

**AS TALLINNA VESI
COUNCIL REPORT ON
ACTIVITIES IN THE FINANCIAL YEAR
OF 2013**

The Council of AS Tallinna Vesi (hereinafter the Company) has approved this report providing an overview of the activities of the Council in managing and administrating the Company, to be presented to the Annual General Meeting of the shareholders of the Company to be held on 20th May 2014.

The Council has examined the Annual Report for the financial year of 2013 (Annual Report) presented by the Management Board of the Company, comprising of the Annual Accounts and the Management Board's activity report together with the appended certified auditor's report and the proposal on the distribution of profit.

The Council has unanimously resolved to approve the Annual Report for the financial year of 2013 with appendices.

The Council has organized and directed the activities of the Company in accordance with applicable law and the Articles of Association of the Company.

During the financial year of 2013 the Council held meetings on 24 January, 21 March, 25 April, 1 August and 23 October.


During the meetings held in the financial year of 2013, the Council discussed various issues and supporting data, relating to the management and administration of the Company, including the financial performance of the Company and the Company's compliance with the Levels of Service as set out in the Services Agreement and the Project Agreements as well as the progress of the Company's tariffs dispute with the Competition Authority. The Operating Cost, Revenue and Capital budgets for the financial year of 2014 were examined in detail and approved, as were other issues raised by the Management Board.

It is the understanding of the Council that any issues outside the day-to-day management of the Company have been referred by the Management Board to the Council for consent as required by the law and the Articles of Association of the Company.

In addition, the Management Board has submitted to the Council, at each appropriate meeting, a Management Report (that included sections on corporate issues, operations, development, customer services and financial issues) in order to give a full overview of the economic activities, financial position, corporate governance and service delivery levels of the Company and the activities of the Management Board.

During the financial year of 2013 there has been only one change in the membership of the Council. The full list of members during the financial year of 2013 and their terms of office are attached as an appendix to this report.

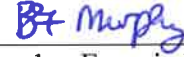
As a result of the activities and good work of the Management Board in the financial year of 2013 the Company has managed to continue progress in its financial and qualitative performance despite tariffs being frozen at 2010 level. The Council appreciates the contribution of the Management Board and all the employees of the Company in enhancing the Company's performance in 2013.



Robert John Gallienne
Chairman of the Council




Simon Roger Gardiner
Member of the Council



Brendan Francis Murphy
Member of the Council



Steven Richard Fraser
Member of the Council



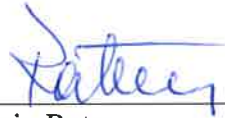
Mart Mägi
Member of the Council



Allar Jõks
Member of the Council



Priit Lello
Member of the Council



Rein Ratas
Member of the Council



Toivo Tootsen
Member of the Council

Appendix 1 – Council members during 2013

The Council members of the Company in 2013 were:

Name	From
Robert John Gallienne	22.05.2012
Mart Mägi	22.05.2012
Rein Ratas	22.05.2012
Toivo Tootsen	07.04.2011, re-elected on 07.04.2013
Priit Lello	16.11.2011, re-elected on 16.11.2013
Allar Jõks	21.05.2013
Simon Roger Gardiner	22.05.2012
Brendan Francis Murphy	27.10.2011, re-elected on 27.10.2013
Steven Richard Fraser	21.01.2012, re-elected on 21.01.2014
Valdur Laid	Recalled on 21.05.2013, participated in the meetings on 24.01.2013, 21.03.2013 and 25.04.2013

