIDENTS OR THE ENVIRONMENT)**

GLOSSARY

BOO (BUILD – OWN – OPERATE) CONTRACT

a contract imposing obligations related to the construction, ownership and operation of a facility.

CAPACITY FACTOR

the ratio of actual electricity output of a reactor unit during its operation to electricity output that would have been produced during its operation at full nameplate capacity without shutdowns.

CLOSED NUCLEAR FUEL CYCLE

a nuclear fuel cycle in which spent nuclear fuel is processed in order to extract uranium and plutonium for nuclear fuel refabrication.

CORPORATE BUSINESS MODEL

a model comprising key business processes and resources (types of capital) used by the organization to create and maintain its value in the long term.

CORPORATE SOCIAL RESPONSIBILITY

a concept whereby an organization takes into account stakeholder requests. It is a set of obligations voluntarily assumed by the organization's executives to take into account the interests of employees, shareholders, local communities in the organization's operating regions, government bodies and municipal governments and other stakeholders. These obligations are funded mainly from the organization's own funds and are aimed at implementing significant internal and external social (in a broad sense) programmes whose outcomes help develop the organization, improve its reputation and image, and enable constructive stakeholder engagement.

DEPLETED URANIUM

uranium with a lower content of the U-235 isotope than natural uranium (e.g. uranium in spent fuel from reactors fuelled with natural uranium).

DIALOGUE WITH STAKEHOLDERS (AS PART OF PREPARATION OF THE ANNUAL REPORT)

an event held in accordance with the international AA1000 standards to facilitate communication between the organization and representatives of key stakeholders when preparing its annual report in order to improve the organization's transparency and accountability.

ENRICHMENT (ISOTOPIC)

a) the amount of atoms of a specific isotope in a mixture of isotopes of the same element if it exceeds the share of this isotope in a naturally occurring mixture (expressed as a percentage);

b) a process resulting in an increase in the content of a specific isotope in a mixture of isotopes.

EPC (ENGINEERING – PROCUREMENT – CONSTRUCTION) CONTRACT

a contract imposing obligations related to the turnkey construction of a facility, i.e. obligations related to the engineering, procurement and construction of a facility. Unlike a BOO contract, it does not provide for ownership of a facility to be built.

EPCM (ENGINEERING – PROCUREMENT – CONSTRUCTION – MANAGEMENT) CONTRACT

a contract imposing obligations related to the turnkey construction (engineering, procurement and construction) and management of a facility. Unlike a BOO contract, it does not provide for ownership of a facility to be built.

FAST NEUTRONS

neutrons whose kinetic energy exceeds a certain limit. This limit varies within a broad range and depends on the application (reactor physics, protection or radiation monitoring). In reactor physics, this limit is usually set at 0.1 MeV.

FIRST CRITICALITY

a stage in the commissioning of an NPP which involves loading nuclear fuel into the reactor, achieving first criticality and required physical experiments at a power level at which heat is removed from the reactor through natural heat losses.

FUEL ASSEMBLY

a set of fuel elements (rods, bars, plates, etc.) held together with spacer grids and other structural elements that are transported and irradiated in the reactor in one piece. Fuel assemblies are loaded into the reactor core.

GLOBAL REPORTING INITIATIVE (GRI)

an international system for reporting on economic, environmental and social performance based on the Sustainability Reporting Guidelines, Technical Protocols and Sector Supplements.

**GLOBAL REPORTING INITIATIVE (GRI)
SUSTAINABILITY REPORTING GUIDELINES**

Sustainability Reporting Guidelines determine report content and the quality of reporting information, outline standard disclosures (performance indicators related to an organization's economic, environmental and social impacts), approaches to managing these impacts and other parameters, and recommendations regarding specific technical aspects of reporting.

HEU AGREEMENT

the Agreement between the Government of the Russian Federation and the Government of the United States of America Concerning the Disposition of Highly Enriched Uranium Extracted from Nuclear Weapons, under which Russia undertook to supply the US over 20 years (until the end of 2013) with low-enriched uranium (LEU) produced from 500 tonnes of highly enriched uranium (HEU) extracted from nuclear warheads and deemed by Russia to be excessive for defence purposes.

INTEGRATED REPORT

a report consolidating all material data on the organization's strategy, corporate governance, performance indicators and prospects to provide a comprehensive picture of its economic, social and environmental status. The report gives a clear and precise idea of stewardship and value creation in the organization at present and in the future.

INTERNATIONAL INTEGRATED REPORTING COUNCIL (IIRC)

an international organization responsible for the development of global integrated reporting standards that will make it possible to present managerial, financial, social, environmental and other information in a clear, concise, consistent and comparable report. The objective of the IIRC is to develop universal approaches to providing corporate reports in order to promote sustainable development of the global economy.

KEY PERFORMANCE INDICATORS (KPIs)

key performance indicators consistent with the goals of JSC Atomenergoprom and reflecting the efficiency and performance of organizations (and operations of divisions) and the individual performance of employees.

NON-FINANCIAL REPORTING

reports provided by an organization on its performance beyond its core operational and financial activities (and the management of this performance). Examples of non-financial reports include sustainability reports, corporate social responsibility reports, environmental reports, reports on philanthropy, etc.

NPP SAFETY

an NPP characteristic that ensures radiation safety for personnel, the general public and the environment within required limits during normal operation and in the event of an accident.

NUCLEAR FUEL

material containing fissionable nuclides which, after being placed in a nuclear reactor, enables a nuclear chain reaction.

NUCLEAR FUEL CYCLE

a sequence of manufacturing processes aimed at ensuring the operation of nuclear reactors, ranging from uranium production to radioactive waste disposal.

NUCLEAR POWER

a branch of power engineering that uses nuclear energy for electricity and heat generation.

NUCLEAR SAFETY

the ability of nuclear facilities (including NPPs) to prevent nuclear accidents and radioactive leaks.

OPERATOR

an organization that has obtained a permit from a regulator for the operation of an NPP or another nuclear facility.

PHASE GATE APPROACH

an approach to planning and carrying out investment activities, which involves breaking down investment projects into phases, each of which is preceded by a Gate Review of achieved results as well as plans and risks related to further project implementation, and the decision is made to proceed to the next phase of project implementation.

POWER START-UP

a stage in the commissioning of an NPP at which the NPP starts to generate energy, and the operation of the NPP is tested at various power levels, up to the level specified for commercial operation.

RADIATION BURDEN

a sum of individual doses of radiation received or planned in the course of operation, maintenance, repairs, replacement or dismantling of equipment at a nuclear facility, e.g. an NPP.

RADIATION SAFETY

protection of the current and future generations and the environment against the harmful impact of ionizing radiation.

RADIOACTIVE DISCHARGE

controlled release of radionuclides into industrial reservoirs as a result of the operation of a nuclear facility (e.g. an NPP).

RADIOACTIVE RELEASE

controlled atmospheric emission of radionuclides by a nuclear facility (e.g. an NPP).

RADIOACTIVE WASTE

materials and substances unsuitable for further use, as well as equipment and products with a radionuclide content above prescribed levels.

RADIOACTIVE WASTE PROCESSING AND CONDITIONING

process operations aimed at ensuring that the physical form and condition of radioactive waste are appropriate for their disposal.

RECOMMENDATIONS OF THE RUSSIAN UNION OF INDUSTRIALISTS AND ENTREPRENEURS (RSPP) FOR USE IN GOVERNANCE PRACTICE AND CORPORATE NON-FINANCIAL REPORTING (BASIC PERFORMANCE INDICATORS)

a system of economic, social and environmental performance indicators for non-financial reports developed by the RSPP in order to facilitate the adoption of responsible business principles. It is based on a number of framework documents developed by UN organizations (including the UN Global Compact) and the Global Reporting Initiative, as well as methodological and procedural guidelines of the Federal State Statistics Service of the Russian Federation and guidelines developed by the RSPP (the Social Charter of Russian Business, Recommendations on the Preparation of Non-Financial Reports 'Five Steps Towards Social Sustainability of Companies', etc.).

RESEARCH REACTOR

nuclear reactor designed for use as an object of research to obtain data on reactor physics and technology required in order to design and develop similar reactors or components thereof.

SEPARATIVE WORK UNIT (SWU)

a measure of efforts expended on the separation of a given amount of material with a specific isotopic composition into two fractions with different isotopic compositions; it does not depend on the separation process being used. Separative work is measured in kilograms, and enrichment and energy costs are calculated per kilogram of separative work performed.

STAKEHOLDERS

individuals and/or legal entities and groups of individuals or entities that make an impact on the organization's operations through their actions and/or are affected by the organization. An organization may have different stakeholders (national and international regulatory (supervisory) authorities, shareholders, consumers of goods and services, business partners, suppliers and contractors, civil society organizations, local communities, trade unions, etc.) with differing and conflicting interests.

SUSTAINABLE DEVELOPMENT

development meeting the needs of the present without compromising the ability of future generations to meet their own needs. Accordingly, an organization's transparency and accountability with regard to its economic, environmental and social impacts are fundamental requirements for every business entity.

URANIUM CONVERSION

a chemical engineering process involving the transformation of uranium-containing materials into uranium hexafluoride.

URANIUM HEXAFLUORIDE

a chemical compound of uranium and fluorine (UF₆), which is the only highly volatile uranium compound (when heated to 53°C, uranium hexafluoride changes directly from the solid state into the gaseous state); it is used as feedstock for the separation of uranium-238 and uranium-235 isotopes using gaseous diffusion or the gas centrifuge method and for production of enriched uranium.

URANIUM ORE ENRICHMENT

a combination of processes for primary treatment of uranium-containing mineral resources in order to separate uranium from other minerals contained in the ore. The composition of minerals does not change in the process; they are only separated mechanically, with ore concentrate being produced.

VVER

a water-cooled water-moderated energy reactor in which water is used as both a coolant and moderator. Russian NPPs typically use two versions of VVER reactors: VVER-440 and VVER-1000.

LIST OF ABBREVIATIONS

| | | | | | |
|----------------|-------------------------------------------------|--------------|---------------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------------------------------------------------------------|
| ARMS | automated radiation monitoring system | | | | |
| CATF | closed administrative and territorial formation | IEPRS | functional subsystem for emergency prevention and response in organizations within the jurisdiction of JSC Atomenergoprom | JV | joint venture |
| CIS | Commonwealth of Independent States | IGA | intergovernmental agreement | KPI | key performance indicator |
| CJSC | closed joint-stock company | IIDMS | integrated industry-wide document management system | LC | life cycle |
| CNFC | closed nuclear fuel cycle | INES | International Nuclear Event Scale (INES) | LEU | low-enriched uranium |
| CRMS | corporate risk management system | IP | intellectual property | LLC | limited liability company |
| EUP | enriched uranium product | IRAW | individual risk assessment workstation | LRW | liquid radioactive waste |
| EURASEC | Eurasian Economic Community | IRG | inert radioactive gases | MSSC | multipurpose shared services centre |
| FTP | federal target programme | ISRS | Integrated Standardized Remuneration System | NF | nuclear facilities |
| FTS | Federal Tariff Service | ISS | inspection and search system | NFA | nuclear fuel assembly |
| HEU | highly enriched uranium | ITER | International Thermonuclear Experimental Reactor (ITER) | NFC | nuclear fuel cycle |
| HLW | high-level waste | IUEC | International Uranium Enrichment Centre | NFE | nuclear fuel element |
| IAEA | International Atomic Energy Agency | JSC | joint-stock company | NPP | nuclear power plant |
| | | | | NRS | nuclear and radiation safety |
| | | | | OECD NEA | Nuclear Energy Agency of the Organization for Economic Cooperation and Development |
| | | | | OJSC | open joint-stock company |
| | | | | R&D | research and development |
| | | | | RAW | radioactive waste |
| | | | | RBMK | high-power channel-type reactor |
| | | | | ROSATOM, CORPORATION | State Atomic Energy Corporation Rosatom |
| | | | | ROSTEKHNAZOR | Federal Service for Environmental, Technological and Nuclear Supervision |
| | | | | RR | research reactor |
| | | | | RSPP | Russian Union of Industrialists and Entrepreneurs |
| | | | | SNF | spent nuclear fuel |
| | | | | SWU | separative work unit |
| | | | | UN | United Nations |

APPENDIX 1

TABLES OF GENERAL AND SPECIFIC GRI (G4) DISCLOSURES AND THEIR CORRESPONDENCE TO THE RSPP BASIC PERFORMANCE INDICATORS

TABLE OF STANDARD GRI G4 DISCLOSURES

| GENERAL STANDARD DISCLOSURES | SECTION OF THE REPORT/COMMENT |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| <i>Strategy and Analysis</i> | |
| G4-1. A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability | Address by the Chair of the Board of Directors Address by the Director |
| G4-2. Key impacts, risks, and opportunities | Address by the Chair of the Board of Directors Address by the Director |
| <i>Organizational Profile</i> | |
| G4-3. Name of the organization | Overview of JSC Atomenergoprom |
| G4-4. Primary brands, products, and services | JSC Atomenergoprom today |
| G4-5. Location of the organization's headquarters | Overview of JSC Atomenergoprom |
| G4-6. Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report | 2.2. International business 2.3. International cooperation |
| G4-7. Nature of ownership and legal form | Overview of JSC Atomenergoprom |
| G4-8. Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries) | 2.1. Markets served by Atomenergoprom 2.2. International business |
| G4-9. Scale of the organization | JSC Atomenergoprom today 3.1. Financial and economic results |
| G4-10. Total number of employees | 5.1. Developing human capital |
| G4-13. Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain | 4.1. Corporate governance |
| G4-14. Whether and how the precautionary approach or principle is addressed by the organization | 6.1. Nuclear and radiation safety |
| <i>Identified Material Aspects and Boundaries</i> | |
| G4-17. Entities included in the organization's consolidated financial statements or equivalent documents | Report profile |
| G4-22. Effect of any restatements of information provided in previous reports, and the reasons for such restatements | There were no restatements in the 2015 report. |
| G4-23. Significant changes from previous reporting periods in the Scope and Aspect Boundaries | In the reporting year, no significant changes were introduced compared to the previous reporting periods. |
| <i>Stakeholder Engagement</i> | |
| G4-24. List of stakeholder groups engaged by the organization | 5.3. Stakeholder engagement |
| G4-25. Basis for identification and selection of stakeholders with whom to engage | 5.3. Stakeholder engagement |
| G4-26. The organization's approach to stakeholder engagement | 5.3. Stakeholder engagement |
| <i>Report Profile</i> | |
| G4-28. Reporting period (such as fiscal or calendar year) for information provided | Report profile |
| G4-29. Date of most recent previous report (if any) | The Company's previous report was published in 2015 |
| G4-30. Reporting cycle (such as annual, biennial, etc.) | Report profile |
| G4-31. Contact point for questions regarding the report or its contents. | Contact details |
| G4-32. GRI Content Index | Appendix 1. Tables of General and Specific GRI (G4) Disclosures and their correspondence to the RSPP basic performance indicators |

APPENDIX 2

| | |
|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| <i>Governance</i> | |
| G4-34. Governance structure of the organization | 4.1. Corporate governance |
| G4-38. Composition of the highest governance body | 4.1. Corporate governance |
| G4-39. Whether the Chair of the highest governance body is also an executive officer | 4.1. Corporate governance |
| G5-51. Remuneration policies for the highest governance body | 4.1. Corporate governance 5.1. Developing human capital |
| <i>Ethics and Integrity</i> | |
| G4-56. The organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics | Business strategy 5.1. Developing human capital |

**TABLE OF SPECIFIC STANDARD GRI (G4) DISCLOSURES
AND THEIR CORRESPONDENCE TO THE RSPP BASIC PERFORMANCE INDICATORS**

| INDICATOR | CORRESPONDENCE TO THE NUMBER OF THE RSPP BASIC INDICATOR | SECTION OF THE REPORT/COMMENT |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| EC 8 Significant indirect economic impacts, including the extent of impacts | - | 5.2. Developing the regions of operation |
| EU 2 Net energy output by primary energy source and by regulatory regime | - | 3.6. Power Engineering Division |
| LA 2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation | | 5.1. Developing human capital ³¹ |
| LA 4 Minimum notice periods regarding operational changes, including whether these are specified in collective agreements | - | JSC Atomenergoprom has established a minimum notice period of two months for operational changes, and three months for situations that may lead to mass dismissal. |
| LA 6 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender | 3.1.5.-3.1.8. | 6.1. Nuclear and radiation safety |
| LA 8 Health and safety topics covered in formal agreements with trade unions | - | 5.1. Developing human capital |
| LA 9 Average hours of training per year per employee by gender and by employee category | 3.1.10. | 5.1. Developing human capital |
| LA 10 Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | - | 5.1. Developing human capital |
| LA 11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | | 5.1. Developing human capital |
| PR 1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement | - | 4.2. Risk management 6.1. Nuclear and radiation safety |
| EN 6 Reduction of energy consumption | | 6.2. Environmental safety |

**Joint Stock Company Atomic Energy Power
Corporation**
**Summarised consolidated financial statements
for the year ended 31 December 2015
and Auditors' Report**

³¹ Benefits specified in section 5.1.6. 'Social Policy' are not provided to part-time employees.



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Report of the Independent Auditors on the Summary Consolidated Financial Statements

To the Shareholders and Board of Directors

JSC Atomenergoprom

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2015, the summary consolidated statements of profit and loss, other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of JSC Atomenergoprom (the "Company") and its subsidiaries (the "Group") as at and for the year ended 31 December 2015. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 25 April 2016.

The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Group.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements on the basis described in Note 1.

Auditors' Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 *Engagements to Report on Summary Financial Statements*.

Audited entity: JSC Atomic Energy Power Corporation (JSC Atomenergoprom)

Registered by the Moscow Inter-Regional Tax Inspectorate No.46 on 19 July 2007. Certificate series 77 No. 008571073.

Entered in the Unified State Register of Legal Entities on 19 July 2007, Registration No. 1077758081664

24, Bolshaya Ordynka street, Moscow, 119017

Independent auditor: JSC KPMG, a company incorporated under the Laws of the Russian Federation, a part of the KPMG Europe LLP group, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Registered by the Moscow Registration Chamber on 25 May 1992, Registration No. 011.585.

Entered in the Unified State Register of Legal Entities on 13 August 2002 by the Moscow Inter-Regional Tax Inspectorate No.39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700125628, Certificate series 77 No. 005721432.

Member of the Non-commercial Partnership "Chamber of Auditors of Russia". The Principal Registration Number of the Entry in the State Register of Auditors and Audit Organizations: No.10301000804.



Auditors' Report
Page 2

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of the Group as at and for the year ended 31 December 2015 are consistent, in all material respects, with those consolidated financial statements, on the basis described in Note 1.



Kim A.A., Director

(power of attorney dated 16 March 2015 No. 11/15)

JSC KPMG

29 April 2016

Moscow, Russian Federation

Joint Stock Company Atomic Energy Power Corporation
Summarised consolidated statement of financial position as at 31 December 2015
(in millions of Russian roubles)

| | 31 December 2015 | 31 December 2014 (restated) |
|-------------------------------------------|---------------------|-----------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Goodwill | 42 630 | 32 906 |
| Property, plant and equipment | 1 591 194 | 1 430 783 |
| Intangible assets | 47 887 | 42 918 |
| Investments in equity accounted investees | 67 089 | 81 063 |
| Available-for-sale financial assets | 781 | 13 188 |
| Trade and other receivables | 25 290 | 20 525 |
| Non-current loans given | 84 949 | 5 343 |
| Deferred tax assets | 7 864 | 7 778 |
| Other non-current assets | 34 921 | 18 788 |
| Total non-current assets | 1 902 605 | 1 653 292 |
| Current assets | | |
| Inventories | 182 594 | 174 517 |
| Income tax receivable | 2 181 | 839 |
| Other taxes receivable | 465 | 428 |
| Bank deposits | 275 | 5 018 |
| Trade and other receivables | 230 557 | 198 423 |
| Current loans given | 19 636 | 18 022 |
| Cash and cash equivalents | 327 598 | 156 168 |
| Available-for-sale financial assets | 224 | 24 416 |
| Other current assets | 1 643 | 2 693 |
| Total current assets | 765 173 | 580 524 |
| Total assets | 2 667 778 | 2 233 816 |

Joint Stock Company Atomic Energy Power Corporation
Summarised consolidated statement of financial position as at 31 December 2015
(in millions of Russian roubles)

| | 31 December 2015 | 31 December 2014 (restated) |
|-----------------------------------------------------------|---------------------|-----------------------------------|
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 1 017 569 | 960 019 |
| Share premium | 361 | 361 |
| Reserves | 46 665 | 54 923 |
| Retained earnings | 564 415 | 461 328 |
| Total equity attributable to owners of the Company | 1 629 010 | 1 476 631 |
| Non-controlling interests | 202 511 | 62 727 |
| Total equity | 1 831 521 | 1 539 358 |
| Non-current liabilities | | |
| Loans and borrowings | 244 634 | 280 369 |
| Trade and other payables | 78 000 | 44 061 |
| Grants and other financing | 7 201 | 7 565 |
| Employee benefits | 12 633 | 10 306 |
| Provisions | 102 977 | 55 659 |
| Deferred tax liabilities | 18 914 | 17 481 |
| Other non-current liabilities | 847 | 691 |
| Total non-current liabilities | 465 206 | 416 132 |
| Current liabilities | | |
| Loans and borrowings | 94 929 | 58 189 |
| Income tax payable | 5 786 | 8 830 |
| Other taxes payable | 19 810 | 18 367 |
| Trade and other payables | 244 059 | 186 312 |
| Other current liabilities | 6 467 | 6 628 |
| Total current liabilities | 371 051 | 278 326 |
| Total liabilities | 836 257 | 694 458 |
| Total equity and liabilities | 2 667 778 | 2 233 816 |

Director

Chief Accountant

«25» Amperul 2016



K.B. Komarov

V.A. Andrienko

Joint Stock Company Atomic Energy Power Corporation
Summarised consolidated statement of profit and loss for the year ended 31 December 2015
(in millions of Russian roubles)

| | 2015 | 2014 (restated) |
|------------------------------------------------------|----------------|--------------------|
| Revenue | 657 099 | 507 051 |
| Cost of sales | (386 852) | (290 420) |
| Gross profit | 270 247 | 216 631 |
| Distribution expenses | (18 415) | (7 312) |
| Administrative expenses | (63 757) | (64 062) |
| Other income | 19 103 | 26 273 |
| Other expenses | (45 717) | (48 306) |
| Results from operating activities | 161 461 | 123 224 |
| Finance income | 52 236 | 14 330 |
| Finance costs | (33 973) | (59 425) |
| Share of net profit of equity accounted investees | 8 633 | 688 |
| Profit before income tax | 188 357 | 78 817 |
| Income tax expense | (44 553) | (20 714) |
| Profit for the period | 143 804 | 58 103 |
| Profit/(loss) for the period attributable to: | | |
| Owners of the Company | 144 889 | 62 963 |
| Non-controlling interests | (1 085) | (4 860) |

Director

Chief Accountant

«25» *anpenel* 2016

K.B. Komarov

V.A. Andrienko

Blugny

Power Corporation
of comprehensive income for the year ended 31 December 2015

(in millions of Russian roubles)

| | 2015 | 2014 (restated) |
|--------------------------------------------------------------------------|----------------|--------------------|
| Profit for the period | 143 804 | 58 103 |
| Other comprehensive income | | |
| Items that will never be reclassified to profit or loss | | |
| Remeasurements of defined benefit liability | (1 897) | 2 440 |
| Income tax on other comprehensive income | 379 | (488) |
| Total | (1 518) | 1 952 |
| Items that may be reclassified subsequently to profit or loss | | |
| Net change in fair value of available-for-sale financial assets | 6 013 | (4 581) |
| Hedging reserve | 343 | 1 302 |
| Foreign currency translation differences | 1 257 | 48 992 |
| Income tax on other comprehensive income | (1 203) | 874 |
| Total | 6 410 | 46 587 |
| Total other comprehensive income | 4 892 | 48 539 |
| Total comprehensive income for the period | 148 696 | 106 642 |
| Total comprehensive income/(loss) for the period attributable to: | | |
| Owners of the Company | 136 889 | 110 518 |
| Non-controlling interests | 11 807 | (3 876) |

Director

Chief Accountant

«25» *anpenel* 2016

K.B. Komarov

V.A. Andrienko

Blugny

Joint Stock Company Atomic Energy Power Corporation
Summarised consolidated statement of changes in equity for the year ended 31 December 2015
(in millions of Russian roubles)

| | Attributable to equity holders of the Company | | | | | | | Non-controlling interests | Total equity |
|-----------------------------------------------------------------|-----------------------------------------------|---------------|------------------------------------------------------------|--------------------------------------|----------------|-------------------|------------------|---------------------------|------------------|
| | Share capital | Share premium | Fair value reserve for available-for-sale financial assets | Foreign currency translation reserve | Other reserves | Retained earnings | Total | | |
| Balance at 1 January 2014 | 880 222 | 361 | (1 145) | 2 081 | 2 024 | 401 278 | 1 284 821 | 62 228 | 1 347 049 |
| Effect of the transaction under common control | - | - | - | 4 254 | 2 195 | (4 439) | 2 010 | (760) | 1 250 |
| Balance at 1 January 2014 (restated) | 880 222 | 361 | (1 145) | 6 335 | 4 219 | 396 839 | 1 286 831 | 61 468 | 1 348 299 |
| Total comprehensive income for the period | | | | | | | | | |
| Profit for the period | - | - | - | - | - | 62 963 | 62 963 | (4 860) | 58 103 |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation differences | - | - | - | 48 008 | - | - | 48 008 | 984 | 48 992 |
| Net change in fair value of available-for-sale financial assets | - | - | (4 581) | - | - | - | (4 581) | - | (4 581) |
| Remeasurements of defined benefit liability | - | - | - | - | 2 440 | - | 2 440 | - | 2 440 |
| Hedging reserve | - | - | - | - | 1 302 | - | 1 302 | - | 1 302 |
| Income tax on other comprehensive income | - | - | 916 | - | (530) | - | 386 | - | 386 |
| Total other comprehensive income | - | - | (3 665) | 48 008 | 3 212 | - | 47 555 | 984 | 48 539 |
| Total comprehensive income for the period | - | - | (3 665) | 48 008 | 3 212 | 62 963 | 110 518 | (3 876) | 106 642 |

Joint Stock Company Atomic Energy Power Corporation
Summarised consolidated statement of changes in equity for the year ended 31 December 2015
(in millions of Russian roubles)

| | Attributable to equity holders of the Company | | | | | | | Non-controlling interests | Total equity |
|------------------------------------------------------------|-----------------------------------------------|---------------|------------------------------------------------------------|--------------------------------------|----------------|-------------------|------------------|---------------------------|------------------|
| | Share capital | Share premium | Fair value reserve for available-for-sale financial assets | Foreign currency translation reserve | Other reserves | Retained earnings | Total | | |
| Contributions by and distributions to owners | | | | | | | | | |
| Dividends | - | - | - | - | - | (10 188) | (10 188) | (230) | (10 418) |
| Shares issued | 79 797 | - | - | - | - | - | 79 797 | - | 79 797 |
| Effect of the transaction under common control | - | - | - | - | (163) | 5 460 | 5 297 | - | 5 297 |
| Total contributions by and distributions to owners | 79 797 | - | - | - | (163) | (4 728) | 74 906 | (230) | 74 676 |
| Cancellation of equity component of convertible debentures | - | - | - | - | (1 878) | 1 878 | - | - | - |
| Changes in non-controlling interests in subsidiaries | - | - | - | - | - | 4 376 | 4 376 | 5 365 | 9 741 |
| Total transactions with owners | 79 797 | - | - | - | (2 041) | 1 526 | 79 282 | 5 135 | 84 417 |
| Balance at 31 December 2014 (restated) | 960 019 | 361 | (4 810) | 54 343 | 5 390 | 461 328 | 1 476 631 | 62 727 | 1 539 358 |

Joint Stock Company Atomic Energy Power Corporation
Summarised consolidated statement of changes in equity for the year ended 31 December 2015
(in millions of Russian roubles)

| | Attributable to equity holders of the Company | | | | | | | | |
|--------------------------------------------------|-----------------------------------------------|---------------|------------------------------------------------------------|--------------------------------------|----------------|-------------------|------------------|---------------------------|------------------|
| | Share capital | Share premium | Fair value reserve for available-for-sale financial assets | Foreign currency translation reserve | Other reserves | Retained earnings | Total | Non-controlling interests | Total equity |
| Balance at 1 January 2015 | 960 019 | 361 | (4 810) | 53 518 | 4 519 | 470 903 | 1 484 510 | 63 051 | 1 547 561 |
| Effect of the transaction under common control | - | - | - | 824 | 872 | (9 575) | (7 879) | (324) | (8 203) |
| Balance at 1 January 2015 (restated) | 960 019 | 361 | (4 810) | 54 342 | 5 391 | 461 328 | 1 476 631 | 62 727 | 1 539 358 |
| Total comprehensive income for the period | | | | | | | | | |
| Profit for the period | - | - | - | - | - | 144 889 | 144 889 | (1 085) | 143 804 |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation differences | - | - | - | (11 635) | - | - | (11 635) | 12 892 | 1 257 |
| Revaluation of available-for-sale investments | - | - | 6 013 | - | - | - | 6 013 | - | 6 013 |
| Remeasurements of defined benefit liability | - | - | - | - | (1 897) | - | (1 897) | - | (1 897) |
| Hedging reserve | - | - | - | - | 343 | - | 343 | - | 343 |
| Income tax on other comprehensive income | - | - | (1 203) | - | 379 | - | (824) | - | (824) |
| Total other comprehensive income | - | - | 4 810 | (11 635) | (1 175) | - | (8 000) | 12 892 | 4 892 |
| Total comprehensive income for the period | - | - | 4 810 | (11 635) | (1 175) | 144 889 | 136 889 | 11 807 | 148 696 |

Joint Stock Company Atomic Energy Power Corporation
Summarised consolidated statement of changes in equity for the year ended 31 December 2015
(in millions of Russian roubles)

| | Attributable to equity holders of the Company | | | | | | | Non-controlling interests | Total equity |
|------------------------------------------------------------|-----------------------------------------------|---------------|------------------------------------------------------------|--------------------------------------|----------------|-------------------|------------------|---------------------------|------------------|
| | Share capital | Share premium | Fair value reserve for available-for-sale financial assets | Foreign currency translation reserve | Other reserves | Retained earnings | Total | | |
| Contributions by and distributions to owners | | | | | | | | | |
| Dividends | - | - | - | - | - | (15 208) | (15 208) | (39) | (15 247) |
| Shares issued | 57 550 | - | - | - | - | - | 57 550 | - | 57 550 |
| Total contributions by and distributions to owners | 57 550 | - | - | - | - | (15 208) | 42 342 | (39) | 42 303 |
| Cancellation of equity component of convertible debentures | - | - | - | - | (270) | 270 | - | - | - |
| Changes in non-controlling interests in subsidiaries | - | - | - | - | - | (30 695) | (30 695) | 128 880 | 98 185 |
| Effect of the transaction under common control | - | - | - | - | 12 | 3 831 | 3 843 | (864) | 2 979 |
| Total transactions with owners | 57 550 | - | - | - | (258) | (41 802) | 15 490 | 127 977 | 143 467 |
| Balance at 31 December 2015 | 1 017 569 | 361 | - | 42 707 | 3 958 | 564 415 | 1 629 010 | 202 511 | 1 831 521 |

Director

Chief Accountant

«25» Апрель 2016



K.B. Komarov

V.A. Andrienko

Joint Stock Company Atomic Energy Power Corporation
Summarised consolidated statement of cash flow for the year ended 31 December 2015
(in millions of Russian roubles)

| | 2015 | 2014 (restated) |
|---------------------------------------------------------------------------------------|------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax | 188 357 | 78 817 |
| <i>Adjustments for:</i> | | |
| Depreciation and amortisation | 78 712 | 76 753 |
| Impairment losses on property, plant and equipment | 216 | 33 559 |
| Loss on disposal of property, plant and equipment, intangible assets and other assets | 2 775 | 4 703 |
| Share of loss of equity accounted investees (net of income tax) | (8 633) | (688) |
| Net finance costs | (18 263) | 45 095 |
| Change and accrual of provisions | 23 066 | (33 923) |
| Other | 1 682 | (1 691) |
| Cash from operating activities before changes in working capital | 267 912 | 202 625 |
| Change in inventories | (9 826) | (13 889) |
| Change in trade and other receivables | (59 295) | (24 180) |
| Change in other taxes receivable | (45) | (126) |
| Change in trade and other payables | 96 880 | 41 001 |
| Change in other taxes payable | 1 567 | 2 195 |
| Cash flows from operations before income tax and interest paid | 297 193 | 207 626 |
| Income tax paid | (52 210) | (21 404) |
| Interest paid | (25 574) | (18 057) |
| Net cash from operating activities | 219 409 | 168 165 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 20 452 | 12 979 |
| Dividends received from equity accounted investees | 5 480 | 4 239 |
| Acquisition of property, plant and equipment | (238 963) | (226 741) |
| Acquisition of intangible assets | (4 068) | (15 332) |
| Purchase of investments | (500) | (8 452) |
| Proceeds from sale of investments | 41 383 | 1 274 |
| New deposits | (6 518) | (33 050) |
| Redemption of deposits | 9 428 | 33 623 |
| Investments in joint arrangement | (2 718) | (2 766) |
| Disposal of subsidiaries | (3 336) | 4 619 |
| Loans given to other entities | (79 094) | (6 339) |
| Proceeds from loans given to other entities | 24 180 | 7 006 |
| Proceeds from disposal of property, plant and equipment and intangible assets | 13 134 | 6 496 |
| Proceeds from grants and other financing | 1 857 | 2 896 |
| Net cash used in investing activities | (219 283) | (219 548) |

Joint Stock Company Atomic Energy Power Corporation
Summarised consolidated statement of cash flow for the year ended 31 December 2015
(in millions of Russian roubles)

| | 2015 | 2014 (restated) |
|----------------------------------------------------------------------------|----------------|--------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of share capital | 57 550 | 79 797 |
| Proceeds from borrowings | 284 877 | 341 905 |
| Repayment of borrowings | (308 917) | (336 427) |
| Dividends paid | (15 247) | (10 188) |
| Proceeds from sale of non-controlling interest | 98 506 | 10 820 |
| Net cash from financing activities | 116 769 | 85 907 |
| Net increase in cash and cash equivalents | 116 895 | 34 524 |
| Cash and cash equivalents at the beginning of the period | 156 168 | 89 060 |
| Effect of movements in foreign exchange rates on cash and cash equivalents | 54 358 | 32 584 |
| Cash and cash equivalents at the end of the period | 327 421 | 156 168 |

Director
Chief Accountant

«25» Апрель 2016



K.B. Komarov

V.A. Andrienko

1 The criteria for the preparation of summarised consolidated financial statements

These summarised consolidated financial statements, which comprise the summarised consolidated statement of financial position as at 31 December 2015, the summarised consolidated statement of profit and loss, the summarised consolidated statements of comprehensive income, the summarised consolidated statement of changes in equity and the summarised consolidated statement of cash flows for 2015 have been prepared by extraction, without any modification, the relevant statements from included in the consolidated financial statements of Joint Stock Company Atomic Energy Power Corporation and its subsidiaries prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2015 (hereinafter "consolidated financial statements"). All notes to the consolidated financial statements were not included in these summarised consolidated financial statements.

Accordingly, these summarised consolidated financial statements are consistent with those consolidated financial statements, which are available on the official website of Joint Stock Company Atomic Energy Power Corporation.



Заключение ревизионной комиссии
по результатам проверки финансово-хозяйственной деятельности
АО «Атомный энергопромышленный комплекс» за 2015 год

г. Москва

«13» мая 2016 г.

В соответствии с Федеральным законом «Об акционерных обществах», Уставом АО «Атомный энергопромышленный комплекс» (далее - Общество), ревизионной комиссией Общества в период с «04» мая 2016 г. по «13» мая 2016 г. проведена проверка финансово-хозяйственной деятельности Общества за 2015 год.

Ревизионная комиссия Общества утверждена Решением единственного акционера акционерного общества «Атомный энергопромышленный комплекс» № 6 от 29.06.2015г. в составе:

- Блажнова Татьяна Викторовна, начальник отдела консолидированной отчетности Бухгалтерии Госкорпорации «Росатом» (на момент избрания);
- Остроус Вячеслав Михайлович, начальник отдела методологии учета Бухгалтерии Госкорпорации «Росатом» (на момент избрания);
- Маслов Павел Александрович, главный специалист отдела налогового планирования Бухгалтерии Госкорпорации «Росатом» (на момент избрания).

Требования о проведении внеплановых проверок и ревизий от акционеров и Совета директоров в ревизионную комиссию в течение года не поступали.

В ходе проверки ревизионной комиссией выборочно исследованы:

- учредительные документы;
- регистры бухгалтерского учета за 2015 год;
- бухгалтерская отчетность Общества, приложения и пояснительная записка к ней за 2015 год;
- первичные документы, отражающие хозяйственные операции Общества в 2015 году;
- проект годового отчета Общества за 2015 год;
- аналитические материалы, вопросы, касающиеся соблюдения корпоративных процедур и другие документы, отражающие существенные стороны деятельности Общества.

Ревизионная комиссия в ходе проверки полагается, в том числе, на заключение Аудитора Общества: заключение ООО «Нексия Пачоли» от «29» марта 2016г.

По результатам проверки ревизионная комиссия:

1. Выражает мнение о достоверности данных, содержащихся в финансовой (бухгалтерской) отчетности Общества и годовом отчете Общества во всех существенных аспектах.

2. Фактов нарушений установленного правовыми актами Российской Федерации порядка ведения бухгалтерского учета и представления финансовой отчетности, а также правовых актов Российской Федерации при осуществлении финансово-хозяйственной деятельности, которые могли бы существенно повлиять на достоверность данных отчетности Общества, не обнаружила.

Председатель ревизионной комиссии



Т.В. Блажнова

Члены ревизионной комиссии:


В.М. Остроус
П.А. Маслов

Report of the Auditing Commission on audit findings on the financial
and business operations of JSC Atomic Energy Power Corporation for 2015

Moscow

May 13, 2016

In accordance with the Federal Law on Joint-Stock Companies and the Charter of JSC Atomic Energy Power Corporation (hereinafter referred to as the Company), the Company's Auditing Commission conducted an audit of the Company's financial and business operations for 2015 between May 4, 2016 and May 13, 2016.

The Company's Auditing Commission was approved under Resolution No. 6 of the sole shareholder of Joint-Stock Company Atomic Energy Power Corporation dated June 29, 2015 and comprises the following members:

- Tatyana Blazhnova, Head of the Consolidated Reporting Division, Accounting Department, ROSATOM (at the time of election);
- Vyacheslav Ostrous, Head of the Accounting Methodology Division, Accounting Department, ROSATOM (at the time of election);
- Pavel Maslov, Chief Specialist at the Tax Planning Division, Accounting Department, ROSATOM (at the time of election).

During the year, the Auditing Commission received no requests for unscheduled inspections or audits from shareholders or the Board of Directors.

As part of the audit, the Auditing Commission examined selectively the following documents:

- constitutional documents;
- accounting books for 2015;
- the Company's financial statements for 2015 and appendices and an explanatory note thereto;
- primary documents reflecting the Company's business operations in 2015;
- the draft annual report of the Company for 2015;
- analytical materials, matters related to adherence to corporate procedures and other documents reflecting material aspects of the Company's operations.

During the audit, the Auditing Commission relies, among other things, on the report of the Company's Auditor: the report of Nexia Pacioli LLC dated March 29, 2016.

Based on the findings of the audit, the Auditing Commission:

1. Expresses the opinion that the information presented in the Company's financial statements and in the Company's report is accurate in all material respects;
2. Has detected no breaches of accounting and financial reporting procedures, as established by Russian laws, and no breaches of Russian laws in the course of financial and business operations that might materially affect the accuracy and reliability of the Company's reporting information.

Chair of the Auditing Commission

T.V. Blazhnova

Members of the Auditing Commission:

V.M. Ostrous

P.A. Maslov

FEEDBACK FORM

Dear readers,

You have read the public annual report of JSC Atomenergoprom, which is intended for a wide range of stakeholders. We attach great importance to the opinion of the readers of our report. We would appreciate it if you helped improve the quality of the Company's reports by completing the questionnaire below.

Please return the completed form by mail to the Communications Department or to the Treasury at 24 Bolshaya Ordynka Street, Moscow, 119017 or by email (EAMamy@rosatom.ru).

1. Please assess the report using the following criteria:

ACCURACY AND OBJECTIVITY



- Excellent Good Satisfactory Poor

COMPLETENESS AND RELEVANCE OF INFORMATION



- Excellent Good Satisfactory Poor

REPORT STRUCTURE, EASE OF REFERENCE, WORDING



- Excellent Good Satisfactory Poor

2. Please specify which section(s) of the report you have found to be relevant and useful:

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.....

3. Which topics do you think should be covered in the next report?

.....
.....
.....
.....

4. Your recommendations and additional comments:

.....
.....
.....
.....

5. Please specify which stakeholder group you represent:

- | | |
|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| <input type="radio"/> Employee of JSC Atomenergoprom or ROSATOM | <input type="radio"/> Representative of a customer / consumer of goods and services |
| <input type="radio"/> Employee of an organization forming part of JSC Atomenergoprom or ROSATOM | <input type="radio"/> Representative of a business partner |
| <input type="radio"/> Representative of the federal government | <input type="radio"/> Representative of a non-governmental organization |
| <input type="radio"/> Representative of a regional government | <input type="radio"/> Representative of the media |
| <input type="radio"/> Representative of a local government | <input type="radio"/> Representative of the expert community |
| <input type="radio"/> Representative of a contractor / supplier | <input type="radio"/> Other (please specify) |

CONTACT DETAILS

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