ANNUAL REPORT 2011

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RUSAL

Financial and Operational Highlights

USD million (unless otherwise specified)	2011	2010	2009	2008	2007
Revenue	**12,291**	10,979	8,165	15,685	13,588
Adjusted EBITDA	**2,512**	2,597	596	3,526	4,620
Adjusted EBITDA Margin	**20.4%**	23.7%	7.3%	22.5%	34.0%
EBIT	**1,749**	2,031	(63)	(1,228)	3,647
Share of (Losses)/ Profits from Associates	**(349)**	2,435	1,417	(3,302)	(14)
Pre Tax Profit/(Loss)	**610**	3,011	839	(6,053)	3,225
Net Profit/(Loss)	**237**	2,867	821	(5,984)	2,806
Net Profit/(Loss) Margin	**1.9%**	26.1%	10.1%	(38.2%)	20.7%
Adjusted Net Profit/ (Loss)	**987**	792	(1,378)	1,528	2,806
Adjusted Net Profit/ (Loss) Margin	**8.0%**	7.2%	(16.9%)	9.7%	20.7%
Recurring Net Profit/ (Loss)	**1,981**	1,683	(870)	964	2,806
Basic Earnings/(Loss) Per Share (in USD)	**0.02**	0.19	0.06	(0.49)	0.32
Total Assets	**25,345**	26,525	23,886	24,005	22,063
Equity Attributable to Shareholders of the Company	**10,539**	11,456	6,332	4,488	10,095
Net Debt	**11,049**	11,472	13,633	13,170	8,395

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UC RUSAL

UC RUSAL

ANNUAL REPORT 2011

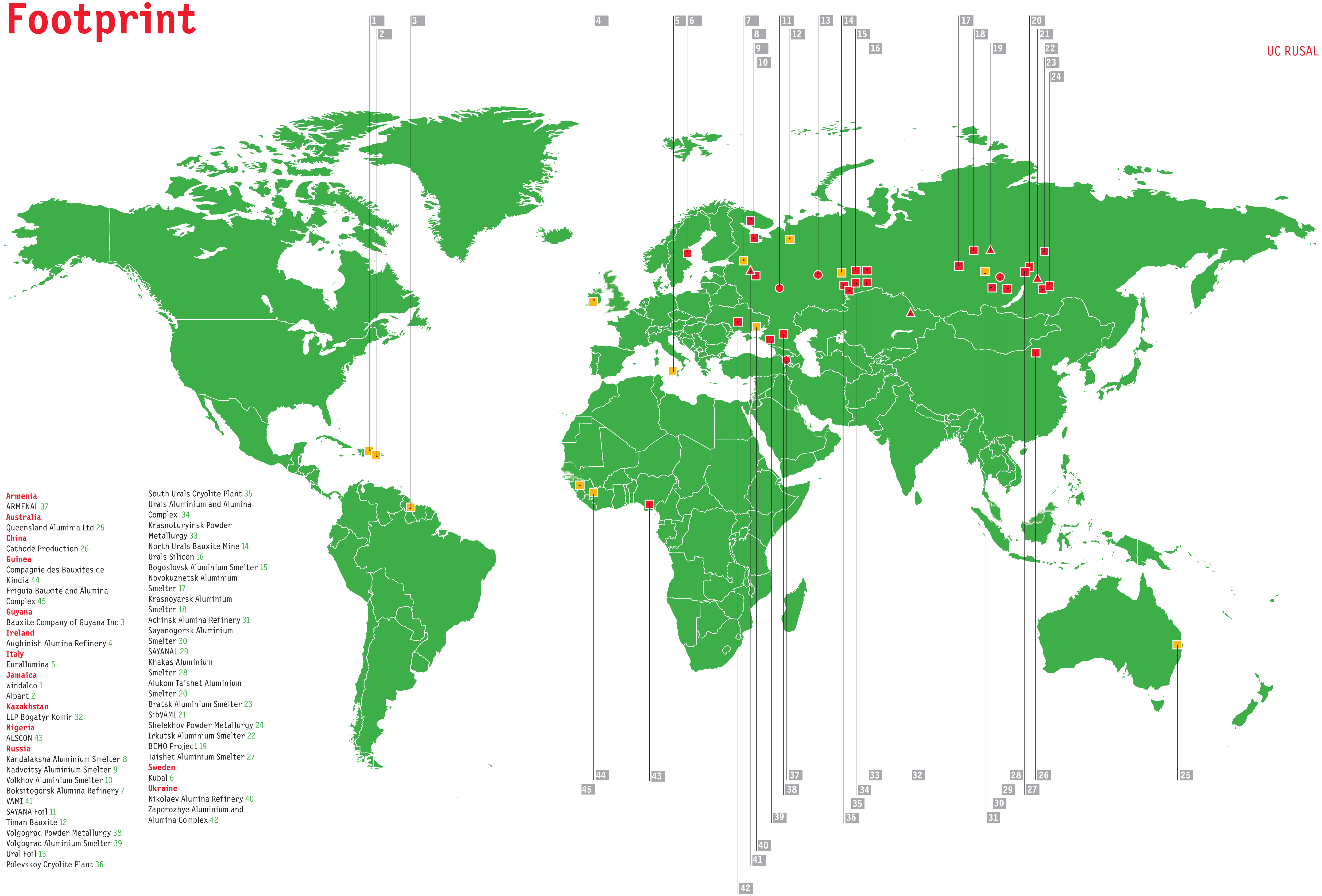
content

SUSTAINABLE

OUR MISSION IS TO SUPPORT THE SOCIAL AND ECONOMIC DEVELOPMENT OF THE REGIONS AND COUNTRIES WHERE WE OPERATE, WITH THE STATED AMBITION OF IMPROVING THE QUALITY OF LIFE OF OUR EMPLOYEES, THEIR FAMILIES AND THE ENVIRONMENT THEY LIVE AND WORK IN

Development

Our Global Footprint



Armenia
ARMENAL 37
Australia
Queensland Alumina Ltd 25
China
Cathode Production 26
Guinea
Compagnie des Bauxites de Kindia 44
Friguia Bauxite and Alumina Complex 45
Guyana
Bauxite Company of Guyana Inc 3
Ireland
Aughinish Alumina Refinery 4
Italy
Eurallumina 5
Jamaica
Windalco 1
Alpart 2
Kazakhstan
LLP Bogatyr Komir 32
Nigeria
ALSCON 43
Russia
Kandalaksha Aluminium Smelter 8
Nadvoitsy Aluminium Smelter 9
Volkhov Aluminium Smelter 10
Boksitogorsk Alumina Refinery 7
VAMI 41
SAYANA Foil 11
Timan Bauxite 12
Volgograd Powder Metallurgy 38
Volgograd Aluminium Smelter 39
Ural Foil 13
Polevskoy Cryolite Plant 36
South Urals Cryolite Plant 35
Urals Aluminium and Alumina Complex 34
Krasnoturyinsk Powder Metallurgy 33
North Urals Bauxite Mine 14
Urals Silicon 16
Bogoslovsk Aluminium Smelter 15
Novokuznetsk Aluminium Smelter 17
Krasnoyarsk Aluminium Smelter 18
Achinsk Alumina Refinery 31
Sayanogorsk Aluminium Smelter 30
SAYANAL 29
Khakas Aluminium Smelter 28
Alukom Taishet Aluminium Smelter 20
Bratsk Aluminium Smelter 23
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Shelekhov Powder Metallurgy 24
Irkutsk Aluminium Smelter 22
BEMO Project 19
Taishet Aluminium Smelter 27
Sweden
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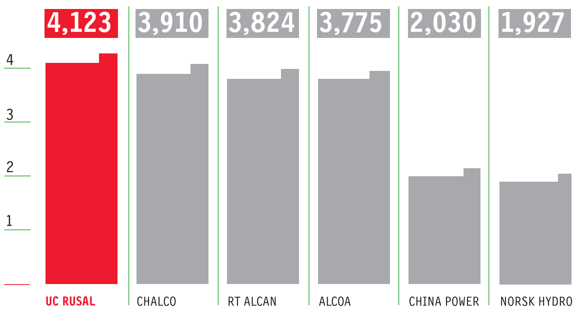
Ukraine
Nikolaev Alumina Refinery 40
Zaporozhye Aluminium and Alumina Complex 42

Corporate Profile

PRIMARY ALUMINIUM PRODUCTION IN 2011

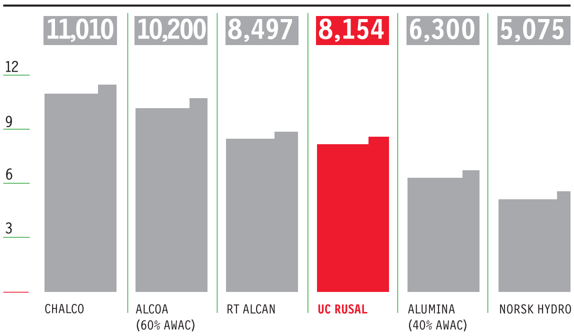
PRIMARY ALUMINIUM PRODUCTION, 2011 thousand tonnes



Source: UC RUSAL internal company report

ALUMINA PRODUCTION IN 2011

ALUMINA PRODUCTION, 2011 thousand tonnes



Source: UC RUSAL internal company report

UC RUSAL IS THE WORLD'S LARGEST PRODUCER of primary aluminium, alloys and value-added products with a particular focus on the production and sale of value-added products, which is the higher margin upstream segment of the industry.

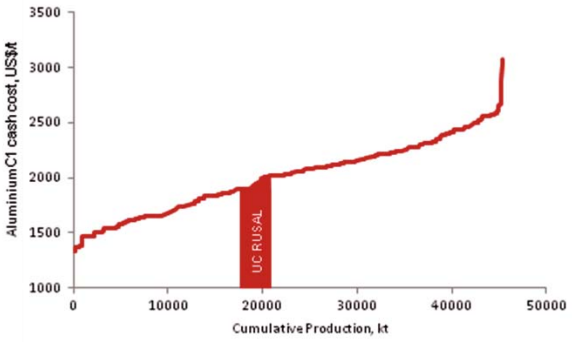
Within its upstream business, UC RUSAL is vertically integrated to a high degree, having secured substantial supplies of bauxite and alumina production capacity. The Company's core smelters, located in Siberia, Russia, benefit from access to stranded low cost hydro generated electricity enabling it to be a low cost producer of aluminium, with its principal Siberian facilities in close proximity to important Asian markets.

Global scale and reach – Market leading position with unique exposure to the global aluminium market. In 2011, UC RUSAL maintained its position as the largest aluminium producer in the world and one of the industry leaders in alumina production.

Source: Based on UC RUSAL's internal company report, and peer companies' publicly available results, announcements, reports and other information.

Secure access to sources of green and renewable electricity – UC RUSAL has long term contracts with low-cost hydro power plants in Siberia. In 2011, UC RUSAL maintained its position among the leading companies on the aluminium cost curve.

INDUSTRY COST CURVE



Source: Brook Hunt (A Wood Mackenzie Company)

Focus on higher margin upstream business – Primary aluminium production with a focus on alloys and value-added products. UC RUSAL's target is to increase the production of value-added products by up to 50%, in particular, through improvements to its smelters located in the European part of Russia, the Urals and Siberia.

High degree of vertical integration with its upstream business – UC RUSAL's scale, upstream focus and position on the cost curve provide unique exposure to the aluminium industry. UC RUSAL operates bauxite and nepheline ore mines, alumina refineries, aluminium smelters and casting houses, foil mills and packaging production centres as well as power-generating facilities.

Strong growth potential of the UC RUSAL platform – around 1 million tonnes of attributable aluminium capacity currently under construction (equivalent to 25% of the current Company's production volume):

The BEMO Project, which involves the construction of the 3,000 megawatt BEMO HPP and BEMO aluminium smelter in the Krasnoyarsk region of Russia, has a design capacity of 588 thousand tonnes of aluminium per annum.

The Taishet aluminium smelter in the Irkutsk region of Russia has a design capacity of 750 thousand tonnes of aluminium per annum.

Proprietary R&D and internal EPCM expertise – UC RUSAL has developed its own in-house R&D, design and engineering centres and operates RA-300 and RA-400 smelting technologies. A new energy efficient and environmentally friendly RA-500 smelting technology is under design.

DIVERSIFICATION OPPORTUNITIES THROUGH INVESTMENTS

- UC RUSAL owns, through its wholly-owned subsidiary UC RUSAL Investment Management, LLC, a 25%[1] plus one share interest in Norilsk Nickel, the world's largest nickel and palladium producer and one of the leading producers of platinum and copper[2].
- UC RUSAL's 50/50 LLP Bogatyr Komir coal joint venture in the Ekibastuz coal basin, one of the largest coal basins in the CIS, providing UC RUSAL with a natural energy hedge.

1 Nominal share.
2 Source: www.nornik.ru.

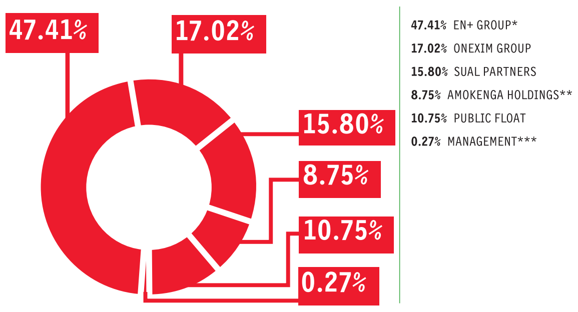
KEY FACTS

In 2011, UC RUSAL accounted for about 9% of the world's aluminium output[1] and about 9% of the world's alumina production[2], generated from the following facilities located throughout the world:

– 16 aluminium smelters
– 12 alumina refineries
– 8 bauxite mines
– 4 foil mills
– 2 cathode plants

UC RUSAL is listed on the Hong Kong Stock Exchange and is also listed on NYSE Euronext Paris in the form of Global Depositary Shares and on MICEX and RTS in the form of Russian Depository Receipts.

KEY SHAREHOLDERS[3]



Source: UC RUSAL internal company report

Note:
* Includes shares held beneficially.
** Amokenga Holdings is ultimately controlled by Glencore International Plc.
*** Including 0.22% directly held by the CEO of the Company.

1 Source: Brook Hunt (A Wood Mackenzie Company).
2 Source: Brook Hunt (A Wood Mackenzie Company).
3 Source: This information was taken from www.rusal.com on 31 December 2011.

CLEAR

OUR STRATEGY IS FOCUSED ON BECOMING A GLOBAL ENERGY AND METALS AND MINING CORPORATION WITH DIVERSIFIED PRODUCTION AND OUR OWN ENERGY BASE BY 2020

Perspectives

Chairman's Statement

DEAR SHAREHOLDERS,

It is a pleasure to be able to prepare this report following my appointment as Chairman of UC RUSAL in March of this year.

I was delighted with the appointment by the Company's Board of Directors, as I have full confidence in UC RUSAL's strategic intent and continued growth. Over the past two years, I have gotten to know the Company's many respected Board members and its highly professional executive team. I am also well aware that the Company's dedicated staff and many stakeholders remain committed to the success of UC RUSAL. With all that is already in place, further potential can be realised.

Many will remember 2011 as another tough year for the global economy, especially in the second half, when the Eurozone crisis threatened financial stability across the globe. The aluminium industry was not spared. Indeed, market uncertainties and volatility resulted in price pressures, fluctuating product demand, and supply chain disruptions. It was a grim year.

For UC RUSAL, the overriding goal throughout was to stay focused on the Company's long-term growth, and remain tenaciously on track with its core business strategies and plans. This, I believe, we were successful in achieving.

Consider the following:

- Not only did UC RUSAL continue to maintain its **premier position** in the aluminium industry in 2011, the Company's revenue grew 12% compared to that of 2010. Our emphasis on operational efficiency and cost controls also contributed to an improved EBITDA margin of above 20%.
- During the past two years, the Company has **reduced** its **debt level** by almost a third. While the current level is still regarded as high, it is comfortably within UC RUSAL's servicing capability. Furthermore, our completion of the refinancing of the Company's debt portfolio with an extended maturity profile and reduced interest margins will allow for greater operational and financial flexibility.
- The Company's **investor base** has widened considerably. The launch of the RDR programme attracted a large number of Russian investors. It is also notable that UC RUSAL has been included in five **stock market indices**, in Hong Kong, Paris, and Moscow. As a result, the Company's share liquidity has risen significantly as well.
- To reward employees who contribute to the achievement of the Company's performance indicators and strategic goals, and in order to more closely align employees' interests with those of the shareholders', in May 2011, the Board implemented a long-term **share incentive plan** for high performing **employees**. Accordingly, we are very pleased with the fact that we now count employees amongst our shareholders.
- **Corporate governance** continued to be a major priority for the Company. The Board has already approved a comprehensive review of the Company's corporate governance practices, and a report is due in April of this year. Additional independent directors will be appointed to the Board in order to raise the number of such members to one-third of the Board's membership, in line with the requirements of the Stock Exchange of Hong Kong.

In reviewing the year 2011, a few other initiatives of the Company deserve special mention.

For example, the Company's management recognises the importance of frequent and effective communication with its stakeholders and potential investors. Greater transparency will ensure better understanding of UC RUSAL. Meetings have therefore been held, and will continue to be held on a regular basis, in key global investment centres. Special attention is also being paid to our outreach programme with retail investors. In fact, as part of our global investor relations strategy, the Company held a major seminar for retail investors in Hong Kong in early 2012, in which more than 1,000 local investors participated – a clear indication of strong interest.

In 2011, the Company held two general meetings of shareholders on 23 June and 28 October, respectively. The 23 June annual general meeting, which took place in Hong Kong, also saw the launch of a book titled "From Russia with Love", a cultural initiative of UC RUSAL. The book was aimed at highlighting and promoting the best of Russia to Hong Kong, where the Company is listed, and encouraging a mutually beneficial relationship between the two regions.

A TV series titled "Hong Kong-Moscow: Everyday Heroes", was then aired in Hong Kong. Supported by UC RUSAL, and seeking to deepen links between the two great cities, the well-received TV series featured stories of people from Hong Kong and Russia who contribute to society in similar ways and are driven by the same values and aspirations.

Significant progress was also achieved through an educational partnership between UC RUSAL and the Hong Kong University of Science and Technology. In 2011, we saw the first group of students from the Urals and Siberia begin their studies in Hong Kong. We look forward to building on this progress, in 2012 and beyond.

The development of social infrastructure was another of the Company's priorities in 2011.

UC RUSAL has been supportive of, and involved in, numerous social development projects across all regions where the Company operates. We work closely with municipal and regional organisations in investing in education, healthcare, cultural and sporting facilities.

In 2011, dozens of social infrastructure development projects were completed. The major ones included the modernisation of the equipment testing ground and the equipment of the electronic book reading room at the State Scientific Library in Krasnoyarsk; the renovation of the Children Socialisation Centre building in Boguchany, the "Siberia" youth centre; the construction of five sports grounds and two children's playgrounds in Achinsk; the opening of a physical rehabilitation centre in Kamensk-Uralskiy; the construction of a covered hall for horseback riding and horse therapy, and the opening of a chamber hall in Krasnoturyinsk's puppet theatre; and the opening of the "Small Pawn" chess club for pre-school children. UC RUSAL's total contribution to such social infrastructure development projects amounted to approximately USD5.6 million.

UC RUSAL also provided aid and assistance to Japan in the wake of that country's disastrous earthquake and subsequent tsunami on 11 March 2011. In providing this support, we worked closely with representatives from the Ministry of Foreign Affairs of Russia, the Russian Embassy in Japan and the Japanese Embassy in Moscow.

Looking back, another inspiration that can be drawn from last year has been the way in which UC RUSAL teams across the globe have collaborated and worked hard together to ensure the best possible collective performance for the Company. Their commitment, talent and integrity contributed in no small measure to the delivery of robust results in what were extremely demanding conditions.

Therefore, on behalf of the Board, I would like to thank all our employees for their dedication and hard work over the past year. Our thanks also go to our various stakeholders, whose continued support of UC RUSAL helped us face and overcome various challenges. The events of 2011 have highlighted the importance of being able to adapt quickly to ever-changing market conditions. This, I believe, UC RUSAL and its management team have successfully demonstrated.

Although it is clear that the rest of 2012 will continue to be dominated by financial uncertainty in the Eurozone, the Board believes that the Company's current strategy, and the steps taken by the management team, will ensure that UC RUSAL continues to be well positioned for sustainable growth. We will also be able to take advantage of opportunities in the sector in the medium to long term. In short, we can look ahead with confidence.

BARRY CHEUNG

CHAIRMAN OF THE BOARD

30 April 2012

CEO's Review

2011 was a volatile and challenging year for UC RUSAL and the aluminium market in general. The outlook for the aluminium industry deteriorated significantly from late summer onwards, as continued fears over the Eurozone debt crisis and a potential hard landing for the Chinese economy weighed heavily on aluminium prices. This was despite stable physical demand and meant that a large share of global production capacity was at, or below, break-even point. The fourth quarter of the year was especially challenging, due to year-low aluminium prices combined with increasing costs across the industry. Nevertheless, the Company's stated long-term focus on operational efficiency and cost control has allowed UC RUSAL to respond quickly and effectively to these challenges and make significant progress on both financial and operational fronts during the course of 2011.

Our revenue rose by 12% in 2011 to USD12,291 million, from USD10,979 million in 2010, outperforming LME aluminium price growth year-on-year. Adjusted EBITDA for 2011 decreased slightly by 3.3% to USD2,512 million, as compared to USD2,597 million in 2010, as a result of an increase in the cost of sales reflecting cost pressures in energy and raw materials expenses. However, thanks to the steps taken to reduce the average energy tariff during the year, the Company maintained its EBITDA margin above 20% throughout 2011. Adjusted Net Profit grew by 24.6% in 2011 to USD987 million. These results were possible due to the continued implementation of various cost saving initiatives and productivity enhancement programmes, which have enabled UC RUSAL to maintain its global industry leadership position.

2011 saw UC RUSAL's aluminium, alumina and bauxite production increase in line with earlier forecasts, allowing the Company to maintain its position as the world's largest producer of aluminium, as well as to remain self-sufficient in alumina. Total aluminium output amounted to 4,123 thousand tonnes in 2011, an increase of 1% as compared to 2010 output. Alumina output totalled 8,154 thousand tonnes in 2011, an increase of 4% as compared to 2010 output. Bauxite production totalled 13,473 thousand tonnes in 2011, an increase of 14% as compared to 2010.

Last year, UC RUSAL continued to keep cost control as the cornerstone of its operations. The Company has also increased the output of its value-added products (VAP). The share of alloys in our total production volume grew to 36% in 2011. As part of our strategic plan, and driven by our world class engineering, R&D and management expertise, the Company intends to expand sales of VAP to end-users by improving and developing foundry manufacturing at its aluminium smelters, thereby enhancing UC RUSAL's ability to develop products to meet customer needs, while also driving profitability at the smelters.

Aluminium Division West, which manages the Company's smelters located in the European part of Russia and the Urals, as well as KUBAL in Sweden, launched a modernisation programme in 2011 in order to create a VAP production hub. The five smelters participating in this programme are the Volgograd, Nadvoitsy, Kandalaksha, Urals and Volkhov aluminium smelters. The aim of the programme is to ensure a 100% VAP production output of these smelters, including the production of wire rod (Kandalaksha), slabs (Volgograd) and foundry alloys (Nadvoitsy, Urals and Volkhov). The total capital expenditure of the programme is expected to be USD55 million and is scheduled for completion in 2013.

The Volkhov aluminium smelter (VAS) is the first smelter to be revamped as part of the modernisation programme. This project allows the plant to produce alloy A356.2, which is predominantly used in the manufacture of wheel discs. The Urals smelter (UAS) has also succeeded in completing a trial using a new smelting and casting station, which was commissioned early in 2012. The state-of-the-art station, which is equipped with a SNIF® deep alloy refiner and a box filter for using foam and ceramic filters, guarantees very high purity for produced metal.

The Company is also focused on increasing VAP production at its Siberian smelters, which have already made significant progress. For example, our leading smelter in Siberia producing VAP is the Sayanogorsk smelter, with an 88% share of VAP in total output for the year ended 2011. This is a record level among the Company's smelters. Overall, the Company plans to increase alloy production at Aluminium Division East units by up to 70% by 2016, taking VAP production from 1,130 thousand tonnes to 1,930 thousand tonnes.

In terms of the geographical breakdown of sales, UC RUSAL's key markets for aluminium were Europe, Russia/CIS and Asia. At the same time, the Company has continued to make significant progress in delivering on our growth strategy and establishing a sales platform in China. In 2011, UC RUSAL's "IRkAZ SUAL" and "RUSAL KH" brands, in relation to aluminium products produced at the Irkutsk and Khakas aluminium smelters, were registered with the Shanghai Futures Exchange (SHFE). These aluminium products are now deliverable under the SHFE Aluminium Contract. UC RUSAL is only the second foreign company to obtain SHFE Aluminium Contract registration. This represents a significant step in the Company's strategy to secure its long-term presence in the Chinese market and is also supported by our listing on the Hong Kong Stock Exchange. Growing urbanisation and industrial development will continue to drive China's dominant position in global aluminium consumption, and UC RUSAL, as the world's largest producer of this light metal, with its principal smelters in Siberia, is ideally positioned to meet this demand.

During 2011, UC RUSAL made significant progress in the realisation of its debt repayment and refinancing programme. In the fourth quarter, the Company completed the refinancing of its debt portfolio, which included extending the maturity of its debt and reductions in interest margins, paving the way for operational and financial flexibility.

Despite the challenging global economic environment, in 2011 the Company continued to make significant progress with its long-term growth projects. The BEMO Project, which is being implemented by UC RUSAL in partnership with RusHydro, remains on schedule. All nine turbines have been delivered on site at the BEMO HPP, with five having been successfully installed. The first unit of electricity is on track for timely production. Work also continued as planned at the BEMO aluminium smelter. The next phase will involve putting the technological equipment of the first phase (147 thousand tpa capacity) into operation, which is expected to occur by the end of 2013.

RUB40 billion in project financing, on a 15-year non-recourse basis, for the construction of the first phase of the Taishet aluminium smelter was arranged in 2011, the documents for which shall be signed in 2012. Capital spending on the project will recommence upon execution of the credit documentation. Nearly all the earth works have now been completed at the site and all design work for the facilities are finalised. The first production is expected to commence as part of the first phase with 375 thousand tpa capacity, in 2013.

The launch of these two smelters will make a significant contribution to the Company's production capacity in Siberia and demonstrates the Company's ability to bring capacity on stream to respond to market changes. Currently, UC RUSAL produces 3.5 million tonnes of aluminium per year at its smelters in Siberia. This will grow to over 4.8 million tonnes with the commissioning of the BEMO and Taishet aluminium smelters. Over 90% of this capacity is low carbon footprint hydro powered and ideally located to support China's growing aluminium consumption, which is expected to reach 28 million tonnes by 2015, increasing from 19 million tonnes this year.

Given aluminium's usage across numerous industries, including construction and transportation, the current global economic volatility will continue to affect the aluminium industry in the short to mid-term. However, despite the pessimistic short to mid-term forecasts, I believe the potential for global economic growth is very robust, as consumption continues to rise driven by the growing influence of developing countries where urbanisation, and expanding prosperity and standards of living are contributing to rising demand. Our forecast for 2012 is a 7% growth in global demand for aluminium, reaching 48.2 million tonnes, with China being the largest growing market (11% growth), followed by India (10% growth), Russia/CIS (6% growth), Japan (5% growth), North America (5% growth) and Latin America (5% growth). Consumption growth in Europe in 2012 is expected to be flat to the 2011 level.

It is important to emphasise that aluminium demand remains well above 2009 recession levels. Even though uncertainties will continue to dominate the outlook for the metal markets in the months to come, we believe that there is a potential recovery coming in the second quarter of 2012. However, high stock levels – earlier this year stocks broke the five-million-tonne mark – will continue to exert pressure on the sector and prices.

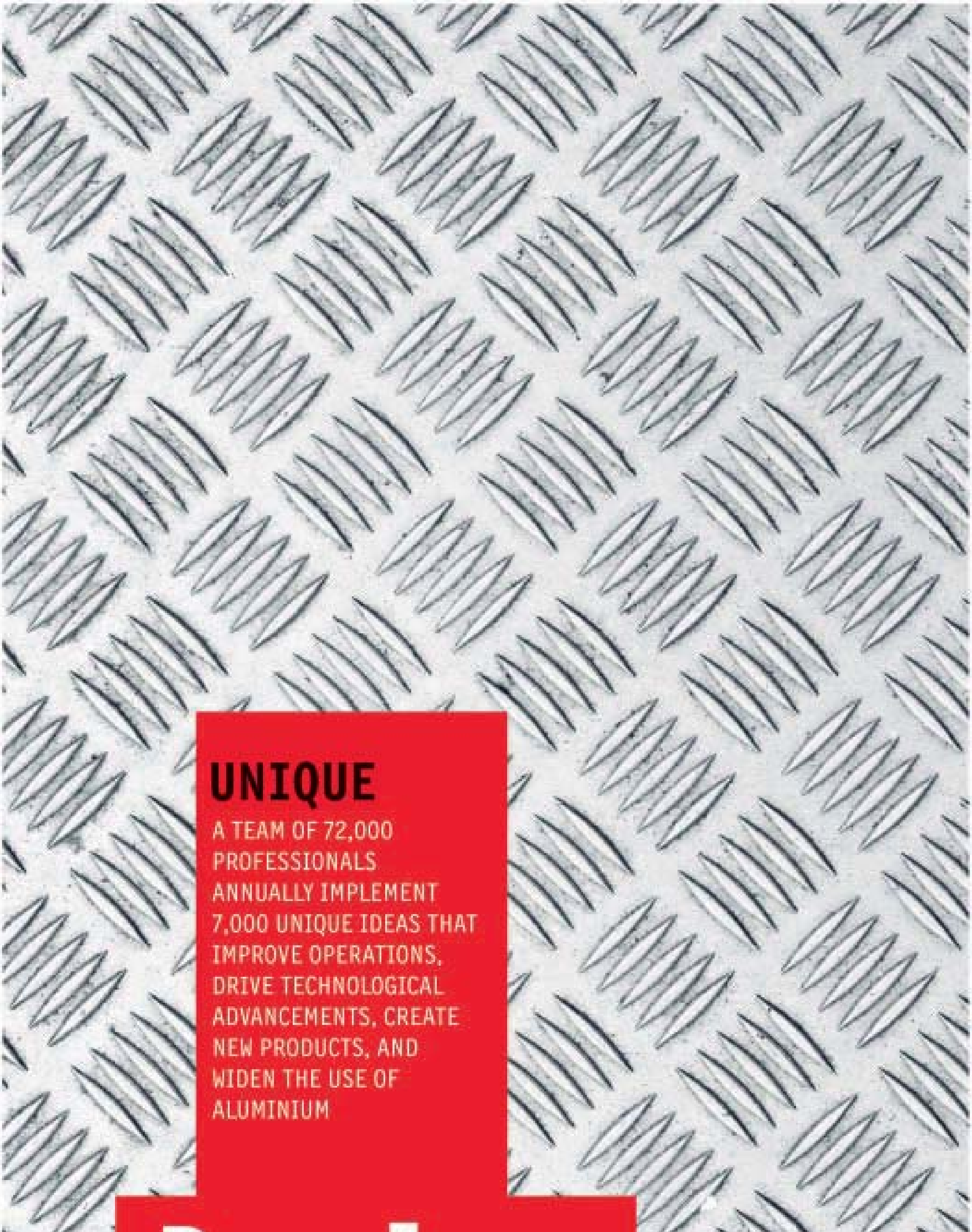
Responding to the decline in aluminium prices at the end of 2011, which led to a significant share of global and European primary aluminium capacity becoming unprofitable, a number of major aluminium producers have announced partial or total closures of smelters. UC RUSAL remains focused on retaining and strengthening its leading position in the industry and, in order to achieve a better position on the production curve, the Company may consider production optimisation at higher cost units. We believe that in order to weather the current downturn and take advantage of the opportunities that undoubtedly exist, it is essential for all metal producers to look towards more efficient production and cost saving measures, as well as focusing on technological advancements if we are to endure the current market environment and emerge stronger from it.

In conclusion, I am confident that the prospects for the industry remain good, with structural increases in demand expected from emerging markets, as well as global economic recovery that will support commodities prices. I am delighted with the recent appointment of Barry Cheung as Chairman of the Board and believe his extensive global expertise will add significant value to the Company and its global development. The Company is committed to its long term strategic growth paths and we view the current volatility as an opportunity to focus on the development of the most efficient and environmentally-friendly capacities, strengthening UC RUSAL's position as the world's aluminium leader.

OLEG DERIPASKA

CHIEF EXECUTIVE OFFICER

30 April 2012



UNIQUE

A TEAM OF 72,000 PROFESSIONALS ANNUALLY IMPLEMENT 7,000 UNIQUE IDEAS THAT IMPROVE OPERATIONS, DRIVE TECHNOLOGICAL ADVANCEMENTS, CREATE NEW PRODUCTS, AND WIDEN THE USE OF ALUMINIUM

People

Business Units

ALUMINIUM

UC RUSAL operates 16 aluminium smelters which are located in four countries: Russia (thirteen plants), Ukraine (one plant), Sweden (one plant) and Nigeria (one plant). The Company's core asset base is located in Siberia, Russia, accounting for some 84% of the Company's aluminium output in 2011. Among those, the Bratsk and Krasnoyarsk smelters together account for nearly half of UC RUSAL's aluminium production.

The Company's aluminium smelters benefit from access to low-cost and renewable energy sources, particularly in Siberia where smelting facilities rely on stranded hydro power as their principal source of electricity.

As a result of the Company's competitive advantage in accessing low cost captive power, UC RUSAL has maintained its position among the leading companies on the aluminium cost curve, as indicated in the Brook Hunt 2011 C1 cash cost curve (refer to the graph on page 4).

Access to low-cost and relatively abundant hydro power generation will allow the Company to retain its current competitive position on the global cost curve going forward, as environmental concerns and competition for energy sources continue to put pressure on the cost base of other aluminium producers that rely more on thermal or gas power.

During 2011, UC RUSAL continued to implement a comprehensive program designed to control costs, optimise the production process and strengthen the Company's position as one of the world's most cost-efficient aluminium producers.

The table below[1] provides an overview of UC RUSAL's aluminium smelters (including capacity) as at 31 December 2011.

1 The table presents total nameplate capacity of the plants, each of which is a consolidated subsidiary of the Group.

Asset	Location	% Ownership	Nameplate capacity, kt	Capacity utilisation rate
SIBERIA				
Bratsk aluminium smelter	Russia	100%	1,006	98%
Krasnoyarsk aluminium smelter	Russia	100%	1,008	99%
Sayanogorsk aluminium smelter	Russia	100%	542	92%
Novokuznetsk aluminium smelter	Russia	100%	322	89%
Khakas aluminium smelter	Russia	100%	297	99%
Irkutsk aluminium smelter	Russia	100%	529	76%
Taishet aluminium smelter	Russia	100%	11	–
RUSSIA (OTHER THAN SIBERIA)				
Bogoslovsk aluminium smelter	Russia	100%	187	66%
Urals aluminium smelter	Russia	100%	75	100%
Volgograd aluminium smelter	Russia	100%	168	100%
Volkhov aluminium smelter	Russia	100%	24	66%
Nadvoitsy aluminium smelter	Russia	100%	81	93%
Kandalaksha aluminium smelter	Russia	100%	76	90%
OTHER COUNTRIES				
KUBAL	Sweden	100%	128	87%
ALSCON	Nigeria	85%	96	16%
Zaporozhye aluminium smelter	Ukraine	97.6%	114	6%
TOTAL NAMEPLATE CAPACITY			4,664	88%

UC RUSAL intends to further expand its aluminium smelting base in Russian Siberia. The two flagship organic growth projects are the BEMO and Taishet smelter projects, which together will increase production capacity by an additional 1.3 million tonnes per annum post-completion (1 million tonnes on an attributable basis).

BEMO PROJECT

The BEMO Project involves the construction of the 3,000 megawatt BEMO HPP and the BEMO aluminium smelter in the Krasnoyarsk region in Siberia, which will produce approximately 588 thousand tonnes of aluminium per annum.

The construction of the BEMO aluminium smelter is divided into a number of stages, with the first start-up complex (147 thousand tonnes of aluminium per annum) scheduled for completion by 2013.

In 2011, UC RUSAL (together with RusHydro) continued to receive credit funds from VEB for the completion of construction of the first start-up complex of the BEMO aluminium smelter and continued works at both construction sites.

The total capital expenditure for the BEMO aluminium smelter, incurred and to be incurred, is currently estimated at approximately USD1,590 million[2] (UC RUSAL's share of this capital expenditure will be approximately USD795 million). The capital expenditure for the first start-up complex of the BEMO aluminium smelter is currently estimated at approximately USD826 million[3] (UC RUSAL's share of this capital expenditure will be approximately USD413 million), of which approximately USD422 million has been incurred as of 31 December 2011 (UC RUSAL's share of this amounted to USD208 million).

As at 31 December 2011, the first start-up complex of the BEMO aluminium smelter was estimated to be 25% to 30% complete, which included the following works:

- earth works comprising 9,800 thousand cubic metres of ground excavation and back-filling of 6,590 thousand cubic metres;
- the erection of 55,890 cubic metres of cast-in-place reinforced concrete structures; and
- the construction of 6,438 tonnes of metal structures.

TAISHET ALUMINIUM SMELTER

The Taishet aluminium smelter is located in Irkutsk, Russia, and will be constructed in the medium term. The smelter's design capacity is 750 thousand tonnes per annum.

In 2011, the Company was successful in arranging RUB40 billion (approximately USD1.3 billion) in project financing, the documents for which will be signed in 2012. These funds will finance construction of the first phase of the Taishet aluminium smelter, by way of a 15-year non-recourse basis credit facility. Capital spending will recommence upon execution of the credit documentation.

In 2011, manufacturing of the main process equipment continued under previously signed contracts; at the production site of the Taishet aluminium smelter construction and assembly works were ongoing aimed at safekeeping unfinished construction objects.

The total capital expenditure for the smelter (excluding construction of the anode plant), incurred and to be incurred, is currently estimated to be approximately USD1,772 million, of which approximately USD652 million (exclusive of VAT) has been spent as of 31 December 2011. The total capital expenditure for 2011 was approximately USD108 million (inclusive of VAT).

ALUMINA

The Group operates 12 alumina refineries. UC RUSAL's alumina refineries are located in six countries: Ireland (one plant), Jamaica (two plants), Ukraine (two plants), Italy (one plant), Russia (four plants) and Guinea (one plant). In addition, the Company holds a 20% equity stake in QAL, an alumina refinery located in Australia. Most of the Group's refineries have ISO 9001 certified quality control systems, ten refineries and QAL have been ISO 14001 certified for their environmental management and three refineries have received OHSAS 18001 certification for their health and safety management system.

UC RUSAL's five largest consolidated alumina refineries in terms of production accounted for 77% of its attributable alumina production for the year ended 31 December 2011.

The Company's long position in alumina capacity helps to secure sufficient supply for the prospective expansion of the Company's aluminium production capacity and allows the Company to take advantage of favourable market conditions through third-party alumina sales.

The table below[4] provides an overview of UC RUSAL's alumina refineries (including capacity) as at 31 December 2011:

2 Capital expenditure amounts are based on UC RUSAL's management accounts, and differ from amounts disclosed in the consolidated financial statements, as the management accounts reflect the latest best estimate of the capital costs required to complete the project, whereas amounts disclosed in the consolidated financial statements reflect actual capital commitments as at 31 December 2011.

3 See footnote 2.

Asset	Location	% Ownership	Nameplate capacity, kt	Capacity utilisation rate
Achinsk Alumina Refinery	Russia	100%	1,069	91%
Boksitogorsk Alumina Refinery	Russia	100%	165	33%
Bogoslovsk Alumina Refinery	Russia	100%	1,052	100%
Urals Alumina Refinery	Russia	100%	741	100%
Friguia Alumina Refinery	Guinea	100%	650	88%
QAL	Australia	20%	4,058	83%
Eurallumina	Italy	100%	1,085	–
Aughinish Alumina Refinery	Ireland	100%	1,927	100%
Alpart	Jamaica	100%	1,650	–
Windalco	Jamaica	93%	1,239	48%
Zaporozhye alumina and aluminium complex	Ukraine	97.6%	275	–
Nikolaev Alumina Refinery	Ukraine	100%	1,601	100%
Total nameplate capacity			15,512	
UC RUSAL attributable capacity			12,179	67%

BAUXITE

As at 31 December 2011, the Group had attributable JORC bauxite Mineral Resources of 1,812 million tonnes, of which 597 million tonnes were Measured, 615 million tonnes were Indicated and 600 million tonnes were Inferred.

Securing the supply of high quality bauxite at adequate volumes and cost competitive prices for its alumina facilities is an important task for the Company. Additional exploratory work is being undertaken to find new deposits of bauxite in the existing operational bauxite mining areas of the Group and in new project areas. Each of the Group's mining assets is operated under one or more licences.

The table below provides an overview of the Company's bauxite mines as at 31 December 2011:

4 Calculated based on the pro rata share of the Group's ownership in corresponding alumina refineries (QAL and Windalco). Zaporozhye Alumina Refinery (ZALK) is a fully consolidated subsidiary of the Company.

Asset	Location	% Ownership	Mineral Resources[1] Measured mt	Mineral Resources[1] Indicated mt	Mineral Resources[1] Inferred mt	Total mt	Annual capacity mt
Timan Bauxite[1]	Russia	80%	110	67	–	176	2.5
North Urals Bauxite Mine	Russia	100%	8	176	114	299	3.4
Compagnie des Bauxites de Kindia	Guinea	100%	–	31	62	93	3.2
Friguia Bauxite and Alumina Complex	Guinea	100%	32	142	153	327	2.1
Bauxite Company of Guyana, Inc.[2]	Guyana	90%	3	41	6	50	2.2
Alpart	Jamaica	100%	15	41	38	94	4.9
Windalco[3]	Jamaica	93%	27	46	12	84	4.0
Dian-Dian Project	Guinea	100%	402	71	217	689	–
Total			597	615	600	1,812	22.0

(1) Mineral Resources:
– are recorded on an unattributable basis, equivalent to 100% ownership; and
– are reported as dry weight (excluding moisture).
Mineral Resources tonnages include Ore Reserve tonnages.
(2) The total annual capacity of the Group's fully consolidated subsidiaries Timan and Bauxite Co. of Guyana is included in annual capacity figures, notwithstanding that minority interests in each of these subsidiaries are held by third parties.
(3) Annual capacity is calculated based on the pro rata share of the Group's ownership in Windalco.

Energy assets

BEMO PROJECT

In May 2006, UC RUSAL and RusHydro, a company controlled by the Russian Government, entered into a cooperation agreement for the joint construction of the BEMO Project. In 2011, UC RUSAL (together with RusHydro) continued to receive credit funds from VEB for the construction of the BEMO HPP and the first start-up complex of the BEMO aluminium smelter and continued works at both construction sites.

As at 31 December 2011, the following key construction and assembly works of the BEMO HPP in respect of the first start-up complex (3 turbines) have been carried out to the extent indicated below:

– 99.98% of the concrete placing and assembly of pre-cast reinforced concrete has been completed;
– 99.98% of the hydromechanical equipment and metal structures has been assembled;
– 79.7% of the hydraulic power equipment has been assembled;
– 100% of the earth and rock excavation has been carried out;
– 100% of the asphalt concrete has been placed; and
– 97.2% of the cement injection has been completed.

UC RUSAL's proportion of capital expenditure for the BEMO Project is 50%. The total capital expenditure for the BEMO HPP, incurred and to be incurred, is currently estimated to be approximately USD1,983 million[5] (of which UC RUSAL's share of this capital expenditure will be approximately USD991 million), of which USD1,607 million had been spent as of 31 December 2011 (of which UC RUSAL's share amounted to USD803 million).

The total overall budget for the construction of the BEMO HPP has been revised in accordance with the new construction schedule, approved by UC RUSAL, RusHydro and the Russian Federation Government. The financing is provided by VEB, pursuant to the credit facility agreement signed in December 2010.

The Investment Fund of the Russian Federation finances the necessary infrastructure (the costs of which are not included in the project budget). The total investment from the Investment Fund approved by the Russian Government for the BEMO Project amounted to RUB26.4 billion, including RUB19.9 billion invested in the period between 2008 and 2010 and RUB4.3 billion in 2011.

Mining Assets

UC RUSAL's mining assets comprise 16 mines and mine complexes, including eight bauxite mines (the resources of which are described above), two quartzite mines, one fluorite mine, two coal mines, one nepheline syenite mine and two limestone mines. The Company jointly operates the two coal mines with Samruk-Energo, the energy division of Samruk-Kazyna under a 50/50 joint venture, LLP Bogatyr Komir. The long position in alumina capacity is supported by the Company's bauxite and nepheline syenite resource base.

Investment in Norilsk Nickel

UC RUSAL has a 25.13% shareholding in Norilsk Nickel, the world's largest nickel and palladium producer and one of the leading producers of platinum and copper.

UC RUSAL's shareholding in Norilsk Nickel allows for significant diversification of earnings, through Norilsk Nickel's exposure to PGMs[6] and bulk materials, and also broadens UC RUSAL's strategic opportunities. The Company's objective is to maximise the value of this investment for all shareholders.

COMPANY PROFILE[7]

As of 2010, Norilsk Nickel maintained a 20% and 45% share of global nickel and palladium production, respectively. Norilsk Nickel has 473 million tonnes of Proved and Probable Ore Reserves, and has Measured Mineral Resources and Indicated Mineral Resources in aggregate of approximately 1,869 million tonnes. Its key assets are located in the Norilsk region and the Kola Peninsula in Russia, with further facilities located in Finland, Australia, Botswana and South Africa.

In 2011, Norilsk Nickel produced 295 thousand tonnes of nickel, 378 thousand tonnes of copper, 2,806 thousand ounces of palladium and 695 thousand ounces of platinum.

Norilsk Nickel's products are traded globally, with, as of 2010, 56% of its revenue coming from Europe, 22% from America, 14% from Asia and 8% from Russia. Of its total revenue in 2010, 53% came from nickel sales, 24% from copper sales, 12% from platinum sales and 9% from palladium sales.

FINANCIAL RESULTS[8]

The market value of UC RUSAL's investment in Norilsk Nickel decreased to USD7,371 million as at 31 December 2011, from USD11,235 million as of 31 December 2010, but has recovered in the first quarter of 2012, with a market value as at 10 April 2012 of USD8,486 million.

As at the date of this Annual Report, Norilsk Nickel's consolidated financial statement for the year ended 31 December 2011 have not been published. Consequently, the Company has estimated its share in the results and other comprehensive income of Norilsk Nickel for the year ended 31 December 2011, based on publicly available information reported by Norilsk Nickel.

Based on analyst consensus, the market expects Norilsk Nickel to report in 2011 revenue of USD14,239 million, EBITDA of USD7,220 million (with a 51% margin) and Net Income of USD4,651 million.

The Company's share of the results of Norilsk Nickel for the years ended 31 December 2011 and 2010, included a loss of USD1,431 million and a gain of USD161 million, respectively, recognised by the Company as a result of the change in the carrying value of the Company's share of the net assets of Norilsk Nickel. This change in carrying value was attributable to sales and purchases by Norilsk Nickel of its own shares over those periods.

5 See footnote 2.
6 PGMs–platinum group metals.
7 Production and operational data in this section is derived from www.nornick.com.
8 Source: Bloomberg (Ticker GMKN RX for market value, and IBES for analyst consensus as at 10 April 2012).

LLP BOGATYR KOMIR

LLP Bogatyr Komir, which is located in Kazakhstan, is a 50/50 joint venture between the Company and Samruk-Energo. LLP Bogatyr Komir, which produced 40.6 million tonnes of coal in 2011, has approximately 750 million tonnes of JORC Proved and Probable Ore Reserves and has Measured Mineral Resources and Indicated Mineral Resources in aggregate of approximately 2.0 billion tonnes as at 31 December 2011. LLP Bogatyr Komir generated sales of USD559 million in 2010 and USD610 million in 2011[9]. Sales are divided approximately as to 1/3 and 2/3, respectively between Russian and Kazakh customers in terms of physical volumes.

Group wide initiatives

ENGINEERING AND CONSTRUCTION DIVISION

The Engineering and Construction Division ('ECD') was established by UC RUSAL in July 2005. Historically, aluminium companies would implement repairs, maintenance, engineering and construction projects using their own resources. The outsourcing of these services has resulted in the emergence of repair, engineering and construction service companies, embodied by the ECD, which incorporates over 70 years of Russian aluminium know-how.

The main advantage of the ECD is its ability to provide comprehensive repairs, maintenance, and engineering and construction services, resulting in the reduction of capital expenditure and operational costs. It is the Group's main investment for ensuring dynamic and sustainable growth, through the creation/continuation of green-field and brown-field projects and the refurbishing of existing production facilities.

The major functional areas of the ECD are as follows:

- the implementation of green-field and brown-field projects, with an EPCM approach; and
- the repair, maintenance and replacement of process equipment at all Group facilities.

MAINTENANCE AND REPAIRS

The ECD performs maintenance, repairs, overhauls and replacement of process equipment at all Group facilities in Russia and Ukraine.

The ECD has more than 10 branches and subsidiaries in Russia and Ukraine and approximately 18,000 employees involved in maintenance and repairs activities.

In 2011, the ECD successfully completed scheduled regular repairs and major overhauls (pot rebuilds) at the Company's aluminium smelters and alumina refineries, as well as successfully reducing its pot rebuild costs.

The ECD has continued to reduce costs and improve the quality of its services, focusing on scaling down labour intensity, cutting cash costs, improving quality, reducing maintenance downtime and increasing the operating life of equipment units. In 2011, ECD branches in Krasnoyarsk, Achinsk, Kamensk-Uralskiy and Krasnoturyinsk established repair engineering teams, which are working closely with the operating personnel at KrAZ, AGK, UAZ and BAZ, respectively.

In 2011, the ECD commenced the roll-out of a pilot project, "Potlife increase and pot replacement time reduction", which had been successfully completed at the Krasnoyarsk smelter. At the moment, this project is being implemented across the Company's remaining Siberian smelters as part of the Company's ongoing Production System development. This project has become an important milestone in the development of personnel and in the creation of a culture of continuous/ongoing improvement. This project has also facilitated the development of a comprehensive systematic approach to the implementation and expansion of the UC RUSAL Production System into all ECD branches.

The following will be ECD priorities in 2012:

1. continue efforts to scale down labour intensity, cut cash costs, improve quality, reduce maintenance downtime and increase the operating life of equipment units;
2. commence the repair and maintenance of process vehicles (domestically produced and imported) at the Company's aluminium smelters;
3. improve the procurement and repair preparation systems in all ECD branches;
4. reduce working capital; and
5. reduce the gap between smelter management and the repair and maintenance companies, in order to improve interaction and achieve a common approach to current issues.

From 2012, the ECD will also control Shanxi Rusal Cathode Co., Ltd, which will help to improve the quality of the Group's carbon products.

In 2012 and in the light of its successful production of busbar for KhAZ, the Krasnoyarsk branch of the ECD will resume the manufacture of heavy busbar for the BEMO aluminium smelter start-up. Delivery of the first busbar units to the BEMO aluminium smelter will occur in spring 2012. At the moment, the main processing equipment is being commissioned and personnel are being trained. Approximately 250 new jobs will be created as part of this project.

ENGINEERING AND CONSTRUCTION

In its projects, the ECD acts as the in-house EPCM contractor to the Group. The ECD delivers a full range of activities related to project execution, including the preparation of detailed design documentation, the purchase of equipment, and construction, commissioning and start-up activities.

In 2011, the ECD branches assembled EPCM teams for the upgrading of existing facilities and to complete environmental activities at aluminium and alumina plants.

9 The revenue for 2011 and 2010, including railway tariffs.

In 2012, environmental projects will continue and be partially completed at UAZ, BAZ, NGZ, AGK, SUAL-Kremniy Ural, KrAZ and SAZ related to the expansion of mud disposal areas and industrial waste landfills, along with the construction of gas treatment systems. The construction of the Cheremukhovskaya-Glubokaya mine at SUBR will also continue and the construction of the anode stub sandblasting area at BrAZ will be completed.

INNOVATIONS AND SCIENTIFIC PROJECTS

In 2011, the Company continued to implement its project aimed at producing aluminium alloys with improved conductive and lasting quality properties in order to substitute copper wire in cable products. Financed jointly with the Ministry of Education and Science of the Russian Federation, the project for the production of aluminium-zirconium-rare metal alloys reached its pilot-testing stage. The idea of combining the aluminium-wire casting, extrusion and rolling processes has also been implemented as part of this project. Based on the successful operation of the laboratory facility, an industrial prototype of medium-capacity equipment is under production, with the intention of being installed at the Irkutsk aluminium smelter. In this project, the Company's scientific partner is the Siberian Federal University.

To facilitate the environmental modernisation of aluminium smelters using obsolete Soderberg technology, a basic Eco-Soderberg technological package (S-8BME and S-8BE) was developed, with the aim of being replicated at the Company's smelters in Krasnoyarsk, Bratsk, Novokuznetsk, Volgograd, and Irkutsk. In four pot rooms of the Krasnoyarsk aluminium smelter, S-8BME reduction cells are being tested to confirm their environmental and technological parameters in the replication process. The process involves 180 Eco-Soderberg reduction cells, with the following parameters achieved as compared with the actual KrAZ Soderberg tests: +2% for current efficiency and -202 kWh/tonne for power consumption. Overall, following the transition to Eco-Soderberg equipment, an increase in metal production over the regular Soderberg technology is estimated as follows: for the Krasnoyarsk aluminium smelter, 5.4 thousand tonnes on a non-recurrent basis owing to changes in work-in-progress and 13.4 thousand tpa owing to increased productivity; for the Irkutsk aluminium smelter, 848 tonnes and 3.6 thousand tpa, respectively.

As part of the R&D work to develop alternative pitch for the formation of anodes, industrial prototypes were produced, substituting 50% of their composition with petroleum refinery products and resulting in aluminium costs being reduced by USD6/tonne and a 50% reduction in benzapyrene emissions. In the near future, the Company is planning to produce a large batch of alternative pitch for testing purposes.

In 2011, the Skolkovo Foundation approved a grant worth RUB150 million to the Company for the project "A Reduction Cell with Inert Anodes". The first tranche of RUB45 million was received in 2011. In 2011, work under the project comprised the following: inert anode materials were tested at reduction cell 100 A, with A5 aluminium purity achieved. A graphic design of an inert-anode reduction cell was developed for current strength exceeding 100 kA. Going forward, it is the intention to design an experimental pot room and install it at one of the Company's facilities. The pot room will be used for pilot testing of technical solutions related to the inert-anode reduction cell.

Other R&D achievements in 2011 are as follows: in respect of the Sayanogorsk aluminium smelter, a technology was developed for the installation of lining using production waste materials, with lining material costs reduced by 30%, installation labour costs reduced by 60% and capital overhaul periods reduced by 24 hours, and in respect of the Krasnoyarsk aluminium smelter, engineering solutions were developed to enhance the efficiency and durability of alumina pneumo-paths, making it possible to reduce compressed air consumption by 30% and to double operating life.

In addition, the Company was quite successful in the disposal of alumina refinery waste – red and nepheline mud. Successful testing was conducted to substitute traditional raw materials for treated mud in the cement and ferrous industries; conditions were also created to use nepheline mud, instead of inert material, in road construction.

A package of R&D measures was also implemented in 2011 to eliminate bottlenecks at the Company's refineries. These measures included the enhancement of efficiency of the recuperative circuit of digestion train No. 1 at NGZ, increasing the utilisation factor for multiple-effect evaporator plants at UAZ, the improvement of the second stage of desilication and the alteration of milling flow with power consumption reduced by 15% at AGK, and the reduction in caustic alkali consumption at Windalco.

MODERNISATION AND DEVELOPMENT

The Company continues to pursue a policy aimed at reducing its dependence on outside suppliers of basic raw and other materials.

In 2011, a feasibility study was conducted, which resulted in construction of an area for refinery coke calcination in retort furnaces (300 thousand tpa) commencing at the Sayanogorsk aluminium smelter. The project involves further development of the existing coke unloading and transport system, the construction of storage facilities for wet coke, the construction of a boiler house for heat recuperation and steam generation, and the creation of production infrastructure.

At the Irkutsk aluminium smelter, anode production facilities were modernised for the use of petroleum coke, dust dispensers were installed, heaters for increasing the temperature of furnace charges were replaced, and the continuous-handling system was modernised. Electric precipitator dust was also introduced into the production process. Technology for the production of three-component anode paste (using petroleum coke) was also installed in the anode facilities (e.g. pot room Nos 1, 2 and 5).

At KrAZ, four calcining furnaces were modernised, as a result of which calcinated coke productivity increased from 11.0 to 13.1 tonnes/hour, with 28.7 thousand extra tonnes of calcinated coke being produced in 2011. At BrAZ, three furnaces were also modernised, as a result of which calcinated coke productivity increased from 11.0 to 12.75 tonnes/hour. The modernisation of furnace No. 4 is scheduled for 2012.

In 2011, the Eco-Soderberg project-related solutions continued to be implemented. At the Krasnoyarsk aluminium smelter, 90 out of 347 reduction cells were modernised in pot rooms Nos 3–6, with a further 46 reduction cells scheduled to be modernised in 2012. The objective here is to develop technology on a serial basis for further use in the Company's similar reduction cells and thereby reduce pollutant emissions to allowable levels.

The modernisation of the Krasnoyarsk aluminium smelter's pot room No 10 has also commenced and is an example of the Company's successful commercialisation of its own R&D initiatives. In particular, the project involves the replacement of a cathode assembly in the overhaul process, with a particular cathode designed in-house being installed. This will make it possible to increase the operating life of reduction cells by up to 60 months and also reduce raw aluminium costs by USD10.3 per tonne. In 2010/2011, 59 reduction cells were modernised in this way, with modernisation of the remaining 27 reduction cells scheduled for 2012.

The Company places special emphasis on finding ways to increase the share of alloys in total sales. In 2011, a 100-tonne unit was modernised at the Krasnoyarsk aluminium smelter, whereby a unique electromagnetic alloy stirring technology was applied, which will make it possible to produce high quality homogeneous billet/slab structures. In addition, the casting facilities were modernised at the Irkutsk, Volgograd and Kandalaksha aluminium smelters.

In the Irkutsk region, the Company also commenced designing the world's largest anode plant, with a capacity of 870 thousand tpa.

The use of modernised lining at the experimental reduction area RA-400, also resulted in the reduction of technological power consumption by 200 kWh per tonne of aluminium.

Other technological achievements of the Company in 2011, included:

- a project was launched at the Achinsk Alumina Refinery, to enable the refinery's sintering department to switch to brown coal;
- technologies were introduced at various smelters, to enable the restarting of reduction cells without overhauling; and
- the production of new types of wrought and casting alloys for Volkswagen, Novelis and SMZ, as well as the production of motor alloys, were launched at the Novokuznetsk aluminium smelter.

ORGANISATIONAL ACHIEVEMENTS

In 2011, the UC RUSAL Scientific and Technical Council approved two important and fundamental documents concerning the continued development of the Company – the Technical Policy and the Product Strategy. These documents will play an important part in determining the direction of the Group's medium-term development, with all future investment projects to be planned and implemented in accordance with the terms of these documents.

In 2011, the Company's Engineering & Technology Centre was also granted the status of "Skolkovo Federal Project Participant", which will enable UC RUSAL to raise grant financing in order to implement innovative science-intensive projects.

Corporate Strategy

UC RUSAL's mission is to create value for shareholders through sustainable growth. The strategy to achieve this focuses on:

1. Maintaining UC RUSAL's position among the most efficient and lowest cost producers in the industry by:
   - maintaining low cost electricity supply through long term contracts;
   - investing, where appropriate, to develop its own power generation capacity and energy production facilities to create a natural hedge for electricity costs;
   - developing enhanced technologies that reduce energy consumption and maintaining the Company's capability to allow further innovation;
   - increasing aluminium production capacity in Siberia where there is stranded, low-cost captive energy supply;
   - expanding the production of higher value added products and leveraging primary sales to maximise global premium revenue;
   - maintaining its commitment to company-wide cost management programs;
   - optimising other raw material sourcing, transport and logistics to minimise costs; and
   - continuing actively to manage production to respond to changes in the market.
2. Increasing UC RUSAL's presence in the rapidly growing consumption segments of automotive, packaging/printing and electronics by:
   - exploiting the manufacturing capabilities of the Siberian operations to increase sales of high value products;

- expanding sales to Asia and, in particular, China, taking full advantage of UC RUSAL's operating proximity to Asian end-users; and
- refurbishing and modernising cast houses of smelters located in the European part of Russia, the Urals, Sweden and Ukraine, to take advantage of the logistical proximity of these facilities to consumption centres in the western regions of Russia as well as in the European Union.

3. Maintaining an efficient capital structure that provides a sound platform for growth by:
   - continuing to use generated cash flow to reduce financial debt; and
   - proactively exploring opportunities to refinance debt obligations with more favourable terms.
4. Pursuing value accretive growth opportunities organically or through acquisitions or asset swaps by:
   - enhancing upstream vertical integration while maintaining a focus on higher margin upstream primary aluminium production;
   - exploring growth opportunities in regions with stranded, low-cost captive electricity supply;
   - enhancing its bauxite and alumina self-sufficiency by exploring new opportunities in geographically diverse regions and exploiting regional supply/demand imbalances; and
   - securing access to and self-sufficiency in key production inputs.
5. Managing environmental protection matters and utilising natural resources responsibly by making all of UC RUSAL's production facilities meet emission standards set by the local laws in the jurisdictions where UC RUSAL conducts business.

Environmental and Safety Policies

As with other natural resources and mineral processing companies, the Group's operations create hazardous and non-hazardous waste, effluent emissions into the atmosphere, as well as water, soil and safety concerns for its workforce. Consequently, the Group is required to comply with a range of health, safety and environmental laws and regulations. The Group believes that its operations are in compliance in all material respects with the applicable health, safety and environmental legislation of the Russian Federation, including its regions, and the countries and regions where the Group's plants are situated. The Group regularly reviews and updates its health, safety and environmental management practices and procedures to ensure where feasible that they comply, or continue to comply, with best international standards.

Operating on five continents and being involved in the metal production and processing, mining and power generation industries, UC RUSAL shares responsibility for addressing regional and global environmental issues and finding cutting edge approaches to solving such problems. The Company considers its environmental protection activities to be an inherent part of its business as well as its contribution to public sustainable development projects.

UC RUSAL's goal is to facilitate the gradual improvement of environmental indicators, while taking into account practical possibilities and social and economic factors.

The following guidelines are adhered to when making management decisions at all levels and in all areas of the Company's business:

- Risk Management: define and assess environmental risks, set targets and plan work taking into account environmental risk management issues;
- Compliance: comply with environmental legislative requirements of the countries where UC RUSAL has operations, as well as comply with environmental covenants assumed by the Company;
- Prevention: apply the best available techniques and methods to prevent pollution, minimise risks of environmental accidents and other negative impact on the environment;
- Training: train employees of the Company to meet the environmental requirements applicable to their business areas to give employees a better understanding of the environmental consequences should such requirements not be met;
- Cooperation: note the opinions and interests of related parties, establish environmental requirements when selecting suppliers and contractors and assist them in complying with those requirements;
- Measurability and evaluation: establish, measure and evaluate environmental indicators and assess compliance with environmental legislation in the countries where UC RUSAL operates and with environmental covenants assumed by the Company; and
- Openness: openly demonstrate the Company's plans and results of its environmental activities, including through public reports issued by the Company.

Key goals of UC RUSAL's environmental strategy include:

- reducing emissions, including greenhouse gases;
- creating a closed-circuit water supply system for the main production processes of the Company's facilities;
- increasing the volume of treated and used waste products and their safe disposal;
- replacing and disposing of electrical equipment containing polychlorbiphenyls (PCBs);
- rehabilitating land which has been negatively impacted and assisting in the maintenance of biodiversity; and
- creating corporate systems to manage environmental aspects and risks.

By following this environmental policy and undertaking to regularly review and update its provisions, the Company has tasked itself with constantly developing and improving its environmental management system and implementing its principles at all production facilities of UC RUSAL, including all those which are in operation and those which are still under construction.

The Group has also taken steps to lessen the environmental impact of its operations and complied with all applicable environmental laws and regulations. The Group's mines, refineries, smelters and other plants located in Russia are subject to statutory limits on air emissions and the discharge of liquids and other substances. Russian authorities may permit, in accordance with the relevant Russian laws and regulations, a particular Group facility to exceed statutory emission limits, provided that the Group develops a plan for the reduction of the emissions or discharge and pays a levy based on the volume of contaminants released in excess of the limits. In 2011, the Group's plants received all necessary permits.

In 2007, the Company signed a memorandum of understanding with the United Nations Development Program. The aim of the memorandum is to implement measures to minimise the Group's impact on climate change, by reducing the Group's greenhouse gas emissions. The Group is actively participating in the International Aluminium Institute's activities related to targeting the reduction of greenhouse gas emissions and energy efficiency. The Group has achieved significant reductions in greenhouse gas emissions. For instance, the Group's aluminium smelters reduced greenhouse gas emissions in 2011 by 47%, compared to 1990 emission levels.

Further, the Group is a member of the National Carbon Union in Russia, a partnership of leading businesses created in July 2003. The National Carbon Union aims to create a regulatory structure for the control of greenhouse gas emissions and to develop a strategy for the application of the Kyoto Protocol in Russia. The Group also participates in activities conducted by the Russian Ministry for Economic Development concerning the development of Russia's carbon trading market. The "Reduction of Perfluorocarbons emission at Krasnoyarsk Smelter" project was approved by the Ministry of Economic Development on 31 December 2010 as a Joint Implementation Project[10]. Due to the successful implementation of the project at the smelter, the total estimated reduction in emissions for the years 2008-2012 has increased from 1.2 million to 2.0 million $CO_{2\ eql}$. The plant has sent a request to Sberbank and the Ministry of Economic Affairs to raise the exceeded amount level. The smelter is now expected to sell its first tranche of Emission Reduction Units (ERUs) in March 2012 in the amount of 0.5-1 million $CO_{2\ eql}$. A similar Joint Implementation Project at the Bratsk aluminium smelter (for an estimated emission reduction of 1.0 million $CO_{2\ eql}$.) is being prepared for submission to Sberbank for expert review[11]. The Company is also seeking new opportunities to develop Joint Implementation Projects at other smelters. The Company has announced a tender process in order to select companies within the Group to develop Joint Implementation Projects and purchase ERUs. The carbon emissions reduction potential of this tender process is yet to be determined.

The Group's social performance is guided by the ten universal social and environmental principles of the UN Global Compact, to which the Company is a signatory. The Company measures its social performance in accordance with the requirements of the Global Reporting Initiative's Business Guide to the Sustainability Reporting Guidelines. The principles of the Global Reporting Initiative's reporting system are fully compatible with the principles of the UN Global Compact. The Company released its communication on progress reporting in accordance with the UN Global Compact in December 2011.

The Group considers the health and safety of its employees to be a fundamental responsibility that is central to its business. To this end, the Group has formulated a series of health and safety principles, policies and guidelines and established a health and safety management system. Ten of the Group's sites and facilities are already OHSAS 18001[12] certified.

Care for the health of the Group's employees is a key element of the Group's social policy. The Group provides a full range of medical services for its employees and promotes a healthy lifestyle. The Group emphasises preventive medicine and the reduction of lost working time resulting from occupational illnesses through corporate medical centres it has established in most regions where the Group operates.

Social investments and charity

UC RUSAL is committed to social investment in each of the regions in which it operates. UC RUSAL views social investment as a contribution to community development, with a view to securing social, economic and political stability, and as an important element of sustainable development. UC RUSAL considers its social investment programme to be an integral part of its growth strategy and believes that it has a responsibility to ensure that the Company's development improves the quality of life, and facilitates the social and economic development of each region in which the Company operates.

With production facilities in 19 countries on five continents, UC RUSAL operates in a multicultural environment. Accordingly, the charity projects implemented by UC RUSAL are based on a constant dialogue with local communities, contest-based selection of the best projects, long-term orientation and on-going efficiency assessment. The local communities are given the opportunity to put forward their social and economic development needs, call attention to the most pressing problems they face and offer solutions to them, develop their own proposals and participate in contests which are designed to select the best and most efficient projects. UC RUSAL considers that this

10 As defined in Article 6 of the Kyoto Protocol.

11 The Russian government has issued a new regulation that eliminated the previous tender procedure and introduced an expert review process for Joint Implementation Projects, which is to be performed by Sberbank (Reg. # 780, dated 15.09.2011).

12 Occupational Heath and Safety Series (OHSAS) specification 18001 is an international standard of occupational health and safety management system, which is part of the general management system. These international standards comply with the world's best practices in occupational health and safety management systems.

approach allows the Company to provide support that has the maximum possible social impact.

UC RUSAL is, and has been, involved in a range of social development and charity projects, co-financed by local authorities, and works closely with municipal and regional organisations to invest in the construction, renovation and maintenance of educational, healthcare, cultural and sporting facilities and related equipment needs.

In 2011, the development of social infrastructure became a top priority for the Company's social investments.

The key social investment projects in 2011 included "The Territory of RUSAL" programme, "RUSAL's Social Ambulance" programme and other partner projects of the Company described below.

"THE TERRITORY OF RUSAL" PROGRAMME

In 2011, the Company continued the implementation of its social programme "The Territory of RUSAL", which is aimed at developing social infrastructure and supporting community initiatives in the regions where it operates. The programme was launched in September 2010, with the following focuses:

- financing of projects aimed at developing social infrastructure in cooperation with the governments of the Krasnoyarsk region and the Sverdlovsk region, as well as the municipal administrations.
- providing grants to support and develop initiatives proposed by children and young adults in connection with charitable activities.
- improving computer literacy of primary school students as part of a joint project with the "Action with No Limits" fund.

In 2011, dozens of social infrastructure development projects were completed, including the modernisation of the equipment testing ground and the equipment of the electronic book reading room at the State Scientific Library in Krasnoyarsk, the renovation of the Children Socialisation Centre building in Boguchany, the "Siberia" youth centre, five sports grounds and two children's playgrounds in Achinsk, the opening of a physical rehabilitation centre in Kamensk-Uralskiy, the construction of a covered hall for horseback riding and horse therapy, and the opening of a chamber hall in the puppet theatre and the "Small Pawn" chess club for pre-school children in Krasnoturyinsk. Total investments in the programme from all budgets amounted to approximately USD5.6 million.

In 2012, the programme will be extended to the Republic of Khakassia, Irkutsk, Kemerovo, Sverdlovsk, Krasnoyarsk and the Nikolayev regions (Ukraine). In addition, more regions will be included in the "Territory of RUSAL" programme, such as the Karelia, Orenburg, Volgograd and Murmansk regions. In 2012, the budget for the programme is expected to amount to USD3.5 million.

"COMPUTERS FOR SCHOOL STUDENTS" PROJECT

In 2011, UC RUSAL and the Volnoye Delo Foundation continued to work together on the "Computers for Schools Students" project. The project involves supplying laptops to 7-10 year olds in the Sovetsky district in Krasnoyarsk, as well as to schools in Achinsk, Boksitogorsk, Novokuznetsk, Volgograd and Nikolayev (Ukraine). More than 15,000 laptops have been purchased as part of the project, of which 13,000 laptops have been delivered to date. The remaining latops are expected to be delivered during 2012. The project is being implemented as a partnership between the state and private sector.

Coupled with federal programmes aimed at supplying schools with computers, this project is intended to significantly improve the quality of education in the regions concerned, by allowing schools to make use of more innovative methods of instruction.

In 2011, approximately USD1.8 million was spent on the project, which was contributed by the Volnoye Delo Foundation with the guidance of UC RUSAL.

PARTNERSHIP PROJECTS

The "Partnership Projects" is a social programme that was launched in 2006, which aims to promote multilateral social partnerships and social cooperation with stakeholders in order to facilitate sustainable regional development. Under the programme, UC RUSAL shares its social experience with local communities and engages authorities, businesses, non-governmental organisations and charity funds in addressing local social issues.

The programme is being implemented in Russia (the Krasnoyarsk, Irkutsk and Sverdlovsk regions, and the Republic of Khakassia) and Ukraine (the Nikolayev region).

In 2011, 804 organisations took part in this programme, with 1,634 events being held, while social investments exceeded USD150,000.

"RUSAL'S SOCIAL AMBULANCE" PROGRAMME

Since the beginning of 2011, a new social programme "RUSAL's Social Ambulance" has been trialled in five cities: Bratsk, Krasnoyarsk, Sayanogorsk, Achinsk and Nikolayev. The programme enables UC RUSAL employees to provide volunteer community services in order to help resolve the most pressing social issues faced in those cities.

The programme includes providing both financial and non-financial assistance to people and social institutions through social events.

Over the course of 2011, 2,305 employees became active participants in the programme. The volunteers devoted their free time to arrange 1,015 events, which included sporting contests and workshops at orphanages and shelters, charity concerts and environmental events.

The end of the Social Ambulance's first year was celebrated with a corporate New Year Charity Marathon "Believing in Miracles and Working Miracles", which was held in 18 regions where UC RUSAL operates. In total, UC RUSAL spent USD170,000 on the marathon.

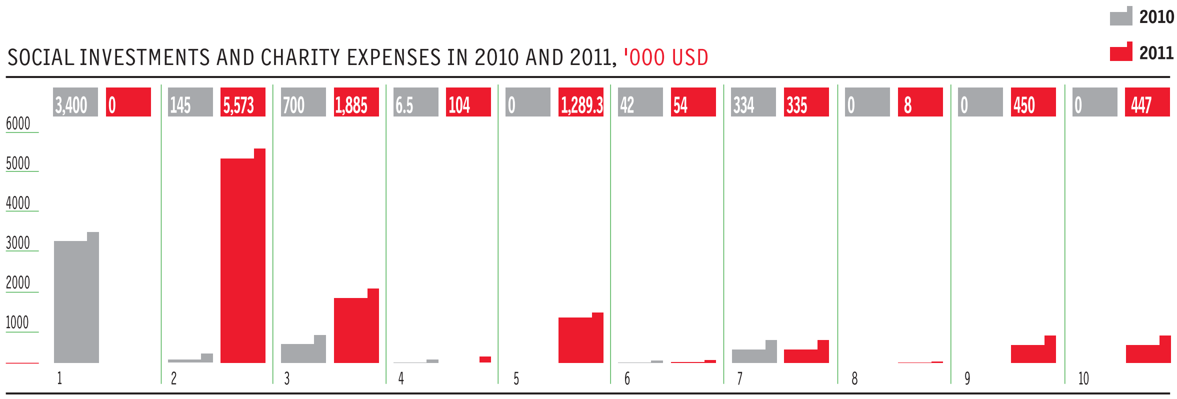
For two months in 2011, teams of UC RUSAL volunteers provided assistance to 177 social institutions and non-profit organisations and donated over USD50,000 to charity. Over 2,300 New Year presents were purchased for children in orphanages, shelters and disadvantaged families.

PERSONAL DONATIONS PROGRAMME

In 2011, UC RUSAL continued its traditional programme of personal donations by employees. The funds collected under the programme were used to assist non-profit organisations that work with seriously ill children, children with disabilities and teenage delinquents. The funds were also used to finance emergency surgeries, buy clothing for orphanages as well as supplies for orphans studying in arts and creative classes. In total, employees of UC RUSAL raised over USD54,000 as part of the programme.

In total, UC RUSAL allocated approximately USD8.3 million to social investments and charities (not including the approximately USD1.9 million that the Volnoye Delo Foundation spent on the "Computers for School Students" project).

SOCIAL INVESTMENTS AND CHARITY EXPENSES IN 2010 AND 2011, '000 USD



1 New Village
2 Territory of RUSAL
3 Computers for School Students (reflecting the Volnoye Delo expenditure)
4 Partnership Projects
5 Sponsorship Projects
6 Personal Donations Programme
7 Russian Union of Martial Arts
8 Orthodox Church in Beijing
9 Japan earthquake relief measures
10 UC RUSAL's Social Ambulance

GLOBAL

40 ASSETS ACROSS THE GLOBE INCLUDE ALUMINIUM SMELTERS, ALUMINA REFINERIES, FOIL MILLS, BAUXITE AND NEPHELINE ORE MINES, AS WELL AS REPRESENTATIVE OFFICES LOCATED IN 13 REGIONS OF RUSSIA AND 19 COUNTRIES ON 5 CONTINENTS

Reach

Overview of trends in industry and business

ALUMINIUM INDUSTRY IN 2011 AND UC RUSAL'S INDUSTRY VIEW AND OUTLOOK

Global aluminium consumption in 2011 is estimated at 45.1 million tonnes, 10% higher than in 2010. Global demand for aluminium was stronger in the first half of 2011, due to the economic recovery at the beginning of the year, supported by the continuation of government stimulus programs. A noticeable slowdown in consumption occurred in the second half of 2011, due to the escalation of the crisis in the Eurozone, a slowdown in Chinese growth and the cumulative effects of supply chain disruptions in Japan and Thailand.

Nevertheless, later in 2011 there were positive signs of recovering demand in the United States and Japan, which stabilised in the second half of 2011 following an increase in consumption driven by the automotive and engineering sectors. Underlying demand for consumer products, including packaging and beverage cans, continued to support the rolled products segment of the aluminium market in the United States and Asia, whilst running flat in Europe.

Global production of primary aluminium in 2011 is estimated at 45.6 million tonnes, 8% higher than in 2010. Aluminium production growth was predominantly driven by capacity increases in China, where output grew to 19.1 million tonnes in 2011 (10% higher than 2010 levels). This was achieved despite production cuts in the second half of 2011 in China, to minimise national energy consumption, and the closure of outdated Chinese smelter capacity.

Premiums continued to be well supported above historical averages during 2011, with a slight softening in the fourth quarter. By the end of 2011, the In-Warehouse Duty Paid Premium in Rotterdam was quoted at a range of USD180-190 per tonne and the US Midwest Premium traded at USD7.3 cents per lb for the same period. The Asian premium (CIF main Japanese port) remained firm at USD112–117 per tonne. Metals generally became more readily available in the major markets at the end of the year due to slower economic activity and year end stock adjustments, with large deliveries made to LME warehouses, incentivised by comparatively strong storage premiums.

The 2011 average aluminium price was USD2,395 per tonne, 10% higher than that in 2010.

Review of the global aluminium industry in 2012

Highlights:
UC RUSAL forecasts that:

- Global demand for aluminium will increase by 7% to 48.2 million tonnes in 2012.
- Over 3-4 million tonnes of global aluminium production capacity will be closed/curtailed in 2012, due to aluminium prices being below the majority of aluminium producers' break-even point, rendering production unprofitable.
- The aluminium market will become almost balanced during 2012.

GLOBAL ALUMINIUM CONSUMPTION

Despite flat aluminium demand in some regions during the second half of 2011, it remains well above 2009 recession levels, thereby challenging the predictions of many market participants that there would be a severe contraction in demand. UC RUSAL expects that the uncertainties seen in 2011, namely the current Eurozone crisis and the slowdown or hard landing in Chinese growth, may continue to dominate the outlook for the metal markets in the months to come, with evidence of a potential recovery emerging in the second quarter of 2012.

Therefore, UC RUSAL expects European consumption to remain flat during the first half of 2012, offset by moderately higher US demand and continued growth in Chinese consumption.

UC RUSAL expects that in 2012 global primary aluminium consumption will reach 48.2 million tonnes, 7% higher than 2011 global consumption, with China being the largest growing market (11% growth), followed by India (10% growth), Russia/CIS (6% growth), Japan (5% growth), North America (5% growth) and Latin America (5% growth). As stated earlier, it is expected that aluminium consumption in Europe during 2012 will be flat, remaining at 2011 levels.

As a consequence, UC RUSAL forecasts the global aluminium market will become almost balanced in 2012.

NORTH AMERICA

With higher than expected December ISM and Non-Farm Payroll data and growth in the housing start-ups/housing construction sector since November 2011, there is firm evidence that business and consumer confidence is improving in North America.

The automotive industry is expected to maintain recent growth trends in 2012, with passenger car sales projected at over 13.5 million in 2012, in comparison to 12.8 million in 2011, and less than 10 million just over a year ago. A long overdue replacement of commercial vehicles and engines is also expected. This will provide solid support to the casting, sheet/plate and extrusion segments of the aluminium market, with most of the automotive industry related suppliers expected to operate at near full capacity. The aerospace industry is expected to expand by 10% in 2012, with further consumption support coming from the construction sector.

UC RUSAL forecasts that increased demand for aluminium from the physical market will support the Midwest premium at the 2011 level of USD8.0-8.5 cents/lb, with additional upside related to the extent of supply disruption and curtailments in the region.

EUROPE

2012 is forecasted to be a very challenging year for Europe. The ongoing uncertainties over the Eurozone debt crisis will overshadow the markets and the high volatility experienced in recent months is likely to continue.

Consumers are expected to react to the market uncertainty by maintaining a short order window for the foreseeable future, as lead times remain close to manufacturing limits. Credit is expected to remain tightly controlled, however, the 2011 destocking phase appears to have ended and business is expected to stabilise at 2011 levels.

European premiums have been under pressure across all product sectors, but especially in the extrusion billet and primary foundry alloy sector. Stronger demand in North America, supply chain restocking and a continuation of warehouse/financing deals are expected to absorb primary aluminium production excess to consumption requirements. As a consequence, UC RUSAL expects premiums to firm over 2012 from the lows experienced at the end of 2011.

ASIA

General growth in Asia varies between the mature market of Japan, which has experienced years of flat growth, and China, which has been growing at a rate of 11% per annum. Whilst we anticipate that Japanese growth is likely to increase in 2012, in connection with continuing reconstruction in the aftermath of the March 2011 earthquake and tsunami, the strong value of the YEN against the USD will continue to affect exports. The trend of Japan's automotive and electronics plants to relocate to low cost countries in South East Asia, or to North America and Eastern Europe, is expected to continue, which is likely to impact Japanese growth in the medium to long term.

Demand in Korea and Taiwan is expected to be moderate in 2012, due to a slowdown in US and Europe related export activity and contracting domestic construction sectors.

Slowing Chinese growth, related to slower exports, is expected to be offset by an easing of credit availability, as the government attempts to rebalance growth with an increased focus on domestic consumption based on infrastructure and housing spending. The early indications are that the slowdown in Chinese growth has bottomed out and that Chinese GDP will grow at about 9.5% in 2012. Further, for the first time since 2009, imports of primary aluminium are commercially attractive due to the arbitrage in LME and SHFE prices. In 2012, arbitrage windows are expected to open periodically due to short term supply/demand imbalances in China.

Premiums in Asia, as reflected by the CIF MJP indicator, are expected to remain firm, at or above the 2011 year end levels, based on 7% growth in regional aluminium demand, coupled with an expectation of curtailed supply from the traditional smelting centers in Australasia.

RUSSIA AND CIS

UC RUSAL expects the Russian and CIS aluminium market to grow by approximately 6% to 0.92-0.93 million tonnes in 2012. Infrastructure spending for the construction of roads, buildings and transportation facilities is expected to support further aluminium market growth in the medium to longer term, together with continued spending on large-scale projects such as the 2014 Winter Olympic Games and the 2018 Football World Cup.

New rules in relation to local car assembly, which were adopted in Russia during 2011, should promote foreign automotive and spare parts manufacturers/producers to increase the utilisation ratio of car assembly in Russia and thus increase domestic aluminium consumption, including in respect of specialty aluminium alloys.

A new aluminium applications program, realised by UC RUSAL, in relation to construction and cable industry should also increase aluminium consumption in Russia.

Accordingly, the Company expects Russia's cumulative annual compound growth rate for aluminium consumption between 2012 and 2016 to be 7%-8%.

LME STOCKS

LME stocks, having reached the 5 million tonnes level, are expected to stabilise during 2012 as more metal is financed in off-warrant locations. The increase in the minimum load out rate, to be introduced in mid-2012, is not expected to have a significant effect on regional supply dynamics; however, UC RUSAL expects the current warehouse incentives to continue to attract surplus metal in Europe and the USA.

ALUMINIUM PRODUCTION CAPACITY LOSS

As a result of declining aluminium prices at the end of 2011, a significant share of the global and European primary aluminium capacity has become unprofitable, resulting in partial or total closing of some smelters. In UC RUSAL's view, a further 6%-8% of global capacity curtailments are expected in the first half of 2012.

More than 4% of 2012 ex-China aluminium capacity is expected to be lost, owing to a combination of market related and non-market related events over the past 3-4 months (in particular, low prices and power supply disruptions). As a result of these curtailments and disruptions, approximately 2%-3% of global aluminium production is expected to be lost in 2012. Several peers in the global aluminium market have already announced aluminium production cuts of 1 million tonnes in 2012, due to low aluminium prices.

Expected curtailments of primary aluminium and alloys production in Europe may exceed 0.8 million tonnes in 2012, which equates to 16% of European production forecast for 2012. This level of reduced production predominantly relates to rolling slabs and extrusion billets output, with decreases of 29% and 39% related to total regional curtailment, respectively.

According to UC RUSAL's estimates, approximately 31% of Chinese aluminium production capacity (5.9 million tonnes per year) may be currently unprofitable. Particularly in the case of China, the costs of production are expected to continue rising in 2012, as the central government continues its efforts to reign in growth in energy intensive industries (the government raised power tariffs twice in 2011), together with further appreciation of the Renminbi. At the same time, low cost aluminium production in western parts of China may partly offset high cost production losses elsewhere. In UC RUSAL's opinion, the Chinese market will decrease slightly by 0.2-0.5 million tonnes in 2012.

As a result, UC RUSAL estimates that the primary global aluminium production loss ex-China may be as much as 2.7 million tonnes in 2012, and expected China closures are expected to result in a further reduction of 1.2 million tonnes. Consequently, the total global production loss is expected to be approximately 3.9 million tonnes, or about 8% of global production in 2012. This loss should support LME aluminium prices, as well as regional premiums.

Our Business

The principal activities of the Group are bauxite and nepheline ore mining and processing, alumina refining, aluminium smelting and refining, as well as the sale of bauxite, alumina and various primary aluminium products. There were no significant changes in the nature of the Group's principal activities during the year.

FINANCIAL AND OPERATIONAL PERFORMANCE

in USD millions if not specified otherwise

	2011	2010	2009	2008	2007
Primary aluminium (kt)	**4,123**	4,083	3,946	4,424	4,202
Alumina (kt)	**8,154**	7,840	7,279	11,317	11,347
Bauxite (mt, wet)	**13,5**	11,8	11,3	19,1	18,5
Sales (USD, million)	**12,291**	10,979	8,165	15,685	13,588
Cost of Sales (USD, million)	**(8,786)**	(7,495)	(6,710)	(11,073)	(8,356)
Gross Profit (USD, million)	**3,505**	3,484	1,455	4,612	5,232
Adjusted EBITDA (USD, million)	**2,512**	2,597	596	3,526	4,620
Adjusted EBITDA Margin, %	**20.4%**	23.7%	7.3%	22.5%	34.0%
Aluminium segment cost per tonne (USD per tonne)[1]	**1,984**	1,693	1,496	NA	NA
Adjusted Net Profit/(Loss) (USD, million)	**987**	792	(1,378)	1,528	2,806
Adjusted Net Profit Margin, %	**8.0%**	7.2%	(16.9%)	9.7%	20.7%
Recurring Net Profit	**1,981**	1,683	(870)	964	2,806
Net Debt (USD, million)	**11,049**	11,472	13,633	13,170	8,395
Net Debt to Adjusted EBITDA ratio	**4.4:1**	4.4:1	22.9:1	3.8:1	1.8:1

ALUMINIUM PRODUCTION RESULTS[2]

UC RUSAL's total aluminium output amounted to 4,123 thousand tonnes in 2011, as compared to 4,083 thousand tonnes in 2010 (an increase of 1%).

The increase in production volumes in 2011, as compared to 2010, was predominantly due to increased production at certain aluminium smelters in Siberia and the European part of Russia, as well as at KUBAL in Sweden.

UC RUSAL is currently monitoring the global pricing situation and may cut aluminium output by 6% in the next 18 months, in response to any decline in the global price of aluminium and/or any other macroeconomic factors affecting the aluminium market.

The below table sets out the total production of each facility, each of which is a consolidated subsidiary of the Company.

1 Data for the calculation of the aluminium segment cost per tonne for 2009 (as disclosed in the Annual Report 2010) was adjusted to be comparable with the data for 2010 and 2011.
2 The sum of the figures in the table are different due to rounding.

Asset *(kt)*	Interest	Year ended 31 December 2011	 2010	Change year-on-year (%)
RUSSIA (SIBERIA)				
Bratsk aluminium smelter	100%	988	978	1%
Krasnoyarsk aluminium smelter	100%	995	979	2%
Sayanogorsk aluminium smelter	100%	499	537	(7%)
Novokuznetsk aluminium smelter	100%	286	270	6%
Irkutsk aluminium smelter	100%	403	394	2%
Taishet aluminium smelter	100%	–	–	–
Khakas aluminium smelter	100%	293	296	(1%)
RUSSIA – OTHER				
Bogoslovsk aluminium smelter	100%	124	113	10%
Volgograd aluminium smelter	100%	168	155	8%
Urals aluminium smelter	100%	77	72	7%
Nadvoitsy aluminium smelter	100%	75	71	6%
Kandalaksha aluminium smelter	100%	68	64	6%
Volkhov aluminium smelter	100%	16	18	(11%)
UKRAINE				
Zaporozhye aluminium smelter	97.6%	7	25	(72%)
SWEDEN				
Kubikenborg Aluminium (KUBAL)	100%	111	93	19%
NIGERIA				
ALSCON	85%	15	18	(17%)
TOTAL PRODUCTION		4,123	4,083	1%

The Company's aluminium division is divided into Aluminium Division West and Aluminium Division East.

ALUMINIUM DIVISION WEST

Aluminium Division West comprises the Volgograd smelter, Nadvoitsy smelter, Kandalaksha smelter, Volkhov smelter (all in Russia), ZALK (in Ukraine), KUBAL (in Sweden), the aluminium sections of the Bogoslovsk and Ural smelters, as well as the secondary alloys facility.

The Company's target is to increase the production of value-added products by these smelters such that eventually all products produced by them will be value-added products. To achieve this, in 2010 the Company undertook feasibility studies concerning the modernisation of the casting areas at the Volgograd, Kandalaksha, Nadvoitsy, Volkhov and Ural smelters. On the basis of these feasibility studies, modernisation projects were commenced at the Volkhov, Kandalaksha and Nadvoitsy smelters in March 2011, at the Volgograd smelter in April 2011 and at the Ural smelter in September 2011. The modernisation project at the Ural smelter was completed in December 2011, with the modernisation projects at the Volkhov and Nadvoitsy smelters scheduled for completion in the first quarter of 2012. The modernisation projects at the Volgograd and Kandalaksha smelters are still ongoing, with the main contracts concluded, equipment ordered, and some preliminary works in casting area having been completed.

ALUMINIUM DIVISION EAST

Aluminium Division East comprises all smelters located in Siberia, Russia. As part of this division's activities, several projects were carried out in 2011:
Increase in output:

- Production of alloys increased from 993 thousand tonnes in 2010 to 1,136 thousand tonnes in 2011.
- Production of high purity aluminium at the Krasnoyarsk aluminium smelter increased by 17% to 13,904 tonnes in 2011.
- Production and shipment of calcined coke at the Bratsk aluminium smelter and Krasnoyarsk aluminium smelter was 17.7 thousand tonnes in 2011, following the modernisation of calcination kilns at those smelters in 2010 and 2011.
- Production and shipment of baked anodes at the Sayanogorsk aluminium smelter was increased by 10% to 2.2 thousand tonnes in 2011.

Small mechanisation:

In 2011, the Aluminium Division East plants entered into agreements for the design and supply of the following diesel machinery:

– Liquid metal trucks – following the successful testing of the prototype at the Krasnoyarsk aluminium smelter, 11 commercial trucks were supplied to Aluminium Division East plants.
– Alumina distribution machines – testing of the prototype continues at the Bratsk aluminium smelter.
– Unified transport machines (with a crust-breaking device) – testing of the prototype has been completed at the Novokuznetsk aluminium smelter.

Plans for 2012 include the continued development of diesel machinery including the following:

– Design and manufacture of a prototype alumina loading machine.
– Design and manufacture of a prototype anode paste loading machine.
– Development of design documents for, and the manufacture of, special machinery to facilitate pot treatment.
– Design and manufacture of a prototype of an anode cutting machine, equipped with a hole cleaning clamshell.
– Development of design documents for, and the manufacture of, a crust breaking and material loading machine.
– Development of design documents for, and the manufacture of, a remotely controlled electrical hydraulic machine.
– Design and manufacture of a prototype tapping machine, equipped with a crucible.
– Design and manufacture of a prototype furnace cleaning machine for the smelting area.

Expansion of sales markets:

– Qualification of primary aluminium from the Khakas aluminium smelter and Irkutsk aluminium smelter with the SHFE was completed.
– Production of A92 primary aluminium at the Sayanogorsk aluminium smelter was successfully tested and launched.
– Certification audit of the Krasnoyarsk, Sayanogorsk, Novokuznetsk aluminium smelters against ISO/TS 16949 was completed.
– Qualification was completed and production was confirmed for:
    - Sayanogorsk and Krasnoyarsk aluminium smelters in slabs for Constellium and Hydro (45.108 thousand tpa);
    - Irkutsk aluminium smelter alloys AlSi7MgSr and AlSi11MgSr for Volkswagen (2.4 thousand tpa);
    - Novokuznetsk aluminium smelter alloy A355.2 for RUSAL America Corporation (2.88 thousand tpa); and
    - Sayanogorsk aluminium smelter billets for SLM (Japan) (3.6 thousand tpa).

Environment:

– The Irkutsk aluminium smelter, Bratsk aluminium smelter and Krasnoyarsk aluminium smelter confirmed their respective compliance with ISO 14001, following a DNV audit.
– 90 pots were modernised at the Krasnoyarsk aluminium smelter as part of the project "Implementation of Green Soderberg solutions in four potrooms".

ALUMINA PRODUCTION RESULTS

UC RUSAL's total attributable alumina output[3] amounted to 8,154 thousand tonnes in 2011, as compared to 7,840 thousand tonnes in 2010, an increase of 4%.

The increase in the volume of alumina production in 2011, as compared to 2010, was due to the increased production at the Ewarton plant (in Jamaica) and the substantial restoration of operations at the Aughinish Alumina Refinery (in Ireland), the Nikolaev Alumina Refinery (in Ukraine) and the Bogoslovsk Alumina Refinery (in Russia). A record level of production of 1,927 thousand tonnes and 1,601 thousand tonnes, respectively, of alumina was achieved at the Aughinish and Nikolaev alumina refineries in 2011.

The below table sets out the total alumina production of each facility.

3 Calculated based on the pro rata share of the Group's ownership in corresponding alumina refineries.

Asset (kt)	Interest	Year ended 31 December 2011	2010	Change year-on-year (%)
IRELAND				
Aughinish Alumina Refinery	100%	**1,927**	1,850	4%
JAMAICA				
Alpart	100%	–	–	–
Windalco (Ewarton and Kirkvine Works)	93%	**554**	238	133%
UKRAINE				
Nikolaev Alumina Refinery	100%	**1,601**	1,534	4%
Zaporozhye Alumina Refinery[4]	97.6%	–	–	–
ITALY				
Eurallumina	100%	–	–	–
RUSSIA				
Bogoslovsk Alumina Refinery	100%	**1,052**	990	6%
Achinsk Alumina Refinery	100%	**977**	1,000	(2%)
Urals Alumina Refinery	100%	**741**	730	2%
Boxitogorsk Alumina Refinery[5]	100%	**55**	137	(60%)
GUINEA				
Friguia Alumina Refinery	100%	**574**	597	(4%)
AUSTRALIA (JV)				
Queensland Alumina Ltd.[6]	20%	**673**	765	(12%)
TOTAL PRODUCTION		**8,154**	7,840	4%

BAUXITE PRODUCTION RESULTS

UC RUSAL's total attributable bauxite output[7] was 13,473 thousand tonnes in 2011, as compared to 11,798 thousand tonnes in 2010 (an increase of 14%).

The increase in the volume of bauxite production in 2011, as compared to 2010, was due to the increased mining operations at the Ewarton plant (in Jamaica), BCGI (in Gayana) and North Urals (in Russia).

BCGI's operating processes were stabilised in 2011. Due to the new mine Block 5 development, BCGI output increased 61% from 2010 output.

The below table sets out the total bauxite production of each facility.

4 Zaporozhye Alumina Refinery (ZALK) is a fully consolidated subsidiary of the Company.

5 Production of alumina hydrate at Boxitogorsk Alumina Refinery was stopped in July 2011. The Group decided to start purchasing less expensive alumina hydrate from the nearby located Pikalevo Alumina Plant to cover its corundum production needs.

6 Pro-rata share of production attributable to UC RUSAL.

7 Calculated based on pro-rata share of the Company's ownership in corresponding bauxite mines and mining complexes. The total production of the Company's fully consolidated subsidiaries, Timan and Bauxite Company of Guyana Inc., are included in the production figures, notwithstanding that minority interests in each of these subsidiaries are held by third parties.

UC RUSAL

Bauxite mines *(kt Wet)*	Interest	Year ended 31 December 2011	2010	Change year-on-year (%)
JAMAICA				
Alpart	100%	**–**	–	–
Windalco (Ewarton and Kirkvine)	93%	**1,842**	874	111%
RUSSIA				
North Urals	100%	**3,350**	3,091	8%
Timan	80%	**2,030**	1,944	4%
GUINEA				
Friguia	100%	**1,921**	2,120	(9%)
Kindia	100%	**3,002**	2,945	2%
GUYANA				
Bauxite Company of Guyana Inc.	90%	**1,328**	823	61%
TOTAL PRODUCTION		**13,473**	11,798	14%

The Company continued to invest significant financial resources in its North Urals bauxite mine expansion project, which aims to build a new underground mine to replace two old mines nearing the end of their lifespan and keep production at the required level in the long term.

NEPHELINE PRODUCTION RESULTS

UC RUSAL's nepheline syenite production was 4,608 thousand tonnes in 2011, as compared to 4,854 thousand tonnes in 2010 (a decrease of 5%).

The decrease of nepheline production was a result of decreased alumina production at the Achinsk Alumina Refinery in the fourth quarter of 2011.

The below table sets out the total nepheline syenite production.

Nepheline mines (Achinsk) *(kt Wet)*	Interest	Year ended 31 December 2011	2010	Change year-on-year (%)
Kiya Shaltyr Nepheline Syenite	100%	**4,608**	4,854	(5%)
TOTAL PRODUCTION		**4,608**	4,854	(5%)

FOIL AND PACKAGING PRODUCTION RESULTS

The production output of aluminium foil and packaging materials of the Company's foil mills was approximately 81 thousand tonnes in 2011, almost flat as compared to 2010 production levels. The production volume in 2011 demonstrates a 95% capacity utilisation rate for the foil mills. However, any further increase of foil and packaging materials output will require additional capital expenditure.

The table below shows the production contribution from each of UC RUSAL's foil mills.

Foil Mills (kt)	Interest	Year ended 31 December 2011	2010	Change year-on-year (%)
RUSSIA				
Sayanal	100%	**36.372**	37.959	(4%)
Ural Foil	100%	**17.305**	16.603	4%
Sayana Foil	100%	**2.164**	2.162	–
ARMENIA				
Armenal	100%	**25.313**	24.642	3%
TOTAL PRODUCTION		**81.154**	81.367	–

OTHER BUSINESS

The Company's output from its non-core business has also increased. Silicon production increased by 15% to 56,171 tonnes in 2011, from 48,740 tonnes in 2010, in response to increased demand in 2011. Powder production decreased by 2% to 19,934 tonnes in 2011, from 20,418 tonnes in 2010, which was attributable to a sales slowdown in 2011. The increase in production of secondary alloys, cathodes, silicon, and fluorides was due to increased demand for such products as the global economic recovery continued in 2011.

(t) unless otherwise indicated	Year ended 31 December 2011	2010	Change year-on-year (%)
Secondary alloys	**27,105**	25,294	7%
Cathodes	**34,000**	30,023	13%
Silicon	**56,171**	48,740	15%
Powder	**19,934**	20,418	(2%)
Fluorides	**77,760**	76,772	1%
Coal (50%) (kt)	**20,320**	19,445	4%
Transport (50%) (kt of transportation)[8]	**8,160**	9,308	(12%)

Coal production results

The coal production attributable to the Group's 50% share in LLP Bogatyr Komir increased by 4.5% to 20,320 thousand tonnes in 2011, as compared to 19,445 thousand tonnes in 2010. The increase in volume in 2011 as compared to 2010 was due to a general increase in electricity consumption in Kazakhstan.

Transportation results

The coal, iron ore and other products transported by railway by LLP Bogatyr Trans, in which the Company had a 100% share up until September 2011 when it sold a 50% interest to an unrelated party, decreased by 12% to 8,160 thousand tonnes in 2011, as compared to 9,308 thousand tonnes in 2010. The decrease in volume in 2011 was due to extensive maintenance of railways in Russia and the respective low turnover of rail cars.

8 The aggregate coal and iron ore transported by the Company by railway in 2010 amounted to 18,617 thousand tonnes. In September 2011, the Group sold a 50% interest in its transportation business and, therefore, for comparative purposes in the above table the data is presented on a 50% basis.

Financial Overview

REVENUE

	Year ended 31 December 2011			Year ended 31 December 2010		
	USD million	kt	Average sales price (USD/tonne)	USD million	kt	Average sales price (USD/tonne)
Sales of primary aluminium and alloys	**10,414**	**4,017**	**2,592**	9,208	4,085	2,254
Sales of alumina	**664**	**1,837**	**361**	597	1,845	324
Sales of foil	**309**	**75**	**4,120**	293	79	3,709
Other revenue[9]	**904**	**–**	**–**	881	–	–
TOTAL REVENUE	**12,291**			10,979		

Revenue increased by 12.0% to USD12,291 million in 2011, compared to USD10,979 million in 2010. The increase in revenue was primarily due to increased sales of primary aluminium and alloys, which accounted for 84.7% and 83.9% of UC RUSAL's revenue for the years 2011 and 2010, respectively.

Sales of primary aluminium and alloys increased by 13.1%, primarily due to an increase in the weighted-average realised aluminium price per tonne (by 15.0% year-on-year), which was driven by an increase in LME aluminium prices (to an average of USD2,395 per tonne in 2011, from USD2,173 per tonne in 2010) and a record level of premiums over the LME price in the different geographical segments (weighted-average realised premiums over the LME prices have increased by 48.1% from USD108 in 2010 to USD160 per tonne in 2011). This is despite a slight decrease of 68 thousand metric tonnes in sales volumes, or 1.7%, from 4,085 thousand metric tonnes in 2010 to 4,017 thousand metric tonnes in 2011.

Revenue from sales of alumina increased by 11.2% to USD664 million in 2011, from USD597 million in 2010. The increase in revenue over the comparable periods was primarily attributable to an increase of 11.4% in the average realised price, which was partially offset by a slight decrease of 0.4% in sales volumes. In 2011, UC RUSAL continued to sell alumina to external parties, but only under specific long-term contracts.

Revenue from sales of foil accounted for 2.5% and 2.7% of UC RUSAL's revenue for 2011 and 2010, respectively. Revenue from sales of foil increased from USD293 million in 2010 to USD309 million in 2011, due to an increase in the average realised price.

Revenue from other sales, excluding bauxite, increased slightly to USD892 million, or by 2.9%, in 2011 from USD867 million in 2010. The main factors contributing to the increase in revenue from other sales were increases in the prices of various by-products, including silicon, hydrate, soda, aluminium powders, and secondary materials and services, including electricity and transportation.

9 Including chemicals, energy and bauxite.

COST OF SALES

Cost of sales increased by USD1,291 million, or 17.2%, to USD8,786 million in 2011, compared to USD7,495 million in 2010. The increase was in line with the overall increase of purchase prices and transportation tariffs for raw materials, the higher cost of energy, which was primarily due to increases in power tariffs, and personnel expenses as a result of the implementation of a new incentive program for main production personnel. In addition, the appreciation of the Rouble/US dollar average exchange rate in 2011, as compared to 2010, negatively affected Rouble-denominated expenses in 2011.

The cost of other raw materials and other costs increased by USD540 million, or 20.7%, from USD2,605 million in 2010 to USD3,145 million in 2011, primarily due to overall growth in the purchase prices of raw materials, such as fuel (approximately by 32%), coke (approximately by 40%), caustic soda (by 41% on average) and others.

Energy costs increased by USD563 million, or 28.5%, to USD2,535 million in 2011, compared to USD1,972 million in 2010. The increase in electricity costs over the period resulted primarily from growth in weighted-average electricity tariffs, following electricity market liberalisation in January 2011, and Rouble/US dollar fluctuations. Also included in finance expenses are the LME-linked price adjusting premiums to counterparties contained in long-term electricity contracts (please see the "Finance income/expenses" section below for further information).

As a result of these factors, the cost of sales as a percentage of revenue increased to 71.5% in 2011, from 68.3% in 2010.

Cost of sales	Year ended 31 December 2011	Year ended 31 December 2010	Change year-on-year (%)	Share of costs
(USD million)				
Cost of alumina	**1,052**	1,120	(6.1%)	12.0%
Cost of bauxite	**513**	414	23.9%	5.8%
Cost of other raw materials and other costs	**3,145**	2,605	20.7%	35.8%
Energy costs	**2,535**	1,972	28.5%	28.8%
Depreciation and amortisation	**492**	473	4.0%	5.6%
Personnel expenses	**860**	735	17.0%	9.8%
Repairs and maintenance	**149**	132	12.9%	1.7%
Change in asset retirement obligations	**7**	17	(58.8%)	0.1%
Net change in provisions for inventories	**33**	27	22.2%	0.4%
TOTAL COST OF SALES	**8,786**	7,495	17.2%	100.0%

GROSS PROFIT

As a result of the foregoing factors, UC RUSAL reported a flat gross profit of USD3,505 million and USD3,484 million in 2011 and 2010, respectively, representing decreased gross profit margins of 28.5% in 2011, down from 31.7% in the previous year.

DISTRIBUTION, ADMINISTRATIVE AND OTHER EXPENSES

Distribution expenses increased by 10.3% to USD610 million in 2011, compared to USD553 million in 2010, mainly due to an increase in transportation tariffs.

Administrative expenses remained flat in 2011 as compared to the previous year, amounting to USD759 million and USD762 million, respectively.

Impairment of non-current assets increased by USD196 million in 2011 to USD245 million, due to the reassessment of the timing and extent of site restoration and dismantling activities at one of the Group's subsidiaries and the recognition of an additional impairment charge relating to the Jamaican assets.

Other operating expenses (including loss on disposal of property, plant and equipment) increased by 59.6% to USD142 million in 2011, compared to USD89 million in 2010. The increase was primarily due to the recognition of provisions for certain tax contingencies in 2011.

RESULTS FROM OPERATING ACTIVITIES AND ADJUSTED EBITDA

UC RUSAL reported a profit from operating activities of USD1,749 million in 2011, as compared to USD2,031 million in 2010, representing positive operating margins of 14.2% and 18.5%, respectively. The decrease in margins resulted mainly from the increase in electricity and transportation tariffs, higher material purchase prices and Rouble appreciation, despite the positive effect of an increase in the LME aluminium price and premiums over the LME aluminium price.

Adjusted EBITDA, being results from operating activities adjusted for amortisation and depreciation, impairment charges and loss on disposal of property, plant and equipment, decreased slightly by 3.3% to USD2,512 million in 2011, as compared to USD2,597 million in 2010, with Adjusted EBITDA margins of 20.4% and 23.7% respectively, maintaining the Company's premier position in the industry.

The factors that contributed to the decrease in Adjusted EBITDA margin were the same that influenced the operating results of the Company.

	Year ended 31 December 2011 (USD million)	Year ended 31 December 2010 (USD million)	Change year-on-year (%)
Reconciliation of Adjusted EBITDA			
Results from operating activities	**1,749**	2,031	(13.9%)
Add:			
Amortisation and depreciation	**518**	498	4.0%
Impairment of non-current assets	**245**	49	400.0%
Loss on disposal of property, plant and equipment	**–**	19	(100.0%)
ADJUSTED EBITDA	**2,512**	2,597	(3.3%)

FINANCE INCOME AND EXPENSES

Finance income increased by USD479 million to USD521 million in 2011, as compared to USD42 million in 2010. Finance income in 2011 was primarily represented by a gain in the fair value of derivative financial instruments of USD416 million. As a percentage of revenue, finance income increased from 0.4% in 2010 to 4.2% in 2011.

Foreign exchange gain results from fluctuations in the exchange rate between the Rouble and USD and their effect on the working capital items of several Group companies denominated in currencies other than the functional currencies of those companies.

Finance expenses decreased by 9.2% to USD1,336 million in 2011, as compared to USD1,472 million in 2010, primarily as a result of a change in the valuation of energy-embedded derivatives.

Starting from the beginning of 2011, the valuation is based on the contractually-committed volumes of electricity and capacity, as detailed in, and consistent with, the term of notice submitted to the administrator of the trading system, on a monthly basis. Previously, the embedded-derivative features were valued for the entire duration of the contracts. As a result, the change in fair value of derivative financial instruments, representing the revaluation of the energy-embedded derivatives for the period under the contracts that extends beyond the term of notice, which amounted to USD738 million for 2010, was derecognised in the first quarter of 2011.

The LME-linked price-adjusting premiums to counterparties contained in long-term electricity and other supply contracts and realised during the period amounted to USD239 million and USD75 million for the years ended 31 December 2011 and 2010, respectively, and were included in the change in fair value of derivative financial instruments.

The nominal interest expense decreased by 23.5% from USD868 million in 2010 to USD664 million in 2011, as a result of a reduction in the principal amounts payable to international and Russian lenders and in the overall interest margin during the year.

(USD million)	Year ended 31 December 2011	2010	Change year-on-year (%)
Financial income			
Interest income on loans and deposits	**7**	7	0.0%
Foreign exchange gain	**58**	25	132.0%
Change in fair value of derivative financial instruments	**416**	–	100.0%
Change in fair value of embedded derivatives	***499***	–	*100.0%*
Revaluation of financial instruments linked to the share price of Norilsk Nickel	***(97)***	–	*100.0%*
Change in other derivatives instruments	***14***	–	*100.0%*
Interest income on provisions	**40**	10	300.0%
	521	42	1,140.5%
Finance expenses			
Interest expense on bank loans and company loans wholly repayable within five years, bonds and other bank charges, including	**(1,319)**	(1,230)	7.2%
Nominal interest expense	***(664)***	*(868)*	*(23.5%)*
Excess of effective interest rate charge over nominal interest rate charge on restructured debt	***(560)***	*(249)*	*124.9%*
Bank charges	***(95)***	*(113)*	*(15.9%)*
Change in fair value of derivative financial instruments	**–**	(189)	(100.0%)
Change in fair value of embedded derivatives	**–**	*(240)*	*(100.0%)*
Revaluation of financial instruments linked to the share price of Norilsk Nickel	**–**	*57*	*100.0%*
Change in other derivatives instruments	**–**	*(6)*	*(100.0%)*
Listing and restructuring related expenses	**–**	(21)	(100.0%)
Loss on disposal of financial investments	**–**	(12)	(100.0%)
Interest expense on provisions	**(17)**	(20)	(15.0%)
	(1,336)	(1,472)	(9.2%)

SHARE OF PROFITS/(LOSSES) AND IMPAIRMENT OF ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

(USD million)	Year ended 31 December 2011	2010	Change year-on-year (%)
Share of (losses)/profits of associates			
Share of (losses)/profits of Norilsk Nickel, with	**(336)**	2,451	NA
Effective shareholding of	**30.28%**	25.13%	
Share of profits	***1,095***	*891*	*22.9%*
Reversal of impairment	**–**	*1,399*	*(100.0%)*
Result from changes in the underlying net assets following treasury share transactions	***(1,431)***	*161*	*NA*
Share of losses of other associates	**(13)**	(16)	(18.8%)
	(349)	2,435	NA
SHARE OF PROFITS/(LOSSES) OF JOINTLY CONTROLLED ENTITIES	**25**	(25)	NA

The Company's share of the results of Norilsk Nickel for the years ended 31 December 2011 and 2010, included a loss of USD1,431 million and a gain of USD161 million, respectively, recognised by the Company as a result of the change in the carrying value of the Company's share of the net assets of Norilsk Nickel. This change in carrying value was attributable to sales and purchases by Norilsk Nickel of its own shares during these periods.

As at the date of this report, the Group was unable to obtain the consolidated financial statement for Norilsk Nickel for the year ended 31 December 2011. Consequently, the Group estimated its share in the results and other comprehensive income of Norilsk Nickel for the year ended 31 December 2011, based on publicly available information reported by Norilsk Nickel. The information used as a basis for these estimates is incomplete in many respects. Once the consolidated financial statements of Norilsk Nickel for the year ended 31 December 2011 become available, they will be compared to management's estimates. If there are significant differences, adjustments may be required to restate the Group's share of loss, other comprehensive income and the carrying value of the investment in Norilsk Nickel which has been reported.

The Company's share of profits of jointly controlled entities was USD25 million in 2011, as compared to a loss of USD25 million in 2010. This represents UC RUSAL's aggregate share of results and impairment in UC RUSAL's joint ventures - BEMO Project, LLP Bogatyr Komir and the transportation business. In September 2011, the Group sold a 50% interest in its then 100% owned business for the transportation of coal from Ekibazstus to customers in Russia and Kazakhstan for USD47 million. Accordingly, as at 31 December 2011, the Group held a 50% interest in the transportation business.

INCOME TAX

Income tax expenses increased by USD229 million to USD373 million in 2011, as compared to income tax expenses of USD144 million in 2010.

Current tax expenses decreased by USD19 million, or 10.2%, to USD166 million as at 31 December 2011, compared to USD185 million as at 31 December 2010. The decrease in current tax expenses was primarily due to the recalculation of tax on property, plant and equipment for prior periods. The deferred tax expense was USD207 million in 2011, as compared to a deferred tax benefit of USD41 million in 2010, primarily due to the revaluation of energy-embedded derivative liabilities.

NET PROFIT FOR THE YEAR

As a result of the above, UC RUSAL recorded a net profit of USD237 million for the year ended 31 December 2011, as compared to a net profit of USD2,867 million for the year ended 31 December 2010.

ADJUSTED AND RECURRING NET PROFIT

Adjusted Net Profit for any period is defined as the net profit adjusted for the net effect of the Company's investment in Norilsk Nickel, the net effect of embedded derivative financial instruments, the excess of effective interest rate charges over nominal interest rate charges on restructured debt and the net effect of non-current assets impairment. Adjusted Net Profit increased to USD987 million for the year 2011, as compared to USD792 million for the same period in 2010, due to the decrease in the Company's interest expenses following its successful debt refinancing and the overall decrease in its outstanding debt.

(USD million)	Year ended 31 December 2011	2010	Change year-on-year (%)
Reconciliation of Adjusted Net Profit			
Net profit for the year	**237**	2,867	(91.7%)
Adjusted for:			
Share of profits and other gains and losses attributable to Norilsk Nickel, net of tax effect (9%), with	**534**	(2,508)	NA
Share of profits, net of tax	***(994)***	*(891)*	*11.6%*
Reversal of impairment	***–***	*(1,399)*	*(100.0%)*
Result from changes in the underlying net assets following treasury share transactions	***1,431***	*(161)*	*NA*
Revaluation of financial instruments linked to the share price of Norilsk Nickel	***97***	*(57)*	*NA*
Change in the fair value of derivative financial liabilities, net of tax (20%)	**(589)**	135	NA
Excess of effective interest rate charge over nominal interest rate charge on restructured debt	**560**	249	124.9%
Impairment of non-current assets, net of tax	**245**	49	400.0%
Adjusted Net Profit	**987**	792	24.6%
Add back:			
Share of profits of Norilsk Nickel, net of tax	**994**	891	11.6%
RECURRING NET PROFIT	**1,981**	1,683	17.7%

Recurring Net Profit for any period is defined as Adjusted Net Profit plus the Company's effective share of Norilsk Nickel's profit, net of tax. Management considers that this measurement is an important indicator of the Company's profitability and that it is consistent with the way the market forecasts and evaluates the Company's performance.

SEGMENT REPORTING

The Group has four reportable segments, which are the Group's strategic business units: Aluminium, Alumina, Energy, and Mining and Metals. These business units are managed separately and the results of their operations are reviewed by the CEO on a regular basis.

The core segments are Aluminium and Alumina.

USD million	2011 Aluminium	2011 Alumina	2010 Aluminium	2010 Alumina
Segment revenue	**10,600**	**2,444**	9,361	1,983
Segment result	**2,072**	**(24)**	1,929	151
Segment EBITDA[10]	**2,472**	**76**	2,323	237
Segment EBITDA margin	**23.3%**	**3.1%**	24.8%	11.9%
TOTAL CAPITAL EXPENDITURE	**416**	**177**	234	115

For the years ended 31 December 2011 and 2010, segment result margins (calculated as the percentage of profit to total segment revenue) from continuing operations were 23.3% and 24.8% for the aluminium segment, and 3.1% and 11.9% for the alumina segment.

Key drivers for the change in main data for both segments are disclosed in the "Revenue", "Cost of sales" and "Results from Operating Activities and Adjusted EBITDA" sections above. Growth in the purchase prices of materials over the comparable periods (mainly fuel oil, bauxite and caustic soda) ahead of the alumina sales price, which is linked to the LME aluminium price, was the key driver for the decrease in the segment margin of the alumina segment.

ASSETS AND LIABILITIES

UC RUSAL's total assets decreased by USD1,180 million, or 4.5%, to USD25,345 million as at 31 December 2011, as compared to USD26,525 million as at 31 December 2010. The decrease in total assets was mainly due to the decrease in interests in associates.

Total liabilities decreased by USD263 million, or

10 Segment EBITDA for any period is defined as the segment result adjusted for amortisation and depreciation for the segment.

1.8%, to USD14,806 million as at 31 December 2011, as compared to USD15,069 million as at 31 December 2010. The decrease was mainly due to the decrease in the outstanding debt of the Group and the change in the fair value of financial derivative instruments, which was partially offset by the increase in trade and other payables.

CAPITAL EXPENDITURE

UC RUSAL recorded total capital expenditure of USD622 million in 2011. Total capital expenditure of the main business segments is disclosed below.

UC RUSAL's capital expenditure in 2011 was primarily aimed at maintaining existing production facilities, with the exception of the BEMO Project.

	Year ended 31 December	
(USD million)	2011	2010
Growth Project		
BEMO HPP	**off balance sheet**	158
BEMO smelter	**off balance sheet**	13
Taishet smelter	**89**	13
	89	184
MAINTENANCE		
Pot rebuilds costs	**181**	140
Re-equipment	**352**	214
TOTAL CAPITAL EXPENDITURE AND CONTRIBUTION TO THE BEMO PROJECT	**622**	**538**

Loans and borrowings

The nominal value of the Group's loans and borrowings was USD10,928 million as at 31 December 2011, not including bonds which amounted to an additional USD932 million.

In 2011, the Group implemented a comprehensive program to refinance its loan portfolio (with the exception of loans with VTB), with a view to reducing debt servicing costs, improving its overall debt portfolio maturity profile and simplifying its security package. The refinancing program involved refinancing the Group's debt owed to its international lenders, which following the 2009 debt restructuring was regulated by the International Override Agreement, refinancing the Group's debt owed to Onexim and refinancing certain Russian facilities, as well as agreeing to certain amendments to the USD4.58 billion loan agreement with Sberbank (originally raised in September 2010 to refinance the VEB loan). The Company has also signed agreements with Gazprombank for new loan facilities of up to USD655 million, with a maturity of five years.

The Company's new debt profile will afford it greater financial flexibility, so it can continue to respond quickly to market changes.

Set out below is an overview of certain key terms of the Group's loan portfolio as at 31 December 2011:

Facility/Lender*	Principal amount outstanding as at 31 December 2011	Tenor/Repayment Schedule	Pricing
Syndicated Facilities			
		Tranche A (USD3.75 billion) – 5 years; Tranche B (USD1 billion) – 7 years, until October 2016 and September 2018, respectively	Tranche A: 3 month LIBOR plus margin fluctuating depending on Total Net Debt to Covenant EBITDA ratio (as at 31 December 2011 constituting 2.60% p.a.)
USD4.75 billion pre-export facility	USD4.75 billion	Tranche A: USD500 million prepayment no later than 4 October 2012**, then equal quarterly repayments starting from January 2013	
		Tranche B: equal quarterly repayments starting from January 2017	Tranche B: 3 month LIBOR plus margin of 3.85% p.a.***
USD200 million credit facility****	USD0.07 billion	December 2013, equal monthly repayments	1 month LIBOR plus 1.6% p.a.
Bilateral loans			
Sberbank loans	USD5 billion	September 2016, bullet repayment at final maturity date	1 year LIBOR plus 4.5% p.a.
VTB loans*****	RUB14.1 billion	November 2013, certain annual repayments	Central Bank of Russia refinancing rate plus 2.5% p.a.
Gazprombank loans	USD0.6 billion	October 2016, equal quarterly repayments starting from June 2013	3 month LIBOR plus 4.5% p.a.
Bonds			
Rouble bonds series 07	RUB15 billion	February 2018, bullet repayment at final redemption date, subject to a bondholders' put option exercisable in March 2014 following coupon reset	5.13% p.a. (after giving effect to hedging transactions)
Rouble bonds series 08	RUB15 billion	April 2021, bullet repayment at final redemption date, subject to a bondholders' put option exercisable in April 2015 following a coupon reset	5.09% p.a. (after giving effect to hedging transactions)

* All loans, except for loans with Gazprombank and Rouble bonds, are secured. Please refer to the "Security" section below for a summary description of the security provided in respect of the Group's loans.

** The initial USD500 million prepayment was made in January 2012. Please refer to the "2012 Amendments" section for a description of the latest amendments.

*** As at 31 December 2011. Please refer to the "2012 Amendments" section for a description of the latest amendments.

**** As at 31 December 2011. The facility was fully prepaid in March 2012. Please refer to the "2012 Amendments" section for a description of the latest amendments.

***** As of the date of the Annual Report, RUB2,000 million has been prepaid. Please refer to the "2012 Amendments" section for a description of the latest amendments.

As a result of implementing the refinancing program, the average maturity of the Group's debt as at 31 December 2011 is 3.9 years. Further, after the prepayments that were made in the first quarter of 2012, there are, as of the date of the Annual Report, no short term debt obligations due in 2012.

SECURITY

As of the date of this Annual Report, the Group's debt (excluding loans raised with Gazprombank and the Rouble bonds) is secured by pledges over certain fixed assets (including assets owned by the Group's aluminium smelters), pledges of shares in certain operating companies, the assignment of receivables under certain contracts, and security over relevant collection accounts. Such security includes a pledge over shares in Norilsk Nickel (representing 25% plus one share of Norilsk Nickel's issued share capital) in favour of Sberbank.

The obligations of the Company's four Major Shareholders to pledge 5% of the Company's Shares pro rata to their holdings in the Company, in order to secure the guarantee with a limit of USD2.25 billion provided by VEB under a loan received by the Company from Sberbank in September 2010, ceased to exist following amendments to the Sberbank facility and associated cancellation of the guarantee in October 2011.

Accordingly, as of the date of this Annual Report, there are no outstanding obligations of the Company's Shareholders to provide guarantees and/or security under, or in connection with, any of the Group's financing arrangements.

2012 AMENDMENTS

In January 2012, the Company finalised negotiations held pursuant to its existing internal risk management procedures and agreed with its international and Russian lenders to amend certain terms of the existing credit facilities, in order to better reflect the global market environment. In particular, the Company obtained the option to introduce a 12-month financial covenant holiday, starting from any quarter in 2012, enabling it to enjoy more flexibility in managing financial ratios where necessary. On 30 March 2012, the Company decided to exercise this option and, therefore, the financial covenants shall not be tested during a 12 months period commencing from the first quarter of 2012 in accordance with the revised terms of the credit facilities entered into between the Company and the international and Russian lenders.

The Company also agreed to accelerate the initial USD500 million prepayment of Tranche A loans under the USD4.75 billion syndicated facility and, on 30 January 2012, made this prepayment using proceeds of a new Sberbank facility signed in December 2011 with the credit limit of up to RUB18.3 billion.

On 16 March 2012, RUB2,000 million, which was due in 2012, was prepaid under the VTB loans.

Further, on 30 March 2012, the remaining portion of the USD200 million secured syndicated credit facility in favour of Alumina & Bauxite Company Ltd dated 10 November 2006 (with Natixis as facility agent and security agent) was fully prepaid.

DIVIDENDS

No dividends were declared and paid by the Company during the year ended 31 December 2011, due to existing restrictions imposed by the debt restructuring agreements and, following the refinancing program, by the credit facility agreements. In particular, the credit facility agreements to which the Company is a party restrict the Company's ability to pay dividends in certain cases (including during the covenant holiday period and until the ratio of the Total Net Debt/ Covenant EBITDA is no higher than 3.5). While these restrictions continue to apply, no dividends will be declared and paid by the Company.

Funding and Treasury Policies

The Group's treasury operations are handled by the Company's treasury department, the functions of which include financing, treasury and cash management. The Company's treasury department operates independently. The Group has a largely centralised treasury management system, which allows liquidity risk to be minimised and cash to be allocated efficiently. Cash payments and receipts for the whole Group are controlled by the treasury department.

Liquidity and Capital Resources

LIQUIDITY

In 2011, the Group's principal source of liquidity was operating cashflow of USD1,781 million. The Group's principal uses of cash through 2012 are expected to be for operating expenses, debt repayment and capital expenditure. It expects to fund its liquidity needs mainly through operating cash flow.

EQUITY AND DEBT RAISINGS

There were no equity raisings and/or allotments and issues of equity during 2011.

On 3 March and 18 April 2011, one of the Group's subsidiaries issued two tranches of Rouble denominated bonds on MICEX, each including 15 million bonds and with a par value of RUB1,000 each. Maturity of the first tranche is seven years, subject to a put option exercisable in three years. Maturity of the second tranche is ten years, subject to a put option exercisable in four years. Simultaneously, the Group entered into cross-currency swaps with an unrelated financial institution in relation to each tranche, whereby the first tranche with semi-annual coupon payments of 8.3% p.a. was transformed into a USD obligation with a matching maturity of USD530 million bearing interest at 5.13% per annum, and the second tranche with semi-annual coupon payments of 8.5% p.a. was transformed into a USD obligation with a matching maturity of USD533 million bearing interest at 5.09% per annum. The proceeds of the bond issues were used for repayment of part of the Group's outstanding debts.

CASH FLOWS

In 2011, the Company used its USD1,781 million of net cash generated from operating activities, and USD327 million in dividends from associates and jointly controlled entities, predominantly to make debt repayments (comprising net repayment of USD618 million), to pay interest (USD551 million) and on total capital expenditure (USD622 million).

The following table summarises the Company's cash flows for 2011 and 2010:

(USD million)	Year ended 31 December 2011	2010
Net cash generated from operating activities	**1,781**	1,738
Net cash used in investing activities	**(299)**	(442)
Net cash used in financing activities	**(1,346)**	(1,024)
Net increase in cash and cash equivalents	**136**	272
Cash and cash equivalents at beginning of period	**486**	215
Effect of exchange rate fluctuations on cash and cash equivalents	**(9)**	(1)
Cash and cash equivalents at end of period	**613**	486

Net cash generated from operating activities was USD1,781 million in 2011, as compared to USD1,738 million in 2010. The increase reflected an increase in sales due to higher prices of realised products.

Net cash used in investing activities decreased by USD143 million to USD299 million in 2011, compared to USD442 million in 2010. This was predominantly due to the BEMO Project companies utilising the project financing proceeds in order to make necessary contributions to the ongoing construction projects and not requiring contributions from the joint venture partners at this time. In contrast, the acquisition of property, plant and equipment and intangible assets increased to USD622 million in 2011, as compared to USD367 million in 2010.

Net cash used in financing activities was USD1,346 million in 2011, compared to USD1,024 million in 2010. In 2011, net cash used in financing activities was mainly represented by the repayment of borrowings, including interest paid and other related fees, net of proceeds of USD1,063 million from the issuance of Rouble Bonds. In 2010, a major source of funding was proceeds of USD2,236 million from the IPO, as net repayment of borrowings was USD3,260 million, including interest paid, the repayment of fee warrants and other listing related and restructuring fees.

CASH AND CASH EQUIVALENTS

As at 31 December 2011 and 31 December 2010, included in cash and cash equivalents was restricted cash of USD33 million and USD5 million, respectively, for letters of credit pledged with the banks. Note 23 to the consolidated financial statements shows a comparison of the Company's cash and cash equivalents as at 31 December 2011 and 31 December 2010, respectively.

Financial Ratios

GEARING

The Group's gearing ratio, which is the ratio of total debts (including both long-term and short-term borrowings and bonds outstanding) to the total assets, as at 31 December 2011 and 31 December 2010 was 46.1% and 45.1%, respectively.

RETURN ON EQUITY

The Group's return on equity, which is the amount of net profit as a percentage of total equity, as at 31 December 2011 and 31 December 2010 was 2.2% and 25.0%, respectively.

INTEREST COVERAGE RATIO

The Group's interest coverage ratio, which is the ratio of earnings before interest and taxes to net interest, for the years ended 31 December 2011 and 31 December 2010 was 1.5 and 3.5, respectively.

Quantitative and Qualitative Disclosures About Market Risk

The Group is exposed in the ordinary course of its business to risks related to changes in interest rates and foreign exchange rates.

The Group's policy is to monitor and measure interest rate and foreign currency risk and to undertake steps to limit their influence on the Group's performance.

INTEREST RATE RISK

The Group is exposed to interest rate risk due to interest rate fluctuations in the floating rate of its long-term borrowings. Such interest rate risk is managed through the maintenance of a balanced credit portfolio, as well as through interest rate hedging.

To minimise interest rate exposure, in December 2011, the Group entered into an interest rate swap to convert the floating 1 year LIBOR rate on a portion of the USD4.58 billion facility with Sberbank, to a fixed rate of 2.4795%. The notional amount of the facility that is subject to the swap is USD3.3 billion. The swap is effective from 30 September 2012 until the maturity of the underlying facility.

FOREIGN CURRENCY RISK

The Group is also exposed to foreign currency risks on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities, primarily USD but also the Russian Rouble, Ukrainian Hryvna and Euros.

The Group's credit portfolio is over 90% USD denominated in order to match the structure of generated cash flows.

To minimise foreign currency exposure with respect to its Rouble denominated borrowings, the Group has entered into cross-currency swap transactions to convert its Rouble bond exposure into USD.

A detailed description of the Group's interest rate and foreign exchange risks is set out in note 30(c) of the consolidated financial statement for the year ended 31 December 2011.

Safety

In 2011, the LTIFR for the Group reached 0.21, compared with 0.25 in 2010 and 0.27 in 2009, which are all lower than the 2010 average LTIFR of 0.34 reported by the IAI.

In 2011, there were 11 fatal accidents involving employees and four involving contractors. In 2010, there were 11 fatal accidents involving employees and three involving contractors, whereas in 2009, there were 7 and 2, respectively.

Environmental performance

Environmental levies for air emissions and the discharge of liquids and other substances amounted to USD17.1 million in 2009, USD18.7 million in 2010 and USD20.6 million in 2011.

There has been no material environmental pollution incident at any of the Group's sites or facilities during 2010 and 2011.[11]

Employees

The following table sets forth the aggregate average number of people (full time equivalents) employed by each division of the Group during each of the two years ended 31 December 2011 and 2010, respectively.

Division	Year ended 31 December 2011	Year ended 31 December 2010
Aluminium	**21,897**	21,778
Alumina	**21,021**	22,110
Engineering and Construction	**19,135**	19,057
Energy	**37**	–
Packaging	**1,921**	1,984
Managing Company	**574**	532
Commercial Directorate	**3,944**	3,927
Technology and Process Directorate	**1,315**	973
Others	**2,117**	2,022
TOTALS	**71,961**	72,383

11 Material environmental pollution incidents are defined in terms of financial damage to the Group - any environmental pollution accident costing more than USD50 million is considered to be material.

REMUNERATION AND BENEFITS POLICIES

The remuneration paid by the Group to an employee is based on his or her qualifications and performance, as well as the complexity of his or her job. Wages for employees are generally reviewed annually and are revised in accordance with a performance assessment and local labour market conditions. Annual salary reviews covering main labour markets are unaudited for this purpose.

UC RUSAL's Personnel Policy and corporate code of conduct govern the relationship between the Group and its staff. The Group's corporate code of conduct strictly prohibits discrimination based on gender, race and/or religion and forbids any form of child, forced or indentured labour.

In 2011, the Company, in collaboration with Sberbank, launched a housing program, through which highly skilled employees are able to purchase a new home on favourable terms. As part of this program, the Company has committed to provide employees with an initial payment (amounting to 10% of the cost of the house) to be used in the purchase of the house, and also guaranteed the partial payment of the employee's monthly mortgage repayments for the duration of the mortgage.

Commencing in July 2011, the Company also launched a voluntary health insurance program, which covers employees working at the Company's facilities in the Russian Federation, and which allows employees to receive qualified medical care in a timely manner and without any additional costs, as well as expanding the range of medical services available to eligible employees.

UC RUSAL believes that, as a result of these measures, the average level of productivity per person at aluminium smelters has increased by 1.6% from 154.4 tonnes per person in 2010 up to 156.9 tonnes per person in 2011.

BONUS AND SHARE SCHEMES

In 2010, on the recommendation of the Remuneration Committee, the Board adopted in principle a management incentive compensation plan. The management incentive compensation plan includes short-term and long-term elements, and a mixture of cash and share incentive compensation.

On 11 May 2011, the Board adopted the LTIP, in which eligible participants (being employees of the Group) may be entitled to participate. From the pool of eligible participants, the Board may, in its discretion, select employees for participation in the LTIP. The number of shares to be awarded to a selected employee will be determined by the Company on the "Award Date" (as it is determined in the LTIP Rules). Unless otherwise determined by the Board, in its sole discretion, and with the exception of the vesting of the CEO's LTIP Award, the awarded shares and related compensation for the particular award period ("LTIP Award") that are transferable to a selected employee will vest in that selected employee in installments (which each comprises 20% of the total LTIP Award), over a five year period (each a "Tranche"), provided that:

- the selected employee remains an employee at all times following the Award Date and on each of the LTIP Award vesting dates; and
- the first Tranche of each LTIP Award will vest on the vesting date during the calendar year immediately following the award period for which such LTIP Award is awarded.

During 2011, some 14,603,764 Shares were granted under the LTIP, with a fair value of USD11 million. The first Tranche of awarded shares vested in November 2011, comprising 3,254,566 Shares, with a corresponding value of USD5 million (calculated as of the date that the Board approved the LTIP).

Ogier Employee Benefit Trustee Limited, as trustee of the United Company RUSAL Plc Employee Benefit Trust and the LTIP ("Trustee"), purchased 2,775,000 Shares and 479,566 Shares on 11 and 12 October 2011, respectively, pursuant to the LTIP. As at 31 December 2011, the Trustee had acquired a total of 3,254,566 Shares pursuant to the LTIP, with a nominal value of USD0.01 per share. The purchased Shares represent approximately 0.0214% of the Company's issued share capital as at 31 December 2011 and the date of this Annual Report.

The average price paid for the Shares was approximately USD0.896 per share, in addition to trading fees totaling approximately USD3,000.

As at 31 December 2011 and the date of this Annual Report, none of the Shares acquired pursuant to the LTIP have been sold or transferred to the grantees; all vested Shares continuing to be held by the Trustee for the benefit of the grantees.

TRAINING SCHEMES

In 2011, the Company's key focus areas in the field of personnel development and training were the following:

- professional training of operators;
- mandatory training programs for senior management and engineers; and
- training programs for the Company's external candidate pool, in cooperation with educational institutions, at all education levels.

In addition, programs concerning the development of foremen at the Company's production facilities were implemented, as well as the following special projects:

- the "Successors Development Program";
- "RUSAL's Professionals", a professional skills contest concerned with the development of leadership skills;
- the "RUSAL's Manager Standard" program;
- training on the Company's Production System and professional development in different production areas;
- training of expert engineers in respect of the Company's facilities;

- the commencement of the Russian-French (postgraduate) training program, with the support of the Group of Mountain Schools (Groupe des Ecoles des Mines – GEM), the Siberian Federal University (SFU) and the French Embassy in Russia;
- a training program for qualified personnel in relation to the Company's foreign facilities (which so far has involved the training of 100 Guinean citizens at four Russian universities);
- the organising of social events for employees, including the implementation of a child corporate holiday program – "Expedition to Planet RUSAL" – for 740 employee children, which included various educational, developmental, fitness and recreational activities;
- the development of modular programs of mandatory training for workers; and
- the development of professional standards for key positions.

CORPORATE CODE OF CONDUCT

The corporate code of conduct, which is enforced through compliance procedures established by the Group, regulates the professional behaviour and business communications of all the Group's employees. In December 2007, the Group established a "hotline" to report violations of the corporate code of conduct and to answer employee's questions about the corporate code of conduct and other corporate procedures. At the same time, the Group also heavily promoted awareness of the hotline amongst its employees. A team of code of conduct ombudsmen and advisors was also established, which covers all of the Group's production facilities.

LABOUR RELATIONS

About 90% of the Group's employees are unionised. In addition, labour relations and benefits at Russian production facilities are regulated by an industrial tariff agreement for Russian mining and metallurgical complexes.

All collective agreements that expired in 2011 were renewed and entered into for terms of up to two years.

DEVELOPMENT OF UC RUSAL MEDICAL CENTRE

In 2011, certain programs were developed and approved with the aim of reducing the number of employee sick days and mitigating the risk of employee death as a result of somatic diseases. These programs include medical examinations for new employees prior to their commencing work and additional and ongoing medical consultations and examinations for employees identified as part of health-problem/risk groups.

In 2011, in order to reduce the risk of cardiovascular disease amongst employees, the UC RUSAL Medical Centre conducted the program "Healthy Heart", which involved additional testing of employees for cardiac pathology, dispensary observation and treatment and the teaching of preventative activities to the employee groups at risk.

Changes to the organisational structure of the Company

In 2011, the Company's organisational structure was modified with the aim of increasing management efficiency and creating more distinct production facility specialisations, through maximising the concentration of specific tasks, while ensuring clear coordination of, and constant interaction between, the various elements of the Company's structure.

As a result, in 2011, the Financial Markets Directorate became the Equity and Corporate Development Directorate, which was renamed the Strategy Development and Equity Directorate in 2012. In addition, in 2011, the Strategy and Corporate Development Directorate became the Strategy Directorate, which was renamed the Management of Strategic Investments Directorate in 2012. The Technical Directorate of the Company was also separated from the Executive Directorate.

In order to consolidate facilities engaged in research activities in the aluminium industry, the Company's organisational structure was also modified. As a result, the Russian National Aluminium-Magnesium Institute and Siberian Metallurgical Institute facilities were integrated into the Technical Directorate.

Business risks

The Company has identified the following risks which affect its business:

- The Group operates in a cyclical industry that has recently experienced price and demand volatility, which have had and may continue to have a material adverse effect on the Group's performance and financial results.
- The Group's competitive position in the global aluminium industry is highly dependent on continued access to inexpensive and uninterrupted electricity supply, in particular, long-term contracts for such electricity. Increased electricity prices (particularly as a result of deregulation of electricity tariffs), as well as interruptions in the supply of electricity, could have a material adverse effect on the Group's business, financial condition and results of operations.
- The Group depends on the provision of uninterrupted transportation services and access to state-owned infrastructure for the transportation of its materials and end products across significant distances, and the prices for such services (particularly rail tariffs) could increase.
- The terms of the credit facility agreements impose certain limits on the Group's capital expenditure and payment of dividends. Failure by the Group to comply with the terms and conditions of these agreements

may materially adversely affect the Group and its Shareholders.
- The Group benefits significantly from its low effective tax rate, and changes to the Group's tax position may increase the Group's tax liability and affect its cost structure.
- The Group is exposed to foreign currency fluctuations which may affect its financial results.
- En+ is able to influence the outcome of important decisions relating to the Group's business, which includes transactions with certain related parties.
- En+ has outstanding debts in favour of VTB Capital plc ("VTB") in respect of which it has pledged approximately 14.98% of the Shares. If En+ were to default under the terms of its debt obligations, VTB may have the right to exercise its security and sell the Shares pledged by En+. If such a sale were to occur, it would very likely result in a reduction in the level of ownership of the Shares by the "core shareholder" (as such term is defined in the PXF Facility Agreement) of the Company. However, it should be noted that this would not automatically result in another person (other than the core shareholder) obtaining control over the Company, as the core shareholder would still, based on its shareholding at today's date, hold more than 30% of the remaining Shares and accordingly such sale of the Shares would be unlikely to trigger the change of control provisions in the PXF Facility Agreement.
- The Group depends on the services of key senior management personnel and the strategic guidance of Mr. Oleg Deripaska.
- A claim against Mr. Oleg Deripaska by Mr. Michael Cherney could have a material adverse effect on the Company and/or the trading price of its Shares.
- Adverse media speculation, claims and other public statements could adversely affect the value of the Shares.
- The Group does not have operational or management control over Norilsk Nickel and other material joint ventures.
- The Group's business may be affected by labour disruptions, shortages of skilled labour and labour cost inflation.
- The Group relies on third-party suppliers for certain materials.
- Equipment failures or other difficulties may result in production curtailments or shutdowns.
- The Group is subject to certain requirements under Russian anti-monopoly laws.
- The Group operates in an industry that gives rise to health, safety and environmental risks.
- Ore Reserves and Mineral Resources data are estimates only and are inherently uncertain, and such Ore Reserves and Mineral Resources may be depleted more rapidly than anticipated.
- The Group's licenses and concession rights to explore and mine Ore Reserves may be suspended, amended or terminated prior to the end of their terms or may not be renewed.
- The Group is exposed to risks relating to the multi-jurisdictional regulatory, social, legal, tax and political environment in which the Group operates.

To mitigate certain of the risks referred to above, the Company has put in place the following insurance policies:

- property damage and business interruption insurance including extensions relating to external power supply incidents and key supplier incidents;
- cargo insurance;
- general liability insurance, including sudden and accidental pollution;
- directors and officers liability insurance;
- credit insurance to address the risks associated with customers who have deferred payment conditions;
- political risks insurance to address the risks associated with the Company's plant in Nigeria; and
- other types of insurance, including insurance which is compulsory in territories in which the Group operates.

Each of the insurance policies referred to above has been arranged in compliance with best market practice, with the majority placed with insurance companies which are rated A or higher by Standard & Poor's.

Contingencies

The Board has reviewed and considered the contingent liabilities of the Company and disclosed information concerning such contingent liabilities in note 32 to the consolidated financial statements. Accordingly, for detailed information about contingent liabilities, please refer to note 32 to the consolidated financial statements. Details of the amounts of provisions are also disclosed in note 27 to the consolidated financial statements.

LEGAL CONTINGENCIES

The Group's business activities expose it to a variety of lawsuits and claims, which are monitored, assessed and contested on an ongoing basis. Where management believes that a lawsuit or other claim would result in the outflow of the economic benefits for the Group, a best estimate of such outflow is included in the provisions in the consolidated financial statements (see note 27). As at 31 December 2011, the amount of claims, where management assesses outflow as possible approximates USD164 million (31 December 2010: USD18 million).

In May 2009, the Government of the Republic of Guinea filed a claim against one of the Group's subsidiaries in the amount of USD1,000 million contesting the terms of the privatisation of the Group's subsidiaries in Guinea. In September 2009, the court of first instance held in favor of Guinea, but in March 2010, the Group received a decision from the Appeal Court of

Conakry overruling the lower court's decision regarding the jurisdiction of local court to consider this claim in Guinea and dismissing the case in favour of arbitration. The time for filing a cassation petition against the Court of Appeal's decision has now expired, with the result being that there is, at present, no claim pending before the Guinean courts. Recently, however, the Company was notified that the Republic of Guinea may try to pursue these claims either in the Guinean courts or in international arbitration. In July 2011, the relevant Group subsidiary filed a claim with the International Arbitration Court in Paris against the Republic of Guinea in relation to the same subject matter that was previously litigated in the Guinean courts in order to, among other things, preserve its right to arbitrate such claims rather than litigate in the Guinean courts. That arbitration is currently in its earliest stages, and no counterclaim has been filed.

Management continues to believe that the claim has no merit and that the risk of any cash outflow in connection with this claim is low and, therefore, no provision has been recorded in this regard in the consolidated financial statements.

On 24 November 2006, a claim was issued on behalf of Mr. Michael Cherney against Mr. Oleg Deripaska, the controlling shareholder of En+. Neither the Company nor any of its subsidiaries is a party to this dispute, which is entirely between the two individuals, Mr. Cherney and Mr. Deripaska. The Company has not had access to non-public information about the case and is not privy to the litigation strategy of either party or the prospects of settlement. The claim relates to the alleged breach or repudiation by Mr. Deripaska of certain alleged contractual commitments to sell for Mr. Cherney's benefit 20% of Russian Aluminium, an entity that the claim does not formally identify, but which may be RUSAL, now a wholly-owned direct subsidiary of the Company.

Proceedings with respect to the merits of the claim will be commenced in July 2012. At present, there is considerable uncertainty as to the possible scope and the potential outcomes in the case and how, if at all, the Company and/or its subsidiaries and/or its or their respective assets might be affected by any decision against Mr. Deripaska. However, since neither the Company, nor any of its subsidiaries or investees, nor any direct shareholders in the Company, is currently a party in this case and Mr. Deripaska has informed the Company that he strongly denies and will vigorously resist Mr. Cherney's claim, the Company believes that the risk of outflow of any significant economic benefits or any significant adverse impact on the Group's financial position or results of its operations as a result of this claim is low.

On 4 April 2012, the Company received a request for arbitration made to the London Court of International Arbitration ("LCIA"), pursuant to the LCIA arbitration rules, for the commencement of arbitration by SUAL Partners against Glencore International AG, EN+, the Company and Mr. Oleg Deripaska. The dispute relates to certain shareholder arrangements between the parties in respect of the Company. The shareholder arrangements provide for the resolution of disputes by way of LCIA arbitration in London, United Kingdom. SUAL Partners alleges, inter alia, that certain contracts between the Company and Glencore International AG were entered into (or are to be entered into), which are, or will be, in breach of those shareholder arrangements. SUAL Partners seeks, inter alia, injunctive relief against, inter alios, the Company, thereby preventing it from performing the contracts, the rescission of the contracts, and damages against, inter alios, the Company. The Company does not expect that its involvement in the arbitration will have any material adverse impact on its operations.

Investments in subsidiaries

On 16 September 2011, UC RUSAL entered into a share purchase agreement with the Norwegian company, Norsk Hydro ASA, to acquire the remaining 35% stake in Alpart for cash consideration of USD46 million. As a consequence, Alpart is now a wholly-owned subsidiary of the Company.

Details of UC RUSAL's principal subsidiaries are set out in note 34 to the consolidated financial statements.

Interests in associates and jointly controlled entities

The Group currently owns an interest of more than 25% in the share capital of Norilsk Nickel. In addition, the Group is a party to certain material joint venture agreements through which it owns the following:

– a 20% equity interest in QAL;
– a 50% equity interest in the companies comprising BEMO;
– a 50% equity interest in LLP Bogatyr Komir; and
– a 50% equity interest in the transportation business.

In September 2011, the Group sold a 50% interest in its then 100% owned business for the transportation of coal from Ekibazstus to customers in Russia and Kazakhstan, to an unrelated party for cash consideration of USD47 million. Accordingly, as at 31 December 2011, the Group held a 50% interest in the transportation business. The transaction resulted in a gain of USD15 million and the recognition of an investment in a jointly controlled entity of USD32 million.

The Group's interest in jointly controlled entities was USD1,102 million as at 31 December 2011, compared to USD1,136 million as at 31 December 2010. For additional information on the Group's interests in associates and jointly controlled entities, please refer to notes 17 and 18 to the consolidated financial statements.

STRONG

RUSAL IS THE WORLD'S ALUMINIUM INDUSTRY LEADER, ACCOUNTING FOR APPROXIMATELY 9% OF GLOBAL PRODUCTION OF BOTH ALUMINIUM AND ALUMINA IN 2011

Leadership

Profiles of Directors and Senior Management

EXECUTIVE DIRECTORS

OLEG DERIPASKA, AGED 44
CHIEF EXECUTIVE OFFICER, EXECUTIVE DIRECTOR

Oleg Deripaska was appointed as the executive Director and Chief Executive Officer of the Company, and the chief executive officer and head of the Moscow Branch of RUSAL Global Management B.V. in January 2009. From April to December 2010, Mr. Deripaska held the position of chief executive officer of En+ Management LLC. From 23 December 2010 till 8 July 2011, Mr. Deripaska held the position of the chairman of the board of directors of En+. On 8 July 2011, he was appointed as President of En+. Mr. Deripaska has been a member of the Company's Board since 26 March 2007. He is responsible for the development and implementation of the Company's strategy as both an energy and metals corporation that meets best international standards for production, product quality, environment, industrial safety and corporate governance. Mr. Deripaska is also focused on ensuring the sustainable development of the Company. Having raised his initial capital by trading in metals, Mr. Deripaska acquired shares in the Sayanogorsk aluminium smelter and became its director general in 1994. In 1997, Mr. Deripaska initiated the creation of the Sibirsky Aluminium Group LLC, which was Russia's first vertically integrated industrial group. Between 2000 and 2003, Mr. Deripaska was director general of RA, which was set up as a result of the combination of the aluminium smelters and alumina refineries of Sibirsky Aluminium and the Sibneft Oil Company. From October 2003 to February 2007 he held the position of chairman of the board in RA. Since January 2003, Mr. Deripaska has been a director of Basic Element. Since September 2003, he has held the position of chairman of the supervisory board of Company Bazovy Element LLC and from March 2009 onwards he has held the position of general director of that same company. Mr. Deripaska has been the chairman of the board of OJSC Russian Machines (formerly RusPromAvto LLC) since 10 November 2006 until 29 June 2010. Mr. Deripaska has been a member of the OJSC Russian Machines board since 29 June 2010 until now. He was a director of Transstroy Engineering & Construction Company LLC from April 2008 to April 2009 and chairman of the board of directors of En+ since 23 December 2010. Mr. Deripaska has been a member of the board of directors of OJSC Irkutskenergo, Norilsk Nickel and OJSC "AKME-Engineering" since 19 November 2010, 31 July 2010 and 23 October 2009, respectively.

Mr. Deripaska was born in the city of Dzerzhinsk in 1968. In 1993, he graduated with distinction from the Physics Department of Moscow State University, Lomonosov, and in 1996 he received a degree from Plekhanov Academy of Economics. Mr. Deripaska is vice president of the RSPP and chairman of the executive board of the Russian National Committee of the International Chamber of Commerce. He is also a member of the Competitiveness and Entrepreneurship Council, an agency of the Russian Government. In 2004, Russian President Vladimir Putin appointed Mr. Deripaska to represent the Russian Federation on the Asia-Pacific Economic Cooperation Business Advisory Council. In 2007, he was appointed chairman of the Russian section of the Council. He sits on the board of trustees of many institutions including the Bolshoi Theatre and the School of Economics at Moscow State University, Lomonosov and is co-founder of the National Science Support Foundation and the National Medicine Fund. His charity foundation, Volnoe Delo, supports a wide range of projects including initiatives to help children, improve medical care and increase educational opportunities throughout Russia.

Mr. Deripaska received the Order of Friendship in 1999, a state award from the Russian Federation. He was named businessman of the year in 1999, 2006 and 2007 by Vedomosti, a leading Russian business daily published in partnership with The Wall Street Journal and The Financial Times.

Save as disclosed in this Annual Report, Mr. Deripaska was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

VLADISLAV SOLOVIEV, AGED 38
FIRST DEPUTY CHIEF EXECUTIVE OFFICER, EXECUTIVE DIRECTOR

Vladislav Soloviev was appointed as a non-executive Director on 18 October 2007 and First Deputy Chief Executive Officer and Executive Director on 9 April 2010.
He is responsible for the operational management of the Company, focusing on increasing business efficiency, improving production and financial performance as well as increasing labour productivity and product quality.
From 2008 until April 2010, Mr. Soloviev was chief executive officer of En+ Management LLC. From 2007 to 2008, Mr. Soloviev was the head of the Company's Finance Directorate following the Company's formation. Before that, he was the director of the Company's accounting department. Prior to joining the Company, Mr. Soloviev was Deputy Director of the department of tax policy and worked as adviser to the Minister for taxes of the Russian Federation, where he was responsible for implementing amendments to tax laws. From 1994 to 1998, he held various top positions in UNICON/MC Consulting and was in charge of auditing oil and gas companies. Mr. Soloviev serves on the board of directors of En+. He resigned as a director of Norilsk Nickel on 11 March 2011.
Mr. Soloviev was born in 1973. In 1995, he graduated from the Higher School of the State Academy of Management with Honours, and in 1996, he graduated from the Stankin Moscow Technical University. In 2004, Mr. Soloviev graduated from the Finance Academy of the Government of the Russian Federation and was awarded an MBA degree by Antwerp University in Belgium.
Save as disclosed in this Annual Report, Mr. Soloviev was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

PETR SINSHINOV, AGED 57
HEAD OF THE EXECUTIVE DIRECTORATE, EXECUTIVE DIRECTOR

Petr Sinshinov was appointed as a member of the Board on 23 November 2009. Mr. Sinshinov was re-designated from an executive Director to a non-executive Director with effect from 11 November 2011, and was then re-designated as an executive Director with effect from 17 March 2012. On 12 September 2011, he ceased to be the Deputy Chief Executive Officer of the Company. On 13 February 2012, Mr. Sinshinov re-joined the Company as an employee and was appointed as Head of the Executive Directorate. In his new role, he will focus on general management of employer's operation within the various divisions of the Company, as well as procurement of optimization of transportation costs along with reduction of cost value for transfer of goods and logistical processes. Before re-joining the Company on 13 February 2012, Mr. Sinshinov had left the Company on 12 September 2011 to pursue other business opportunities. Prior to his appointment to the Board, he held the role of Deputy Chief Executive Officer from January 2009. From October 2006 until joining the Company in January 2009, Mr. Sinshinov was the chief executive officer of Closed Joint-Stock Company Transmash Holding. From 2004 to 2006, he held several executive positions at Open Joint-Stock Company 'Coal Company Kuzbassrazrezugol' where he also served on the board of directors. From 2002 to 2003, Mr. Sinshinov was the chief executive officer of Open Joint-Stock Company Ruspromavto. From 2000 to 2001, he was the chief executive officer of Closed Joint-Stock Coimpany 'MC Soyuzmetalresurs', a holding company for several industrial operations. From 1995 to 2000, Mr. Sinshinov was the commercial director and deputy managing director of the Sayanogorsk aluminium smelter. In 1977, he began his professional career at the Norilsk mining plant. Born in 1954, Mr. Sinshinov graduated from the Institute of Non-Ferrous Metals in Krasnoyarsk in 1977. Save as disclosed in this Annual Report, Mr. Sinshinov was independent from and not related to any other Directors, members of senior management, substantial shareholder or controlling shareholder of the Company as at the end of the financial year.

TATIANA SOINA, AGED 50
FORMER HEAD OF CONTROL, INTERNAL AUDIT AND CO-ORDINATION OF BUSINESS, FORMER EXECUTIVE DIRECTOR, RESIGNED AS AN EXECUTIVE DIRECTOR WITH EFFECT FROM 16 MARCH 2012

Tatiana Soina was appointed as a member of the Board with effect from 9 November 2009. Ms. Soina was appointed head of the Finance Directorate of the Moscow Branch of RUSAL Global Management B.V. in January 2009 and was Chief Financial Officer of the Company until 24 October 2010. She was appointed Head of Control, Internal Audit and Co-ordination of Business on 25 October 2010. Her major responsibilities include developing and monitoring of internal control procedures for the business operations of the Company, analysis and co-ordination of the reports on risks, co-ordination of work of external risk-auditors and appraisals as well as providing recommendations for implementing of best practices of corporate governance as internal control procedures. Previously, Ms. Soina was the director of the budget and planning department, first of "RUSAL Managing Company" LLC from 2003 onwards, then of the Company upon its establishment in March 2007. Between 2000 and 2002, she was the deputy director of the budget and planning department of JSC "Russian Aluminum Management". From 1986 to 1991, Ms. Soina worked as an economist in various Russian and foreign companies and between 1999 and 2000, she headed the economic and planning department at Siberian Aluminium.
Ms. Soina was born in 1962. In 1983, Ms. Soina graduated from the Kiev State University Institute of National Economy, majoring in Economics. In 2004 she was awarded an MBA diploma from the Higher School of Economics in Moscow with a focus on "General and Strategic Management".

Save as disclosed in this Annual Report, Ms. Soina was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

VERA KUROCHKINA, AGED 41
DIRECTOR OF PUBLIC RELATIONS, EXECUTIVE DIRECTOR

Vera Kurochkina was appointed as a member of the Board on 11 November 2010. Ms. Kurochkina has been the director of the Public Relations Directorate of the Moscow Branch of RUSAL Global Management B.V. since late March 2007. She is responsible for the development and the implementation of the external and internal communications strategy of the Company and for establishing co-operational ties with industrial and non-commercial associations. Ms. Kurochkina is also responsible for key media relations projects, event management, advertisements, charity and social programmes. Since 10 January 2012, she is also the Deputy Chief Executive Officer, Public Relations of Basic Element.
From 2006 to 2007, Ms. Kurochkina was the public relations director of "RUSAL Managing Company" LLC. Prior to 2006, she headed "RUSAL Managing Company" LLC's mass media relations department. From 2001 to 2003, she was the public relations and marketing director at LUXOFT, a large Russian software developer. From 2000 to 2001, Ms. Kurochkina managed a group of projects in Mikhailov & Partners, a strategic communications agency, and from 1998 to 2000 she was a marketing and communications manager at PricewaterhouseCoopers.
Ms. Kurochkina holds a Master's degree from the Peoples' Friendship University of Russia in Moscow, from which she graduated with Honours in 1993. She also holds a Master's degree from the Finance Academy of the Russian Government.
Save as disclosed in this Annual Report, Ms. Kurochkina was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

ALEXANDER LIVSHITS, AGED 65
DIRECTOR FOR INTERNATIONAL AND SPECIAL PROJECTS, EXECUTIVE DIRECTOR

Alexander Livshits was appointed as a member of the Board on 11 November 2010.
Mr Livshits joined the Company in 2001, as the director for international and special projects and has been holding the same directorate position in the Company since the Company's restructuring in March 2007. Mr. Livshits has been responsible for developing relations with strategically important regions and managing a number of the Company's projects in Ukraine, Armenia, Australia, Nigeria and other countries.
From 2000 to 2001, Mr. Livshits was the Chairman of the Russian Credit Bank and the President of Brussels International Banking Club. From 1999 to 2000, he was the Minister and a representative of the President of the Russian Federation for the affairs of the industrial countries in G-8. From 1997 to 1998, he was the Deputy Head of the Presidential Administration. In August 1996, he was appointed as the Minister for Finance and Deputy Head of the Russian Government. In the same year, he became a representative of the Russian Federation in the International Monetary Fund, and in 1997 he became a representative of the Russian President at the National Banking Council. From 1994 to 1996, he held the role of the economic advisor to the Russian President. In 1994, he was appointed as the Head of a group of experts for the Russian President. In September 1993, he was part of a working group on the analytical provision of constitutional reforms. From April 1992, he was the Deputy Head of the Analytical Centre of the Presidential Administration.
From 1971 to 1992, Mr. Livshits was a post-graduate student, a lecturer, an assistant professor and the head of the political economy chair at the Moscow Machinery Institute. From 2004 to 2009 Mr. Livshits chaired the Supervisory board of Bank 'Soyuz' which is an affiliate of Basic Element, a company that is ultimately owned by Mr. Oleg Deripaska, CEO of the Company.
In 1971, Mr. Livshits graduated from the Plekhanov Moscow Institute of National Economy with a master's degree where he specialized in economic cybernetics. He is the author of a text book titled "Introduction to the Market Economy". Mr. Livshits holds a PhD in science and economics awarded by the Moscow Machinery Institute. He is also a Professor in political economy at Plekhanov Moscow Institute of National Economy.
Save as disclosed in this Annual Report, Mr. Livshits was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Profiles of Directors and Senior Management

NON-EXECUTIVE DIRECTORS

MAXIM SOKOV, AGED 33

DIRECTOR FOR MANAGEMENT OF STRATEGIC INVESTMENTS, EXECUTIVE DIRECTOR APPOINTED AS AN EXECUTIVE DIRECTOR OF THE COMPANY WITH EFFECT FROM 16 MARCH 2012

Maxim Sokov was appointed as the director for management of strategic investments of the Company in February 2012. In this role, Mr. Sokov will primarily focus on any matters in connection with the Company's investment in OJSC MMC Norilsk Nickel ("Norilsk Nickel"), with a primary goal to increase Norilsk Nickel's value for the benefit of all shareholders of Norilsk Nickel, including the Company. Mr. Sokov is also a member of Norilsk Nickel's board of directors, which he joined on 26 December 2008 and remains in this position.

From 2009 to 2011, Mr. Sokov has also served on the board of directors of OJSC OGK-3. Prior to assuming his current role at the Company, Mr. Sokov was the director for corporate strategy of the Company from 2010 till 2012, during which period he focused on new opportunities for the Company to develop and diversify its businesses, and strengthen the Company's competitive advantages to increase its market value. Mr. Sokov has joined the Group (as defined below) in 2007 and prior to 2010 he held various leading managerial positions in strategy and corporate development at the Moscow Branch of RUSAL Global Management B.V. and the legal department of LLC RUSAL-Management Company, where he was responsible for mergers and acquisitions. Prior to joining the Group, Mr. Sokov worked at the Moscow office of Herbert Smith CIS Legal Services.

Mr. Sokov was born in 1979 and graduated with honors from the Russian State Tax Academy under the Russian Ministry of Taxes, in 2000, majoring in law. Mr. Sokov also graduated from New York University School of Law with a Master's degree in 2002.

Save as disclosed in this Annual Report, Mr. Sokov was independent from and not related to any other Directors, senior management, substantial shareholder or controlling shareholder of the Company as at the end of the financial year. He also currently holds a position of the general director of Limited Liability Company "United Company RUSAL Investment Management" which is a subsidiary of the Company.

MAKSIM GOLDMAN, AGED 40

NON-EXECUTIVE DIRECTOR APPOINTED AS A NON-EXECUTIVE DIRECTOR OF THE COMPANY WITH EFFECT FROM 16 MARCH 2012

Maksim Goldman was appointed to the Board with effect from 16 March 2012. He is currently a director of strategic projects of Renova Management AG which he joined in July 2007 as a deputy chief legal officer and was promoted to his current position in April 2008. He has been a member of the board of directors, member of the strategy committee and the remuneration committee of OJSC "Volga" since September 2011, a member of the board of directors of FC "Ural" since July 2011 and a member of the board of directors and the remuneration committee of Independence Group since December 2007. Between June 2009 and June 2010, he was a member of the board of directors and the corporate governance, nominations and remuneration committee of OJSC "MMC Norilsk Nickel" and from December 2006 and June 2009, he was a member of the board of directors and the chairman of the remuneration and personnel committee of OJSC "Kirovsky Plant".

He was a director of department of financing and securities of RUSAL Global Management B.V. between April and May 2007 and prior to that, between July 2005 and April 2007, he was the vice president and international legal counsel of OJSC "Sual Holding", which is currently a part of UC RUSAL Group. Mr. Goldman worked as an associate in the corporate department of Chadbourne & Parke LLP between October 1999 and July 2005. Mr. Goldman was born in 1971. He graduated from the UCLA School of Law in 1999 and received a bachelor of history degree (magna cum laude) from the University of California, Los Angeles, in 1996.

Save as disclosed in this Annual Report, Mr. Goldman was independent from and not related to any Directors, senior management, substantial shareholder or controlling shareholder of the Company as at the end of the financial year.

VICTOR VEKSELBERG, AGED 55
FORMER CHAIRMAN AND NON-EXECUTIVE DIRECTOR, RESIGNED AS THE CHAIRMAN OF THE BOARD WITH EFFECT FROM 12 MARCH 2012 AND AS A NON-EXECUTIVE DIRECTOR WITH EFFECT FROM 16 MARCH 2012

Victor Vekselberg was appointed as a non-executive Director and Chairman of the Board on 26 March 2007. From January 2003 to March 2007, Mr. Vekselberg was the chairman of the board at OJSC SUAL-HOLDING, where he was previously president from 2000 to 2003. In October 2003, after the establishment of TNK-BP Limited, Mr. Vekselberg became the managing director for Production and Technologies and joined the board of directors of TNK-BP Limited. As at March 2012, while remaining a member of the board of TNK-BP Limited, he also holds the position of chairman of the Board of Directors of the Renova Group and President of Skolkovo Foundation (since 2010). In 1996, Mr. Vekselberg created OJSC SUAL, which incorporated the Irkutsk and Urals aluminium smelters, and he held the position of chief executive officer of OJSC SUAL from 1996 to 2000. In 1990, he became one of the founders of the Renova Group.

Mr. Vekselberg was born in 1957 in Drogobych, a provincial town in the Lviv region, Ukraine. In 1979, he completed his studies in Automatic Control Systems and graduated from the Moscow Institute of Engineers of Railway Transport with Honours. That same year, he continued his education with a post-graduate course at the Computer Centre of the Academy of Sciences. He is a member of the Bureau of the Management Board of the RSPP and chairman of the RSPP Committee on International Cooperation. He resigned as Chairman of the Board on 12 March 2012 and resigned as a non-executive Director with effect from 16 March 2012.

As at 16 March 2012, Mr. Vekselberg has an indirect interest of more than 30% in SUAL Partners Limited ("SUAL Partners"), a substantial shareholder of the Company. Save as disclosed in this Annual Report, Mr. Vekselberg is independent from and not related to any Directors, senior management, substantial shareholder or controlling shareholder of the Company as at the end of the financial year.

Profiles of Directors and Senior Management

DMITRY AFANASIEV, AGED 42
NON-EXECUTIVE DIRECTOR

Dmitry Afanasiev was appointed as a member of the Board on 26 March 2007. He is the chairman of Egorov, Puginsky, Afanasiev and Partners, a Russian law firm that provides legal services to the Company. Prior to co-founding the firm in 1994, he worked at Schnader Harrison Segal & Lewis LLP and Wolf Block Schorr and Solis-Cohen LLP. He specialises in corporate transactions, dispute resolution and public policy. He has represented the interests of the Russian Federation on numerous occasions in various legal matters and participated in the drafting of some of Russia's federal laws, including antitrust legislation.
Since June 2011, Mr. Afanasiev has been a board member of CTC Media Inc, a U.S. public company, and a member of the Russian Council for International Affairs.
Mr. Afanasiev was born in 1969. He studied law at Leningrad State University, the University of Pennsylvania and the St. Petersburg Institute of Law. He was awarded a medal by the Federal Chamber of Advocates of the Russian Federation for professional excellence and received a commendation from the President of Russia for achievements in defending human rights. He is a member of the general council of Business Russia, a national non-profit association, and a founding member of the Russian-American Business Council.
Save as disclosed in this Annual Report, Mr. Afanasiev was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

LEN BLAVATNIK, AGED 54
NON-EXECUTIVE DIRECTOR

Len Blavatnik was appointed as a member of the Board at its creation on 26 March 2007. Mr. Blavatnik has been a director and a vice president of SUAL Partners since October 2006 and was a director of SUAL from October 2001 to September 2006. Mr. Blavatnik is the founder and Chairman of Access Industries, a privately-held industrial group with holdings in natural resources and chemicals, media and telecommunications, and real estate. Incorporated in 1986, Access Industries is today an international industrial concern with strategic investments in the U.S., Europe, Russia and South America. Mr. Blavatnik was raised in Russia and became a U.S. citizen in 1984. He received his Master's degree in Computer Science from Columbia University in 1981 and his MBA from Harvard Business School in 1989.
Mr. Blavatnik serves on the board of numerous companies in the Access Industries portfolio including TNK-BP (a vertically integrated oil major) and Warner Music Group Corp. (one of the world's leading music companies) and maintains a significant stake in LyondellBasell Industries (the world's third largest independent chemical company). Mr. Blavatnik remains engaged in educational pursuits and, in addition to corporate directorships, sits on boards at the Blavatnik School of Government at Oxford University, Cambridge University, Harvard University and Tel Aviv University. He is also a member of the Board of Governors of the New York Academy of Sciences and a Trustee of the State Hermitage Museum in St. Petersburg, Russia.

Save as disclosed in this Annual Report, Mr. Blavatnik was independent from and not related to any other Directors, senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

IVAN GLASENBERG, AGED 55
NON-EXECUTIVE DIRECTOR

Ivan Glasenberg was appointed as a member of the Board and a member of the Standing Committee on 26 March 2007. He is a member of the board of directors of Glencore and Xstrata plc. Mr. Glasenberg joined Glencore in April 1984 and has been Chief Executive Officer since January 2002. Mr Glasenberg initially spent three years working in the coal/coke commodity department in South Africa as a marketer, before spending two years in Australia as head of the Asian coal/coke commodity division. Between 1988 and 1989, he was based in Hong Kong as manager and head of Glencore's Hong Kong and Beijing offices, as well as head of coal marketing in Asia, where his responsibilities included overseeing the Asian coal marketing business of Glencore and managing the administrative functions of the Hong Kong and Beijing offices.
In January 1990, he was made responsible for the worldwide coal business of Glencore for both marketing and industrial assets, and remained in this role until he became Chief Executive Officer in January 2002. Mr. Glasenberg is a Chartered Accountant of South Africa and holds a Bachelor of Accountancy from the University of Witwatersrand. Mr. Glasenberg also holds an M.B.A from the University of Southern California. Before joining Glencore, Mr. Glasenberg worked for five years at Levitt Kirson Chartered Accountants in South Africa.
Save as disclosed in this Annual Report, Mr. Glasenberg was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

ALEXANDER POPOV, AGED 41
FORMER NON-EXECUTIVE DIRECTOR RESIGNED AS A NON-EXECUTIVE DIRECTOR WITH EFFECT FROM 24 NOVEMBER 2011

Alexander Popov was appointed a member of the Board on 24 April 2008. Mr. Popov joined En+ in March 2007 as group financial controller and has responsibility for building the finance function in the newly created Energy Sector within Basic Element. Prior to joining En+, Alexander Popov worked as head of the corporate financial reporting department in the oil company OAO LUKOIL for six years. From 1994 to 1999 Alexander Popov held various positions in PricewaterhouseCoopers, rendering consulting and audit services to major oil and gas companies in Russia. Mr. Popov was born in 1971 in Togliatti. He is a Certified Public Accountant (member of the American Institute of Certified Public Accountants), holds a Master's degree in Engineering (automobile industry) from State Polytechnic University in Togliatti (Russia) and a Bachelor's degree in accounting and audit from Saratov State Academy of Economics in Saratov, Russia. Mr Popov resigned from his position as the group financial controller of En+ with effect from 1 July 2011. He resigned from his position as a non-executive Director with effect from 24 November 2011.
Save as disclosed in this Annual Report, Mr. Popov was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

DMITRY TROSHENKOV, AGED 46
NON-EXECUTIVE DIRECTOR APPOINTED AS A NON-EXECUTIVE DIRECTOR WITH EFFECT FROM 24 NOVEMBER 2011

Dmitry Troshenkov was appointed a member of the Board on 24 November 2011. He joined En+ as the chief financial officer in October 2011. Prior to joining En+, he had been working in Open Joint Stock Company Federal Grid Company of Unified Energy System (MICEX/LSE:FEES) where he was appointed as the first deputy chairman of the management board in September 2009 and a member of the management board from October 2009 to August 2011. From 2006 to September 2009, he was a vice-president for finance in Open Joint Stock Company 'TNK-BP Holding'. From 2005 to 2006, he held the office of a deputy director general for economics and finance of Open Joint-Stock Company 'OGK-1'. From 2001 to 2005, Mr. Troshenkov was a chief financial officer of Open Joint-Stock Company 'Lenenergo'. From 2000 to 2001, Mr. Troshenkov was a deputy director general for economics and finance of Closed Joint-Stock Company 'Petroelectrosbyt'. Mr. Troshenkov graduated from the St. Petersburg State University specializing in accounting and audit, and from the St. Petersburg Bank Institute specializing in bank accounting and audit.
Save as disclosed in this Annual Report, Mr. Troshenkov was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Profiles of Directors and Senior Management

DMITRY RAZUMOV, AGED 37
NON-EXECUTIVE DIRECTOR

Dmitry Razumov was appointed a member of the Board on 24 April 2008. In June 2007, he was appointed to his current position as chief executive officer of LLC Onexim Group. He is the chairman of the board of directors of each of Investment and Development Group OPIN (since November 2010), Soglasie Insurance Company (since June 2011) and YO-AUTO Limited (since June 2011). He is also a member of the board of LLC Intergeo Managing Company (since September 2008), Renaissance Financial Holdings Limited (since June 2009), Polyus Gold International Limited (since July 2011) and Renaissance Capital Investments Limited (since March 2012). Mr. Razumov previously served as a director in Norilsk Nickel until 28 June 2010 and in MFK Bank until 30 June 2010.
Earlier in his career, Mr. Razumov practiced business and corporate law at Clifford Chance LLP, following which he gained investment banking experience at Renaissance Capital, a leading Russian investment bank. In 1998, Mr. Razumov left Renaissance Capital to co-found the independent venture capital firm LV Finance that stands behind the success of MegaFon, the third largest mobile phone operator in Russia, before selling his interest in the firm in 2003. Between 2001 and 2005, Mr. Razumov served as deputy chief executive officer for strategy and M&A at Norilsk Nickel, Russia's largest mining company, leading its transformation into a world class company through groundbreaking deals with Stillwater Mining Company, Gold Fields and Polyus Gold, and pioneering industry best corporate governance standards among Russian blue-chip companies.
In 1997, Mr. Razumov graduated from the International Law Department of Moscow State Institute of International Relations, receiving a Master's degree in International Trade Law.
Save as disclosed in this Annual Report, Mr. Razumov was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

ANATOLY TIKHONOV, AGED 42
NON-EXECUTIVE DIRECTOR

Anatoly Tikhonov became a member of the Board on 24 March 2009. Mr. Tikhonov has been a member of the management board and the first deputy chairman of VEB since October 2008. He worked as deputy governor of the Krasnoyarsk Region Administration from 2003 to 2007 and as deputy head of the Krasnoyarsk Region Government from 2007 to 2008.
In 2007-2008, Mr. Tikhonov headed the external relations and investment policy department at the Krasnoyarsk Region Administration as deputy governor of the Krasnoyarsk Region. From 2003 to 2007, he acted as deputy governor of the Krasnoyarsk Region and head of the Permanent Representation of the Krasnoyarsk Region Administration in the Russian Government. From 1999 to 2003, Mr. Tikhonov worked as deputy chairman of the finance committee at the St. Petersburg City Administration.
From 1996 to 1999, Mr. Tikhonov held the position of director for Commerce and vice-president for Economics and Finance of the Russian Public Fund of Disabled War Veterans. During 1995 to 1996, he was general director of ZAO Bagram.
Mr. Tikhonov's professional career began in 1987, when he started his work as a recording clerk at the Moscow Garrison's military court. In 1989, he completed his two-year military service. Anatoly Tikhonov was born in 1969 in Moscow.
In 1995, he graduated from the Moscow State University, Lomonosov, majoring in jurisprudence.
Save as disclosed in this Annual Report, Mr. Tikhonov was independent from and not related to any other Directors, senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

In order to promote good corporate governance, the Articles of Association provide that in the event of a conflict of interest, an interested Director is required to abstain from voting for the relevant resolution. Mr. Tikhonov, as a member of the management board and the first deputy chairman of VEB, is therefore obliged to abstain from voting for any resolutions on transactions that the Company may have with VEB.

ARTEM VOLYNETS, AGED 44
NON-EXECUTIVE DIRECTOR

Artem Volynets was appointed as a member of the Board on 16 June 2010. Mr. Volynets was also appointed as a director of En+, the controlling shareholder of UC RUSAL, and as the First Deputy Chief Executive Officer of En+ Management LLC, a wholly owned subsidiary of En+ which provides management services to En+, both appointments with effect from 16 June 2010. Since 24 December 2010, Mr. Volynets has been the chief executive officer of En+ and En+ Management LLC, the latter appointment until 23 December 2015.

On 5 July 2010, Mr. Volynets was appointed as a non-executive director of EuroSibEnergo Plc. He was also appointed as non-executive director of Hong Kong Mercantile Exchange Limited on 25 August 2010.

From March 2007 to June 2010, Mr. Volynets was appointed director for Corporate Strategy and Business Development of the Moscow Branch of RUSAL Global Management B.V.

From 2004 to 2007, Mr. Volynets was Chief Development Officer at SUAL, and Vice President of Business Development from 2003 to 2004. From 1997 to 2003 he worked as strategy consultant and corporate finance advisor at Monitor Group in London, UK. Mr. Volynets lived in the U.S.A. from 1991 to 1997 studying at Georgetown and American Universities and working on the consulting projects for the US international development agencies. From 2009 to 2010, Mr. Volynets served as a Chairman of the International Aluminium Institute – an international organisation for the aluminium industry, representing over 80% of global production.

Mr. Volynets was born in 1967. He received a BA in Economics from the American University in Washington, D.C. in 1994, and studied Geology and Philosophy at the Lomonosov Moscow State University from 1984 to 1986 and 1989 to 1991 respectively. Mr. Volynets completed two years of military service from 1986 to 1988. Mr. Volynets received an MBA from Georgetown University in 1997. While at Georgetown, he also studied as an exchange student at INSEAD Business School in France.

Save as disclosed in this Annual Report, Mr. Volynets was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Profiles of Directors and Senior Management

BARRY CHEUNG CHUN-YUEN, AGED 54
CHAIRMAN OF THE BOARD, INDEPENDENT NON-EXECUTIVE DIRECTOR
APPOINTED AS THE CHAIRMAN OF THE BOARD WITH EFFECT FROM 16 MARCH 2012

Barry Cheung was appointed as a member of the Board on 27 January 2010. Mr. Cheung is the chairman of the Hong Kong Mercantile Exchange Ltd. He is also chairman of both the Urban Renewal Authority and the Standing Committee on Disciplined Services' Salaries and Conditions of Service in Hong Kong. He is also Alternate Chairman of the Pay Trend Survey Committee, a member of the Commission on Strategic Development and a member of the Standing Commission on Civil Service Salaries and Conditions of Service. From July 2004 to January 2008, Mr. Cheung was first the chief executive officer of Titan Petrochemicals Group Limited and later its deputy chairman.
Mr. Cheung previously served as chairman of the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption. From 1987 to 1994, he was a consultant with McKinsey & Company in the United States and Asia. From 1993 to 1994 he also served as a full-time member of the Hong Kong Government's Central Policy Unit on secondment from McKinsey & Company.
Mr. Cheung was born in 1958. Mr. Cheung holds a Bachelor of Science degree with First Class Honours in Mathematics and Computer Science from the University of Sussex and an MBA from Harvard Business School.
Mr. Cheung was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

PETER NIGEL KENNY, AGED 63
INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Peter Nigel Kenny was appointed independent non-executive Director and chairman of the Audit Committee of the Company on 26 March 2007. He is currently a partner at Sabre Capital Worldwide Inc., a private equity company specialising in emerging markets.
From 1992 to 2002, Dr. Kenny held a number of senior positions at Standard Chartered Bank Plc, including group head of Audit, regional general manager for UK & Europe, group head of Operations, Corporate and Institutional Banking and group finance director. In 1978 he joined Chase Manhattan Bank where he assumed regional responsibilities for the bank's audit activities throughout Europe, the Middle East and Africa.
Dr. Kenny started his career at PriceWaterhouse and is a Chartered Accountant. He holds a PhD in Theoretical Physics (1973) and a Bachelors of Science in Physics (1970); both degrees were awarded by the University of Surrey.
Dr. Kenny is currently a non-executive director of First City Monument Bank plc, a bank listed on the Nigerian stock exchange, and an independent director of JPMorgan Emerging Markets Investment Trust plc.
Dr. Kenny was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

PHILIP LADER, AGED 66
INDEPENDENT NON-EXECUTIVE DIRECTOR

Philip Lader is an independent non-executive Director of the Company appointed on 26 March 2007. Since 2001, he has held the position of non-executive chairman of WPP plc, the worldwide advertising and communications services company, and senior adviser to Morgan Stanley. A lawyer, he also serves on the boards of Marathon Oil Corporation, AES Corporation, the Smithsonian Museum of American History and The Atlantic Council. Formerly, in addition to senior executive positions in several U.S. companies, he was U.S. Ambassador to the United Kingdom and served in senior positions in the U.S. government, including White House Deputy Chief of Staff.
Mr. Lader holds a Bachelor's degree in Political Science from Duke University (1966) and a Master's degree in History from the University of Michigan (1967). He completed graduate studies in law at Oxford University in 1968 and obtained a Juris Doctor degree from Harvard Law School in 1972.
Mr. Lader was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

SENIOR MANAGEMENT

ELSIE LEUNG OI-SIE, AGED 73
INDEPENDENT NON-EXECUTIVE DIRECTOR

Elsie Leung was appointed as a member of the Board on 30 November 2009. From 1997 to 2005 Ms. Leung was the Secretary for Justice of the Hong Kong Special Administrative Region, as well as a member of the Executive Council of Hong Kong. Ms. Leung was admitted as a solicitor of the Supreme Court of Hong Kong in 1968. She was a partner of P. H Sin & Co., a Hong Kong law firm, which amalgamated with the law firm Iu, Lai & Li Solicitors & Notaries in 1993. Ms. Leung was a senior partner with Iu, Lai & Li Solicitors & Notaries from 1993 to 1997. In 2006, she resumed practice at Iu, Lai & Li Solicitors & Notaries. Ms. Leung has served on several government boards and committees, including the Independent Police Complaints Council, Equal Opportunities Commission, Social Welfare Advisory Committee and Inland Revenue Board of Review. Ms. Leung was appointed as a Delegate of the People's Congress of Guangdong Province in 1989. In 1993, she was appointed as a Delegate of the 8th National People's Congress as well as a Hong Kong Affairs Adviser. Since 2006 she has been the deputy director of the Hong Kong Basic Law Committee of the Standing Committee of the National People's Congress of the People's Republic of China. Ms. Leung was born in 1939. Ms. Leung is a qualified Solicitor in England and Wales and obtained a Master of Law degree from the University of Hong Kong in 1988. Ms. Leung was appointed as an independent non-executive Director of China Resources Power Holdings Company Limited, a company incorporated in Hong Kong and listed on the Hong Kong Stock Exchange, with effect from 22 April 2010.

Ms. Leung was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

EVGENY KORNILOV, AGED 42
CHIEF FINANCIAL OFFICER

Evgeny Kornilov was appointed as a Chief Financial Officer on 24 October 2010.
He was appointed as a member of the Executive Committee of the Company on 1 November 2010.
Prior to his appointment as Chief Financial Officer of the Company, Mr. Kornilov was the Chief Financial Officer of X5 Retail Group N.V. ("X5"), a Dutch public limited liability company whose Global Depositary Receipts are listed on the London Stock Exchange, since 18 January 2008. He has also held the office of Deputy Chief Executive Officer of X5. In August 2006, Mr. Kornilov was previously appointed as the Chief Financial Officer of Perekrestok, a Russian supermarkets retail chain, which is a member of the X5 group of companies and became the deputy Chief Financial Officer of X5 in 2007 where he remained until his appointment as Chief Financial Officer of the Company. Prior to joining X5, Mr. Kornilov was the Chief Financial Officer and chief controller of SUN Interbrew Limited in Russia and worked in the managerial consulting and audit services practice of PricewaterhouseCoopers in Russia from 1992 to 1999. He graduated from the Moscow State Institute of International Relations with a bachelor's degree in Economics, International Trade and Foreign Languages.
Mr. Kornilov was independent from and not related to the Directors, any other member of Senior Management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Profiles of Directors and Senior Management

IGOR MAKAROV, AGED 39
CHIEF LEGAL OFFICER

Igor Makarov has led the Legal Directorate of the Moscow Branch of RUSAL Global Management B.V. and has been a director of RUSAL Global Management B.V. since March 2011. Before joining UC RUSAL, Mr. Makarov was a partner in the international law firm, Jones Day. From 2003 to 2004, he headed the Corporate Legal and M&A Department of TNK-BP. From 1999 to 2003 Mr. Makarov acted as the General Counsel of British Petroleum in Russia. From 1997 to 1999, Mr. Makarov provided legal support to Conoco International Petroleum Company as a legal counsel. Mr. Makarov was born in 1972. He holds a degree in law summa cum laude from Moscow State Institute of International Relations (1995) and the Master of Laws degree from Fordham University (1997). Mr. Makarov is a member of the New York Bar Association. Mr. Makarov was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

ALEXEY ARNAUTOV, AGED 37
DIRECTOR OF ALUMINIUM DIVISION WEST

Alexey Arnautov was appointed Director of the Aluminium Division West in July 2010. The Aluminium Division West, which encompasses the Volgograd, Volkhov, Kandalaksha and Nadavoitsy aluminium smelters, Zaporozhye Aluminium Complex (Ukraine) and KUBAL (Sweden), as well as the aluminium production facilities of the Urals and Bogoslovsk aluminium smelters, concentrates its efforts on the production of value added products. The western smelters, situated near European customers, focus on supplying end consumers and working together with clients to create new value added products. This task requires the implementation of modernisation projects and advanced training of the staff.

Mr. Arnautov assumed the role of acting director of the Aluminium Division of the Moscow Branch of RUSAL Global Management B.V. in March 2009. He was responsible for raising efficiency as well as achieving steadily high-performance results from the division's assets. He was also in charge of developing a new production management system, which would aim to match the world's best practices. Prior to this appointment, Mr. Arnautov was financial director of the Aluminium Division from April 2006. From November 2004 until April 2006, he was the director of the financial department of the ECD. From 1998 to 2000, he held several positions in the financial services in Sibneft Oil Company. He began his professional career in Noyabrskneftegaz in the Far North of Russia in 1996.

Born in 1974, Mr. Arnautov graduated from Donbass State Academy of Construction and Architecture with a degree in engineering and construction in 1996. He received a degree with honours from the International Academy of Entrepreneurship in 1998 and an MBA in Economics from the Institute of Business and Economics at California State University in 2004.

Mr. Arnautov was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

VLADIMIR POLIN, AGED 49
DIRECTOR OF ALUMINIUM DIVISION EAST

Vladimir Polin was appointed Head of Aluminium Division East in July 2010, which includes the Company's major aluminium production facilities, such as the Sayanogorsk, Khakas, Krasnoyarsk, Irkutsk, Novokuznetsk and Bratsk aluminium smelters. The main task as Head of Aluminium Division East, is to meet the growing demand for UC RUSAL's products from Asia, increase the production of alloys and value added products by achieving maximum efficiency of the production capacities.
Prior to joining UC RUSAL, Mr. Polin was Senior Vice President of Mechel (NYSE: MTL). From June 2006 till December 2008 Mr. Polin was Chief Executive Officer of Mechel Management LLC. From July 2003 to June 2006, he was Senior Vice President-Production and Technology of Mechel JSC.
From July 2002 until June 2003, Mr. Polin served as the chief operating officer of the Beloretsk Metallurgical Plant. From 2001 to 2002 he was Sales Director of the Chelyabinsk Metallurgical Plant.
Mr. Polin was born in 1962. He holds a degree in metallurgy from the Chelyabinsk Polytechnic University.
Mr. Polin was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

YAKOV ITSKOV, AGED 45
DIRECTOR OF INTERNATIONAL ALUMINA DIVISION

Yakov Itskov was appointed Head of the International Alumina Division in 2010. The International Alumina Division (Alumina Division West) is in charge of the western bauxite mining and alumina production companies, such as the Friguia Alumina Refinery and Compagnie des Bauxites de Kindia in Guinea, the Bauxite Company of Guyana, Aughinish Alumina Refinery in Ireland, Eurallumina in Italy, Alpart and Windalco in Jamaica and Queensland Alumina in Australia. One of the key objectives of the International Alumina Division is the production of high quality alumina for the international market, which requires the Company to use a flexible approach in working with each of its customers.
From 2009 through 2010, Mr. Itskov was the first vice president of RussNeft Oil and Gas Company OJSC. From 2008 through 2009 he was the general director of BazelDorStroy LLC and from 2007 through 2008 he was the general director of Project and Construction Company Transstroy LLC. From 2006 through 2007 he was the managing director of Basic Element LLC. From 2001 through 2006 he was the general director of Soyuzmetallresurs CJSC.
From 2000 through 2001 he was the deputy commercial director of Russian Aluminium OJSC, from 1999 through 2000 he was the deputy general director of SibPromMarket LLC, from 1995 through 1999 he was the deputy director for operations management at Alfa-Eco LLC, from 1992 through 1995 he was the general director of Internauka JSC. From 1991 through 1992 he was the commercial director of Espada small enterprise.
Mr. Itskov was born in 1966. In 1988 he graduated from Moscow State Mining University with a degree in Mining Machines and Complexes. He holds a Ph.D. in Economics, which was awarded to him in 2008.
Mr. Itskov was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Profiles of Directors and Senior Management

VALERY MATVIENKO, AGED 56
DIRECTOR OF ALUMINA DIVISION EAST

Valery Matvienko was appointed Head of Alumina Division East in July 2010.
In 2008 Mr. Matvienko became the first deputy CEO of Norilsk Nickel OJSC and was also a member of the executive committee of Norilsk Nickel OJSC. From 2007 through 2008, he was the director for the Engineering and Construction business at UC RUSAL. From 2005 through 2007 he was the general director of Russian Engineering Company LLC.
In 2005 he was deputy director for the Engineering and Construction business at RUSAL Management Company Ltd. From 2003 through 2005 he held the positions of the Director of the Production Directorate, Deputy CEO for Production, Deputy CEO for the Aluminium Business at RUSAL Management Company LLC. From 2002 through 2003 he was the production director of Russian Aluminium Management OJSC. From 1998 through 2002 he held management positions at the Krasnoyarsk, Bratsk and Novokuznetsk aluminium smelters.
Mr. Matvienko was born in 1955. In 1977 he graduated from Ordzhonikidze Siberian Metallurgy Institute with a degree in engineering (ferrous metallurgy).
Mr. Matvienko was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

SERGEY BELSKY, AGED 44
DIRECTOR FOR RUSSIA AND CIS SALES

Sergey Belsky was appointed Head of the Directorate for Russia and CIS Sales in June 2010. His responsibilities include increasing the share of the Company's domestic aluminium sales, viewed as a strategic priority of UC RUSAL, as well as to build cooperation with customers to develop new applications for aluminium and to encourage joint programmes with equipment manufacturers to devise high-technology products containing aluminium.
Previously, since November 2008, Mr. Belsky was appointed the director of the Marketing and Sales Directorate of the Company. Since the foundation of Russian Aluminium in 2000, Mr. Belsky has worked as the head of the Sales Departments of Russia and the CIS, including as the sales director of the Company's Moscow office from 2007 to 2008. Between 1999 and 2000 he was the head of the export sales department in Sibirsky Aluminium. Mr. Belsky started his career as a trader in Raznoimport before working his way up to head a division at Trans World Group in 1996.
Mr. Belsky was born in Moscow in 1967.
In 1991, Mr. Belsky graduated from the Moscow Institute of Steel and Alloys where he majored in metal engineering. A year later, he graduated from the Moscow Institute of International Business of the Ministry of Economic Relations and Trade. In 2003, he received a degree from the London Business School.
Mr. Belsky was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

STEVE HODGSON, AGED 45
DIRECTOR FOR INTERNATIONAL SALES

Steve Hodgson was appointed Head of International Sales in June 2010. He is responsible for developing UC RUSAL's positions in key strategic markets, including Asia – the most rapidly developing region and biggest consumer of aluminium – together with Europe, the USA and Africa. His team focuses on creating long term, sustainable relationships with key aluminium consumers, raising their share of the Company's total sales by consistently supplying high quality alloys and value-added products.
In October 2007, Mr. Hodgson was appointed CEO and President of the Bauxite and Alumina Division of Rio Tinto Alcan and during his tenure was also President of the Australian Aluminium Council. Prior to this, he was head of Rio Tinto's Diamond Division.
From 1997 to 2002 he led the international sales and marketing arm of Comalco (later renamed Rio Tinto Aluminium). Mr. Hodgson started his career with Comalco in New Zealand as a process engineer and rose to become the manager of the Metal Products Division and, later, the head of the Metal Products Division of Anglesey Aluminium Metal Ltd. in North Wales.
Born in 1966, Mr. Hodgson graduated with honours in 1987 from the School of Engineering, Auckland University, New Zealand.
Mr. Hodgson was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

VALERY FREIS, AGED 57
DIRECTOR FOR SECURITY

Valery Freis has been the head of the UC RUSAL Directorate of Security since February 2008. He is responsible for the creation and effective management of the security system and the development of a policy and strategy in the field of resource protection from causing harm to the Company's economic interests, business standing, business processes, and personnel.
Before joining the Company, Mr. Freis was deputy general director for economic security at Irkutskenergo JSC and chairman of the board of directors of several companies. In the period between 1996 and 2002, he was deputy general director for security at Ust-Ulimsk Timber Processing Complex JSC. From 1989 to 1996, Mr. Freis held the post of general director of Lestorgurs. Earlier he served in the Combating the Theft of Socialist Property Agency of the Ministry of the Interior of the Russian Federation. Valery Freis was born in 1954. In 1979, Mr. Freis graduated from the Kuybyshev Planning Institute; he underwent training at the Academy of National Economy of the Russian Federation Government.
Mr. Freis was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

ANDREY VOLVENKIN, AGED 47
DIRECTOR OF ENGINEERING AND CONSTRUCTION DIVISION

Andrey Volvenkin has been in charge of the Company's Engineering and Construction Division since March 2010. He is responsible for improving maintenance efficiency across UC RUSAL's operations and supervises construction and modernisation projects. Prior to this appointment, Mr. Volvenkin served as the Equipment Manufacturing and Maintenance director at RusEngineering Co., which is part of UC RUSAL's Engineering and Construction Division. From 2003 to 2005 he worked as general director of "Service Centre" LLC. Mr. Volvenkin began his professional career in 1987 at the Sayanogorsk aluminium smelter, where he held various positions from 1999 to 2002. Mr. Volvenkin was born in Novokuznetsk in 1964. He graduated from the Ordzhonikidze Siberian Metals Institute in 1987.
Mr. Volvenkin was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

VADIM GERASKIN, AGED 44
DIRECTOR FOR NATURAL MONOPOLIES

Vadim Geraskin was appointed as a Director for Natural Monopolies of the Moscow Branch of RUSAL Global Management B.V. in February 2012. Mr. Geraskin is responsible for the Company's energy and transport strategy.
Prior to his current position Mr. Geraskin has been head of the Directorate for Government Relations, Natural Monopolies, and Protection of Resources since January 2008 and has been a member of the executive committee since March 2008. Between January 2008 and January 2009, Mr. Geraskin was Acting Director of Government Relations. From March 2004 until March 2007, Mr. Geraskin was in charge of the Directorate of Natural Monopolies at Moscow Branch of RUSAL Global Management B.V. and previously, RUSAL Management Company LLC. Earlier, Mr. Geraskin was head of the Transport & Logistics Directorate at JSC "Russian Aluminum Management". From 1997-2000, he held the office of General Director of 'Zarubezhkontrakt', and from 1993 he was a specialist of Alyumin Product. Mr. Geraskin was born in 1968. In 1993, he graduated from the Faculty of Physics of Lomonosov Moscow State University.
Mr. Geraskin was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Profiles of Directors and Senior Management

OLEG MUKHAMEDSHIN, AGED 38
DIRECTOR FOR STRATEGIC DEVELOPMENT AND EQUITY

Oleg Mukhamedshin was appointed as a Head for Strategic Development and Equity in February 2012. Prior to his current position, Mr. Mukhamedshin was UC RUSAL's Director for Equity and Corporate Development from 2011 to 2012, Director for Financial Markets in 2011 and Director for Capital Markets from 2007 to 2011.
Mr. Mukhamedshin is responsible for raising funds in equity capital markets, the use of financial derivatives, communications with investors, stock exchanges and capital market regulators. He is also responsible for UC RUSAL's development projects including organic growth projects. Mr. Mukhamedshin was leading UC RUSAL's USD12 billion debt refinancing project which was successfully completed in October 2011. He was also in charge of restructuring UC RUSAL's USD16.6 billion debt in 2009-2011 and UC RUSAL's USD2.2 billion IPO on the Hong Kong Stock Exchange and Paris' Euronext in 2010. Under his leadership, UC RUSAL became the first company to launch a Russian Depository Receipts programme.
From 2006 through 2008, Mr. Mukhamedshin took part in preparing and implementing major M&A transactions, including the acquisition of a 25% stake in MMC Norilsk Nickel and merger with SUAL and Glencore's bauxite and alumina assets. From August 2004 through March 2007, Mr. Mukhamedshin was Deputy CFO at "RUSAL Managing Company" LLC, overseeing corporate finance. From 2000 to August 2004, Mr. Mukhamedshin was Director of Department for Corporate Finance at JSC "Russian Aluminum Management".
Prior to joining JSC "Russian Aluminum Management", Mr. Mukhamedshin occupied various executive positions in corporate finance in leading Russian natural resource companies including TNK (now TNK-BP). Between 1999 and 2000, he was an advisor to the principal shareholder of the Industrial Investors Group. From 1994 to 1995, he worked with the investment bank PaineWebber to help establish the Russia Partners Fund, one of the first international direct investment funds in Russia.
Mr. Mukhamedshin holds a Bachelor's degree in Economics from Lomonosov Moscow State University from which he graduated with Honours in 1995.
Mr. Mukhamedshin was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

PAVEL OVCHINNIKOV, AGED 36
COMMERCIAL DIRECTOR

Pavel Ovchinnikov was appointed Head of the Commercial Directorate in 2010. He is responsible for centralisation and optimization of purchasing to meet the demand of the aluminium and alumina divisions, and to manage the sales of secondary products. The Commercial Directorate is also in charge of the day-to-day management of several production facilities supplying raw materials to the Company's aluminium smelters.
Since March 2007, Mr. Ovchinnikov was head of the Alumina Division of UC RUSAL in which role he was responsible for the Company's Russian and international bauxite and alumina production facilities, overseeing the introduction of Production Systems, improvement of labour efficiency and optimisation of process flows.
Mr. Ovchinnikov was appointed head of RUSAL's Alumina Division in April 2006. From 2007 to 2008 he served as a director of Aughinish Alumina Limited, Limerick Alumina Refining Limited, RUSAL Alumina Jamaica Limited, RUSAL Alumina and Jamaica II Limited. He also served as an executive committee member of the West Indies Alumina Company (Windalco) and Eurallumina S.p.A. From 2006 to 2008, Mr. Ovchinnikov was a director of Friguia, and served as an executive committee member of OAO BGZ and the Achinsk Alumina Refinery from June 2005 to June 2006, and June 2006 to February 2007, respectively. From October 2005 to March 2006, Mr. Ovchinnikov held the position of managing director of the Achinsk Alumina Refinery.
From early 2004 to 2005, Mr. Ovchinnikov was financial director of Alumina Division at "RUSAL Managing Company" LLC, and from 2003 to 2004, he was financial director for the alumina complex project in Guinea. Mr. Ovchinnikov joined JSC

"Russian Aluminum Management" in March 2001, and served as deputy director of the corporate finance department through 2004. Prior to joining JSC "Russian Aluminum Management", Mr. Ovchinnikov held a number of executive positions in foreign investment funds focused on Russian enterprises. He began his career as an oil, gas and metals analyst at the Alliance-Menatep investment company, where he was responsible for structural financing of various gold-mining and engineering companies.
Mr. Ovchinnikov was born in 1975. In 1997, he graduated from the Applied Mathematics and Cybernetics Department at Lomonosov Moscow State University. Mr. Ovchinnikov holds a PhD in Economics from Moscow State University, Lomonosov, which he obtained in 2002.
Mr. Ovchinnikov was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

EKATERINA NIKITINA, AGED 38
DIRECTOR FOR HUMAN RESOURCES

Ekaterina Nikitina was appointed UC RUSAL's Human Resources Director in April 2011.
Before joining UC RUSAL, Ms. Nikitina was head of Human Resources in Basic Element, Russia's leading diversified investment company. She joined Basic Element in 2002 as a Human Resources Manager with responsibility for recruitment and labour relations. Between 2006 and 2008, she was the Company's Deputy HR Director.
Ms. Nikitina was born in 1973 and graduated from Simferopol State University, majoring in Romano-Germanic Philology. She also graduated from the Management Consulting School of the Academy of National Economy under the Russian Government.
Ms. Nikitina was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

EGOR IVANOV, AGED 35
DIRECTOR FOR CONTROL, INTERNAL AUDIT AND BUSINESS COORDINATION

Egor Ivanov has been UC RUSAL's Director for Control, Internal Audit and Business Coordination since 2012. He is responsible for the internal control system and raising the efficiency of business processes within the Company. He ensures independent analysis of critical issues of the Company's operations for reporting to CEO and top management. He is also responsible for compliance with the requirements of the regulators and international lenders.
Mr. Ivanov joined CJSC "Armenal" in 2001 as a Financial Director. From 2002 to 2007 he held different financial positions at "RUSAL Managing company" LLC and Trading House "Russian Aluminum Rolling". Since October 2010 he headed a department of Control, Internal Audit and Business Coordination Directorate. Between 2007 and 2010, he was Head of the Budget and Planning Department at Moscow Branch of RUSAL Global Management B.V.. Till 2001 he worked in ITERA International Group of Companies, one of the largest independent producers and traders of natural gas operating in the CIS and the Baltic states.
Mr. Ivanov was born in 1977 and graduated from the Finance Academy under the Government of the Russian Federation majoring in accounting and audit.

Profiles of Directors and Senior Management

OLEG VAYTMAN, AGED 42
DIRECTOR FOR GOVERNMENT RELATIONS

Oleg Vaytman was appointed as a director for Government Relations of the Moscow Branch of RUSAL Global Management B.V. in February 2012. He is responsible for the Company's relationships with federal and regional authorities, the Russian Parliament, the government, and public organisations.
Prior to joining UC RUSAL Mr. Vaytman was Director of Moscow Representative Office of JSC "KazMunayGas" from 2009 till February 2012. In 2007-2008 Mr. Vaytman was Vice-president of RBI-Holdings. Between 2003 and 2007, Mr. Vaytman worked at TNK-BP and held the positions of Vise-President (Regional and Social Policy), Vice-President (Head of the New Projects Division). In 2002-2003 he was Vice-President (Relations with public authorities) of JSC "Sidanco". From 2000 to 2002 Mr. Vaytman was Head of the regional office of the Social Insurance Fund of the Russian Khanty-Mansiysk. Between 1998 and 2000 he held the position of Deputy Director General for Economic Affairs of the territorial fund of obligatory medical insurance of the Khanty-Mansi Autonomous District. Mr. Vaytman was born in 1969 and graduated from Magnitogorsk Mining and Metallurgical Institute majoring in economics. Moreover, Mr. Vaytman graduated from the Tax Academy of the Russian Federation Ministry and has a diploma of Thunderbird University (Phoenix, USA). He also graduated from the Academy of National Economy under the RF Government.
Mr. Vaytman was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

WONG PO YING, ABY, AGED 46
HONG KONG COMPANY SECRETARY

Wong Po Ying Aby was appointed Hong Kong Company Secretary on 29 November 2009. Ms. Wong has over 9 years of experience in corporate secretarial practice working with various law firms and corporate services companies as company secretary and company secretarial manager. Ms. Wong is an associate member of the Hong Kong Institute of Company Secretaries and an associate of The Institute of Chartered Secretaries and Administrators. Ms. Wong was born in 1965. Ms. Wong holds a bachelor degree with First Class Honors in the Bachelor of Arts (Hons) in Business Administration of University of Greenwich which she received in 2011. Ms. Wong was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

CUTTING-EDGE

RUSAL IS AT THE FOREFRONT OF TECHNOLOGICAL ADVANCEMENTS WITHIN THE ALUMINIUM INDUSTRY. RA-300, RA-400, RA-500, AND INERT ANODE ARE THE REVOLUTIONARY TECHNOLOGIES DEVELOPED BY RUSAL THAT OPEN A NEW CHAPTER IN THE HISTORY OF ALUMINIUM PRODUCTION

Technologies

The Directors are pleased to present their 2011 Annual Report and the audited consolidated financial statements of the UC RUSAL Group for the year ended 31 December 2011.

1. Principal activities

The principal activities of the Group are the production and sale of aluminium (including alloys and value-added products, such as aluminium sheet, ingot, wire rod, foundry aluminium alloy and aluminium billet). Within its business of the upstream segment of the industry, the Group has secured substantial supplies of bauxite and has the capacity to produce alumina in excess of its current requirements. The Company also holds strategic investments, including its investment in Norilsk Nickel and coal business. There has been no significant change in those activities throughout the financial year.

2. Financial summary

The results of the Group for the year ended 31 December 2011 are set out in the consolidated financial statements on pages 117 to 192.

3. Dividends

No dividends were declared and paid by the Company during the year ended 31 December 2011, due to existing restrictions imposed by the debt restructuring agreements and, following the refinancing program, by the credit facility agreements. In particular, the credit facility agreements to which the Company is a party restrict the Company's ability to pay dividends in certain cases (including during the covenant holiday period and until the ratio of the Total Net Debt/ Covenant EBITDA is no higher than 3.5). While these restrictions continue to apply, no dividends will be declared and paid by the Company.

4. Reserves

The Directors propose to transfer the amount of USD2,754 million from reserves within the meaning of the Tenth Schedule to the Hong Kong Companies Ordinance.

The amount of the reserves available for distribution to shareholders as at 31 December 2011 was USD5,949 million.

5. Fixed assets

Information relating to significant changes in the fixed assets of the Company or of any of its subsidiaries that have occurred during the financial year is set out in note 15 to the consolidated financial statements.

6. Share capital

SHARE REPURCHASES

Other than as described below, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of their securities during the financial year ended 31 December 2011.

On 28 September 2011, the Group sold a 50% interest in several wholly-owned subsidiaries engaged in the transportation business in Kazakhstan and Russia to an unrelated party for USD47 million.

On 16 September 2011, UC RUSAL entered into a share purchase agreement with Norway's Norsk Hydro ASA to acquire a remaining 35% stake in Alpart for cash consideration of USD46 million.

SHARE ISSUES

No Shares were issued/alloted by the Company during the financial year ended 31 December 2011.

7. General mandates granted to the Directors in respect of the issuance and repurchase of Shares

There were certain mandates granted to the Directors to issue and repurchase Shares in effect during the financial year.

The details of these general mandates are as follows:

Type of mandate	Term	Maximum amount	Utilisation during the financial year
Issue Of Shares			
A general unconditional mandate was given to the Company and to the Directors on behalf of the Company on 23 June 2011, the date of the 2011 annual general meeting of the Company, to allot, issue and deal with Shares (and other securities) and such mandate came into effect on that date	From the date of the passing of the resolution granting the mandate to the earlier of the Company's next annual general meeting of shareholders, the expiration of the period within which the Company's next annual general meeting of shareholders is required to be held and the variation or revocation of the mandate by the shareholders in a general meeting	Save in certain specified circumstances, not more than the sum of 20% of the aggregate nominal value of the share capital at the date of the resolution granting the mandate and the aggregate nominal value of share capital repurchased by the Company (if any)	NIL
Repurchase Of Shares			
Subject to compliance with the Jersey Companies Law, a general unconditional mandate was given to the Company, directly or through any intermediary or trustee, and to the Directors on behalf of the Company on 23 June 2011, the date of the 2011 annual general meeting of the Company, to repurchase Shares and such mandate came into effect on that date	From the date of the passing of the resolution granting the mandate to the earlier of the conclusion of the Company's next annual general meeting of shareholders, the expiration of the period within which the Company's next annual general meeting of shareholders is required to be held and the variation or revocation of the mandate by the shareholders in a general meeting	Not more than 10% of the aggregate nominal value of the Company's share capital in issue at the date of the resolution granting the mandate (The maximum price for each Share repurchased is 105 per cent of the average closing market price as derived from the Stock Exchange for the five business days immediately preceding the date of purchase and the minimum price for each Share repurchased is its nominal value)	NIL

8. Shareholders' agreements

A. SHAREHOLDERS' AGREEMENT WITH THE COMPANY

The principal terms of this agreement are described in Appendix A.

B. SHAREHOLDERS' AGREEMENT BETWEEN MAJOR SHAREHOLDERS ONLY

The Shareholders' Agreement between Major Shareholders only, which has not been amended since the Listing Date, only sets out certain agreed matters between the Major Shareholders in relation to Board appointments, Board committees, voting, transfers of Shares and certain other matters. The principal terms of the Shareholders' Agreement between Major Shareholders only are described in Appendix B.

9. Management contracts

Other than the appointment letters of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year.

10. Connected transactions

The transactions and arrangements summarised below were entered into by members of the Group with its connected persons (including their respective associates) prior to and during the financial year ended 31 December 2011, and which are required to be disclosed by the Company in compliance with Rule 14A.45 of the Listing Rules and, where applicable, were disclosed by the Company in accordance with the requirements of Chapter 14A of the Listing Rules.

The independent non-executive Directors consider that each of the transactions below have been entered into and are conducted:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms; and

(c) in accordance with the relevant agreement governing them on terms that are fair and reasonable in the interests of the Company and its shareholders as a whole.

(I) The Company's auditors were engaged to report on the Group's continuing connected transactions for the year ended 31 December 2011 in accordance with the Hong Kong Standard on Assurance Engagements 3000 "*Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions as disclosed by the Group in the annual report in accordance with Rule 14A.38 of the Listing Rules.

A. ELECTRICITY AND CAPACITY SUPPLY CONTRACTS

En+ is the Controlling Shareholder of the Company. Accordingly, the electricity and capacity supply and transmission contracts between members of the Group and companies controlled by En+ referred to below constituted continuing connected transactions for the Company under the Listing Rules.

Mr. Victor Vekselberg ("**Mr. Vekselberg**") was the chairman of the Board until his resignation on 12 March 2012 and a non-executive Director of the Company until his resignation with effect from 16 March 2012. Accordingly, the electricity and capacity supply contracts and the provision of power contracts between members of the Group and companies controlled by Mr. Vekselberg referred to below constitute continuing connected transactions of the Company under the Listing Rules.

Long-term electricity and capacity supply contracts

The Group has entered into the following long-term electricity and capacity supply contracts:

(a) on 1 December 2009, BrAZ, a subsidiary of the Company, and Irkutsk Joint Stock Power and Electricity Company ("Irkutskenergo"), a power generating company controlled by En+ as to more than 30% of its issued share capital, entered into a long-term electricity and capacity supply contract pursuant to which BrAZ agreed to purchase electricity and capacity from Irkutskenergo for a period of nine years from 2010 to 2018. The consideration is satisfied in cash via wire transfer. The actual monetary value of electricity and capacity purchased for the year ended 31 December 2011 under this contract was USD255.3 million;

(b) on 15 November 2009, OJSC SUAL, a subsidiary of the Company, and Irkutskenergo entered into a long-term electricity and capacity supply contract pursuant to which OJSC SUAL agreed to purchase electricity and capacity for Irkutsk aluminium smelter, a branch of OJSC SUAL, from Irkutskenergo for a period of nine years from 2010 to 2018. The consideration is satisfied in cash via wire transfer. The actual monetary value of electricity and capacity purchased for the year ended 31 December 2011 under this contract was USD132.4 million; and

(c) on 4 December 2009, KrAZ, a subsidiary of the Company, and JSC Krasnoyarskaya Hydro-Power Plant

("**Krasnoyarskaya HPP**"), a hydroelectric power station controlled by En+ as to more than 30% of its issued share capital, entered into a long-term electricity and capacity supply contract pursuant to which KrAZ has agreed to purchase electricity from Krasnoyarskaya HPP for a period of eleven years from 2010 to 2020. The consideration is satisfied in cash via wire transfer. The actual monetary value of electricity and capacity purchased for the year ended 31 December 2011 under this contract was USD139.9 million.

The prices for long-term electricity and capacity contracts are not regulated strictly by the Non-Commercial Partnership Market Council ("**Market Council**"), a non-profit partnership that organises efficient system of trading at wholesale and retail electricity and capacity market in Russia, and may be agreed between the parties (subject to the Rules of the Wholesale Electricity and Capacity Market (as approved by the Russian Federation Government Resolution No. 1172 dated 27 December 2010) which contain indirect instruments through which the influence is exerted on the formation of the total cost of a user's consumed electricity and capacity in connection with the existence or non-existence of non-regulated contracts concluded by such a person, and the amount of capacity supplied thereunder). The costs of electricity supplied by Irkutskenergo and Krasnoyarskaya HPP are based on a fixed formula which is tied to the market prices of electricity and the prices of aluminium quoted on the LME to link electricity costs to the Group's revenue.

Short-term electricity and capacity supply contracts

The Company also entered into short-term electricity and capacity supply contracts from time to time during the year ended 31 December 2011 with power generating plants which are controlled either through equity ownership or management arrangements, by CJSC Integrated Energy Systems, a corporation of which more than 30% of the issued share capital is controlled by Mr. Vekselberg, one of the ultimate beneficial owners of SUAL Partners, which is a substantial shareholder of the Company. All such contracts were entered into at government prescribed prices, on terms determined by the Market Council and OJSC "TSA", an entity controlled by the Market Council with no possible negotiation on the price paid by the Group. The consideration was satisfied in cash via wire transfer.

Further, members of the Group, including BrAZ, KrAZ, OJSC RUSAL Sayanogorsk, OJSC RUSAL Novokuznetsk and OJSC SUAL entered into, from time to time in the financial year ended 31 December 2011 as part of their ordinary course of business, short-term electricity and capacity supply contracts with duration not exceeding one year with the companies, controlled by En+, including Irkutskenergo, LLC "Avtozavodskaya CHP" and Krasnoyarskaya HPP. The consideration was satisfied in cash via wire transfer.

The electricity and capacity supplied under these short-term electricity and capacity supply contracts are derived from the plants operated by Irkutskenergo and Krasnoyarskaya HPP and also derived from LLC "Avtozavodskaya CHP".

Since 1 January 2011, the whole volume of electricity (excluding electricity supplied to residential users) is supplied at open (non-regulated) prices. There are exceptions which require the electricity to be sold at prices or tariffs approved by the government.

In addition, members of the Group, including OJSC "Sevuralboxitruda", "SUAL-Silicon-Ural" LLC, OJSC RUSAL SAYANAL, OJSC "Ural Foil" and OJSC "South Ural Cryolite Plant" enter into, from time to time as part of their ordinary course of business, short-term electricity and capacity supply contracts with CJSC MAREM+, a company controlled by En+, for the supply of electricity and capacity purchased at the wholesale energy and capacity market.

The purchase of electricity and capacity at the wholesale market is effected at a price which is determined daily (for electricity) and monthly (for capacity), based on the trading results at the wholesale market, and subject to unpredictable external fluctuations (including, without limitation, weather factors, river stream flow rates, hydro-power plant output storage, transborder cross-flow planning, provision for reserves by power generation facilities, scheduled equipment repairs, fuel price fluctuations, details of fuel regime for "endpoint" power generation facilities, economic efficiency of bids submitted by producers, technological processes of power generation facilities' equipment, and effect of state regulation on the market model). The price under these contracts is derived from the wholesale market price. The consideration was satisfied in cash via wire transfer.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2011 under these contracts was USD49.8 million for companies controlled by CJSC Integrated Energy Systems, USD73.3 million for Irkutskenergo, LLC "Avtozavodskaya CHP" and Krasnoyarskaya HPP and nil for CJSC MAREM+.

Miscellaneous electricity and capacity transmission contracts

The Group has also entered into miscellaneous electricity and capacity transmission contracts with Irkutskaya Electricity Company and energy supply contracts with Irkutskenergosbyt LLC to furnish the electricity supply mentioned above, each being a company controlled by En+ as to more than 30% of its issued share capital, from time to time during the year ended 31 December 2011.

The consideration paid or payable under such miscellaneous electricity and capacity transmission contracts is determined by reference to the tariffs which are regulated by the Tariff Service of the Irkutsk region (an executive authority of the Irkutsk region in the sphere of government regulation of tariffs including electricity and capacity transmission tariffs) and on terms which are uniform for all consumers (tariffs are differentiated depending on voltage levels). The consideration is satisfied in cash via wire transfer.

The actual monetary value of electricity and capacity transmission purchased and sold for the year ended 31 December 2011 under these contracts was USD177.2 million.

Provision of Power Contracts

On 31 December 2010, OJSC SUAL (a wholly-owned subsidiary of the Company) entered into four standard form provision of power contracts with TGK-5, TGK-6, TGK-7 and TGK-9 (each being controlled by Mr. Victor Vekselberg as to more than 30% of the issued share capital and thus an associate of Mr. Vekselberg) pursuant to which:

(a) OJSC SUAL agreed to purchase and TGK-5 agreed to sell up to 694 MWt of electricity and capacity for the total contract sum of up to approximately USD22 million from 1 January 2014 to 31 December 2024;
(b) OJSC SUAL agreed to purchase and TGK-6 agreed to sell up to 667 MWt of electricity and capacity for the total contract sum of up to approximately USD17 million from 1 January 2011 to 31 December 2024;
(c) OJSC SUAL agreed to purchase and TGK-7 agreed to sell up to 571 MWt of electricity and capacity for the total contract sum of up to approximately USD16 million from 1 January 2011 to 31 December 2022; and
(d) OJSC SUAL agreed to purchase and TGK-9 agreed to sell up to 1379 MWt of electricity and capacity for the total contract sum of up to approximately USD37 million from 1 October 2011 to 31 December 2025.

The aggregate consideration payable under these contracts is subject to applicable cross-currency exchange rate adjustments.

The contracts were entered into in accordance with the regulations requiring all participants in the power wholesale market to purchase electricity and capacity by entering into standard form provision of power contracts, the terms of which (including the mechanics of price determination and the supply volumes) are determined by the Supervisory Board of the Market Council, an independent industry body which is responsible for the rules and regulations of the electricity market.

As a participant in the power wholesale market, if OJSC SUAL did not enter into the contracts, the terms of which were not negotiable, it would be considered to be in breach of the regulations and would be prohibited from purchasing electricity and capacity on the wholesale market and would be required to purchase electricity and capacity from the retail market at a higher price, substantially increasing the costs of power supply for the Group. The consideration under the provision of power contracts was satisfied in cash via wire transfer.

The aggregate consideration for the long-term and short-term electricity and capacity supply contracts together with the miscellaneous electricity and capacity transmission contracts between the Group and the associates of En+ for the year ended 31 December 2011 was USD778.1 million, which is within the annual cap of USD970 million (net of VAT and using the exchange rate at USD 1 = RUB28.5 subject to possible change due to the fluctuations of the RUB/USD exchange rate) as approved by the independent shareholders of the Company for such type of continuing connected transactions for the year ended 31 December 2011.

The aggregate consideration for the short-term electricity and capacity supply contracts and the provision of power contracts between the Group and the associates of Mr. Vekselberg for the year ended 31 December 2011 was USD49.9 million, which is within the annual cap of USD263 million (net of VAT and using the exchange rate at USD 1 = RUB28.5 subject to possible change due to the fluctuations of the RUB/USD exchange rate) for such type of continuing connected transactions for the year ended 31 December 2011.

B. ALUMINIUM SALE CONTRACTS

Members of the Group have entered into aluminium sales contracts with associates of certain shareholders of SUAL Partners (among which only Mr. Vekselberg is a former non-executive director of the Company) and with associates of Mr. Oleg Deripaska ("**Mr. Deripaska**").

Aluminium Sales Contracts with Mr. Vekselberg's Associates

(a) OJSC KUMZ

OJSC KUMZ is a company controlled by certain shareholders of SUAL Partners (among which only Mr. Vekselberg is a former non-executive director of the Company) as to more than 30% and these shareholders, in aggregate, have a controlling interest in SUAL Partners. OJSC KUMZ is an associate of Mr. Vekselberg. Accordingly, transactions between companies of the Group and OJSC KUMZ, discussed below, constitute continuing connected transactions of the Company under the Listing Rules.

On 4 October 2007, the Group through Open Joint Stock Company "United Company RUSAL-Trading House" ("UC RUSAL TH"), being a wholly-owned subsidiary of the Company, entered into a long-term contract to supply aluminium to OJSC KUMZ, for a period until December 2021. The price is set on arm's length terms, which is linked to the price of aluminium on the LME. All consideration is satisfied in cash via wire transfer.

As disclosed in the Company's announcement dated 18 March 2011, during 2010, the Group through UC RUSAL TH, entered into a series of contracts with OJSC KUMZ on 29 January 2010, 1 March 2010, 5 March 2010, 1 April

2010, 5 April 2010, 21 April 2010, 30 April 2010, 31 May 2010, 21 July 2010, 27 August 2010 and 1 September 2010, supplemental to the long-term aluminium sales contracts with OJSC KUMZ, under which UC RUSAL TH agreed to supply aluminium produced by the Group's smelters to OJSC KUMZ, the exact products and price of which have been determined on arm's length terms on a monthly basis. Similar contracts between members of the Group and OJSC KUMZ have been concluded on 30 March and 7 April 2011 and are expected to be concluded in 2012 and 2013.

The total consideration for the aluminium supplied under these contracts to OJSC KUMZ during the year ended 31 December 2011 amounted to USD198.1 million.

(b) OJSC Khimprom

Khimprom Joint Stock Company ("**OJSC Khimprom**") is more than 30% controlled by Mr. Vekselberg and thus an associate of Mr. Vekselberg and a connected person of the Company under the Listing Rules. Accordingly, the transactions between members of the Group and OJSC Khimprom, discussed below, constitute continuing connected transactions of the Company under the Listing Rules.

On 25 March 2011, members of the Group including OJSC SUAL entered into short-term sale contracts with OJSC Khimprom to supply aluminium at arm's length prices which were determined with reference to the price of aluminium on the LME. Under each of these contracts aluminium was to be supplied during the same month the contract was entered into.

The consideration for the aluminium supplied under these contracts to OJSC Khimprom during the year ended 31 December 2011 amounted to USD0.123 million. The consideration was satisfied in cash via wire transfer.

The aggregate consideration received for the aluminium supplied under the aluminium sale contracts to the associates of Mr. Vekselberg and SUAL Partners amounted to USD198.2 million for the year ended 31 December 2011, which was within the annual cap of USD400 million for 2011.

Aluminium Sales Contracts with Mr. Deripaska's Associates

Mr. Deripaska, the Chief Executive Officer and an executive Director of the Company, indirectly controls more than 30% of each of (i) LLC Tradecom, (ii) KraMZ, (iii) DOZAKL, (iv) LLC GAZ, (v) Barnaultransmash, and (vi) Glavstroy-MOSMEK. Each of these companies is therefore an associate of Mr. Deripaska. As such, the transactions between members of the Group and LLC Tradecom, KraMZ, DOZAKL, LLC GAZ, Barnaultransmash and Glavstroy-MOSMEK, discussed below, constitute continuing connected transactions of the Company under the Listing Rules.

(a) LLC Tradecom and KraMZ

On 14 December 2006, the Group through UC RUSAL TH, entered into a long-term contract to supply aluminium to LLC Tradecom for a period until December 2021. Pursuant to the contract, the Group would supply aluminium to LLC Tradecom at arm's length prices tied to the price of aluminium on the LME. The consideration under the contract must be prepaid.

As disclosed in the Company's announcement dated 18 March 2011, the substitution agreement was signed by UC RUSAL TH, LLC Tradecom and KraMZ on 17 March 2011 pursuant to which KraMZ substituted LLC Tradecom as the buyer to the above long-term supply contract.

The consideration for the aluminium supplied under this contract (as supplemented) to LLC Tradecom and KraMZ during the year ended 31 December 2011 amounted to USD277 million. The consideration was satisfied in cash via wire transfer.

(b) LLC GAZ

On 28 February 2009, the Group through UC RUSAL TH, entered into a framework agreement with LLC GAZ pursuant to which the Group agreed to supply aluminium at arm's length prices on a monthly basis until 31 December 2010. The agreement was to be automatically extended for another calendar year unless the parties declared their intention to terminate it. As at 31 December 2011, the parties had not declared an intention to terminate the contract and therefore tacitly consented to its extension for another calendar year.

The total consideration for the aluminium supplied under this contract to LLC GAZ during the year ended 31 December 2011 amounted to USD18.0 million. The consideration was satisfied in cash via wire transfer.

On 27 September 2010, RUSAL RESAL entered into a short-term agreement to supply secondary aluminium to LLC GAZ for a period until 31 December 2010 at arm's length prices determined on a monthly basis. The agreement was to be automatically extended for another calendar year unless the parties declared their intention to terminate it. As at 31 December 2011, the parties had not declared an intention to terminate the contract and therefore tacitly consented to its extension for next calendar year.

The total consideration for the aluminium supplied under this contract to LLC GAZ during the year ended 31 December 2011 amounted to USD10.9 million. The consideration was satisfied in cash via wire transfer.

(c) DOZAKL

On 14 December 2006, the Group through UC RUSAL TH, entered into a long-term contract to supply aluminium to DOZAKL for a period until 31 December 2021 at arm's length prices tied to the price of aluminium on the LME.

The consideration for the aluminium supplied under this contract to DOZAKL during the year ended 31 December 2011 amounted to USDnil million.

On 1 March 2011, RUSAL Foil Limited Liability Company ("**LLC RUSAL Foil**"), a wholly-owned subsidiary of the Company, entered into a contract to supply aluminium tape to DOZAKL at arm's length prices tied to the price of aluminium on the LME until 31 December 2011.

The consideration for the aluminium tape supplied under this contract to DOZAKL during the year ended 31 December 2011 amounted to USD8.7 million. The consideration was satisfied in cash via wire transfer.

(d) Glavstroy-MOSMEK

On 6 February 2009, the Group through UC RUSAL TH, entered into an agreement to supply aluminium products to Glavstroy-MOSMEK for a period until 31 December 2009. The agreement was to be automatically extended for the next calendar year unless the parties declared an intention to terminate it and each extended term would include an automatic extension clause. As at 31 December 2011, the parties had not declared an intention to terminate the contract and therefore tacitly consented to its extension for next calendar year.

Under this contract UC RUSAL TH supplies aluminium at arm's length prices determined on a monthly basis. The consideration for the aluminium supplied under this contract to Glavstroy-MOSMEK during the year ended 31 December 2011 amounted to USD4.22 million. The consideration was satisfied in cash via wire transfer.

(e) Barnaultransmash

On 28 January 2009, the Group through UC RUSAL TH, entered into a contract to supply aluminium to Barnaultransmash for a period until 30 August 2009. UC RUSAL TH and Barnaultransmash did not declare their intention to terminate the contract and therefore tacitly consented to its extension for 2010 and 2011. The Company has terminated this contract on 31 December 2011.

Under this contract UC RUSAL TH supplies aluminium at arm's length prices determined on a monthly basis.

The total consideration for the aluminium supplied under this contract to Barnaultransmash during the year ended 31 December 2011 amounted to USD0.346 million. The consideration was satisfied in cash via wire transfer.

The aggregate consideration received for the aluminium supplied to each of the companies referred to above, which are associates of Mr. Deripaska, for the year ended 31 December 2011 was approximately USD319.2 million, which was within the annual cap of USD400 million for 2011.

C. PURCHASE OF RAW MATERIALS FROM THE ASSOCIATES OF MR. VEKSELBERG AND MR. BLAVATNIK FOR PRODUCTION

Mr. Vekselberg and Mr. Len Blavatnik (a non-executive Director) ("**Mr. Blavatnik**"), being the ultimate beneficial owners of SUAL Partners, a substantial shareholder of the Company, each indirectly hold more than 30% of the share capital in Energoprom Management. Energoprom Management is therefore an associate of each of Mr. Vekselberg and Mr. Blavatnik and thus a connected person of the Company under the Listing Rules. Accordingly, the transactions between members of the Group and Energoprom Management, discussed below, constitute continuing connected transactions for the Company under the Listing Rules.

Certain members of the Group have entered into a series of contracts with Energoprom Management to purchase various raw materials from Energoprom Management for production purposes. The terms of these contracts vary widely and range from short-term contracts to long-term contracts but all are under three years. Each of these contracts has been aggregated pursuant to the Listing Rules and was disclosed in announcements by the Company dated 24 November 2010 and 20 December 2011 respectively. The prices for the purchase of raw materials under each of the contracts are determined on an arm's length basis. The consideration for each of these contracts was satisfied in cash via wire transfer.

Details of these transactions are set out in the table below:

Buyer	Date of contract	Term of contract	Type of raw materials	Actual consideration for the year ended 31 December 2011 USD million (excluding VAT)
UC RUSAL TH	31.12.2010	Up to 31.12.2011	Graphitized carbon products	12.008
UC RUSAL TH	31.12.2010	Up to 31.12.2011	Calcined oil coke	5.621
UC RUSAL TH	23.11.2010	Up to 31.12.2011	Baked anodes	8.786
OJSC RUSAL Boksitogorsk	30.03.2011	Up to 31.12.2011	Graphitized carbon products	0.542
TOTAL:				26.957

The contract between CJSC Kremniy as buyer and Energoprom Management as seller regarding the supply of 2.5 tonnes (at the estimated consideration of approximately USD3,125) and 30 tonnes (at the estimated consideration of approximately USD0.04 million) of anode paste for the years ending 31 December 2011 and 31 December 2012 respectively as disclosed on page 2 of the announcement of the Company dated 20 December 2011 has not been entered into and is expected to be entered into during 2012.

The aggregate consideration for the raw materials supplied under these contracts by Energoprom Management during the year ended 31 December 2011 amounted to USD26.957 million which was within the maximum aggregate consideration of USD55.01 million for 2011 as disclosed in the announcement dated 20 December 2011.

D. PURCHASE OF RAW MATERIALS FROM THE ASSOCIATES OF MR. VEKSELBERG AND MR. BLAVATNIK FOR REPAIRING

Mr. Vekselberg and Mr. Blavatnik (a non-executive Director), being the ultimate beneficial owners of SUAL Partners, a substantial shareholder of the Company, each indirectly hold more than 30% of the share capital in Doncarb Graphite Limited Liability Company ("**Doncarb Graphite**"). Doncarb Graphite is therefore an associate of each of Mr. Vekselberg and Mr. Blavatnik, and thus a connected person of the Company under the Listing Rules. As discussed above, OJSC KUMZ is the associate of Mr. Vekselberg and Energoprom Management is the associate of Mr. Vekselberg and Mr. Blavatnik. Accordingly, the contracts between members of the Group on one part and Doncarb Graphite, OJSC KUMZ or Energoprom Management on the other, discussed below, constitute continuing connected transactions for the Company under the Listing Rules. Mr. Vekselberg and Mr. Blavatnik are the ultimate beneficial owners of SUAL Partners. Pursuant to Rule 14A.25 of the Listing Rules, the transactions disclosed below were aggregated as they are entered into by the Group with the associates of the same connected persons who are associated with one another and the subject matters of each of the agreements relate to the purchase of raw materials by members of the Group for the purposes of the Group's repair programme. The prices for the purchase of raw materials under each of the contracts are determined on an arm's length basis. The consideration for each of the contracts was satisfied in cash via wire transfer.

The details of these raw materials purchase contracts are set out below:

Buyer	Seller	Date of contract	Type of raw materials	Term of contract	Actual consideration for the year ended 31 December 2011 USD (excluding VAT)
RUS-Engineering LLC	Energoprom Management	17.01.2011	Cathode blocks	Up to 31.12.2011	7,553,344.72
RUS-Engineering LLC	Energoprom Management	17.01.2011	Carbon paste	Up to 31.12.2011	4,568,199.44
OJSC SUAL (KAZ-SUAL)	Energoprom Management	30.03.2011	Carbon paste	Up to 31.12.2011	0.00
OJSC SUAL (VAZ-SUAL)	Energoprom Management	30.03.2011	Cathode blocks	Up to 31.12.2011	60,761.49
OOO BAZ-SUAL-Remont, OOO VgAZ-SUAL Remont	Energoprom Management	30.03.2011	Cathode blocks and carbon paste	Up to 31.12.2011	OOO BAZ-SUAL-Remont – 158,940.59 OOO VgAZ-SUAL Remont – 430,013.85
OJSC SUAL (KAZ-SUAL)	Energoprom Management	23.11.2010	Cathode blocks	Up to 31.12.2011	496,532.33
OJSC SUAL (NAZ-SUAL)	Energoprom Management	23.11.2010	Cathode blocks	Up to 31.12.2011	900,198.14
RUS-Engineering LLC	Doncarb Graphite	16.05.2011	Graphite electrodes	Up to 31.12.2011	41,548.39
Glinozemservice LLC	Energoprom Management	16.05.2011	Graphite electrodes	Up to 31.12.2011	0.00
RUSAL Armenal CJSC	OJSC KUMZ	16.05.2011	Aluminium bus	Up to 31.12.2011	13,949.41
SU-Silicon LLC	Doncarb Graphite	Note 1	Carbon products	Note 1	76,681.03
OOO VgAZ-SUAL-Repairs	Doncarb Graphite	09.09.2011	Graphite electrodes	Up to 31.12.2011	912.57
TOTAL					14,301,081.96

Note 1: This is a series of purchase orders made during the year ended 31 December 2011.

The aggregate consideration for the raw materials supplied under these contracts to the Group during the year ended 31 December 2011 amounted to USD14.3 million, which was within the maximum aggregate consideration of USD18 million for 2011 as disclosed in the announcement dated 12 September 2011.

E. PURCHASE OF RAW MATERIALS FROM BCP

CJSC BaselCement-Pikalevo ("**BCP**"), for which more than 30% of its issued share capital is indirectly held by En+, is an indirect subsidiary of En+, a Controlling Shareholder of the Company. BCP is therefore an associate of En+ and a connected person of the Company under the Listing Rules.

Accordingly, the transactions entered into between members of the Group as buyers and BCP as seller constitute continuing connected transactions of the Company under the Listing Rules. The prices for the purchase of raw materials under each of these contracts are determined on an arm's length basis. The consideration for each of these contracts was satisfied in cash via wire transfer.

Details of these transactions are set out in the table below:

Buyer	Date of contract	Term of contract	Type of raw materials	Actual consideration for the year ended 31 December 2011 USD million (excluding VAT)
UC RUSAL TH	25.03.2011	Up to 31.12.2011	Alumina products	89
RUSAL Boksitogorsk	19.03.2008			
	25.03.2011 (addendum)	Up to 31.12.2018	Limestone	0.54 (Note 1)
TOTAL:				89.54

Note 1: Price is fixed with reference to the office price index published by the Federal State Statistics Service in Russia.

The contract between RUSAL Boksitogorsk as buyer and BCP as supplier regarding the supply of 8 tonnes (-/+ 5%) (at the consideration of approximately USD880) and 24 tonnes (-/+ 5%) (at the consideration of approximately USD2,700) of process lime for the years ending 31 December 2011 and 31 December 2012 respectively as disclosed on page 3 of the announcement of the Company dated 15 December 2011 has not been entered into by 31 December 2011, and is expected to be entered into during 2012, in relation to the transactions to be concluded for the year ending 31 December 2012.

The aggregate consideration for the raw materials supplied under these contracts by BCP during the year ended 31 December 2011 amounted to USD89.54 million which was within the maximum aggregate consideration of USD97.34 million for 2011 as disclosed in the announcement dated 15 December 2011.

F. SALE OF RAW MATERIALS TO MR. DERIPASKA'S ASSOCIATES

Mr. Deripaska indirectly controls more than 30% of each of Achinsk Cement, Eniseyskiy CBK and LLC "Torgovo-Zakupochnaya Kompaniya GAZ" and therefore, each of them is an associate of Mr. Deripaska and thus a connected person of the Company according to the Listing Rules. Accordingly, the contracts discussed below constitute continuing connected transactions for the Company under the Listing Rules. The prices for the purchase of raw materials under each of the contracts are determined on an arm's length basis. The total consideration is to be prepaid.

The details of these contracts are set out below:

UC RUSAL

Buyer	Seller	Date of contract	Type of raw materials	Term of contract	Actual consideration for the year ended 31 December 2011 USD millions (excluding VAT)
Achinsk Cement	RUSAL Achinsk	17.07.2008 with an initial purchase order date of 28.07.2008	Energy resources (including process water, steam heat energy, heat energy transfer (steam), desalted water, compressed air, treated water, heat energy in hot water, drinking water and discharges)	Up to 31.12.2011	1.085
Achinsk Cement	RUSAL Achinsk	14.02.2011	Fuel oil	Up to 31.12.2011	1.477
Achinsk Cement	RUSAL Achinsk	14.02.2011	Crushed limestone	Up to 31.12.2011	3.123
Achinsk Cement	RUSAL Achinsk	14.02.2011	Nepheline mud	Up to 31.12.2011	2.291
Achinsk Cement	RUSAL Achinsk	14.02.2011	Overburden clay	Up to 31.12.2011	0.096
Achinsk Cement	RUSAL Achinsk	14.02.2011	Diesel fuel	Up to 31.12.2011	0.003
Achinsk Cement	RUSAL Achinsk	14.02.2011	Coal	Up to 31.12.2011	9.407
Achinsk Cement	RUSAL Achinsk	14.02.2011	Pulverised coal	Up to 31.12.2011	0.333
Eniseyskiy CBK	UC RUSAL TH	09.09.2011	Soda ash	Up to 31.12.2012	3.535
LLC "Torgovo-Zakupochnaya Kompaniya GAZ"	UC RUSAL TH	September 2011 – December 2011	Silicon	Up to 31.12.2011	0.522
LLC KraMZ (Note 1)	UC RUSAL TH	23.12.2011	Silicon	Up to 31.12.2012	0.839
TOTAL					22.711

Note 1: This contract was disclosed on page 2 of the announcement of the Company dated 20 December 2011 as one of the contracts under the heading "2012 Raw Materials Supply Contracts", with LLC KraMZ as buyer for 500 tonnes of silicon at the consideration of USD1.5 million for the year ending 31 December 2012. At the time of execution, the supply of silicon at the consideration of USD0.839 million for the year ended 31 December 2011 was included in the contract.

The contracts between RUSAL Achinsk as seller and Achinsk Cement as buyer regarding the supply of (i) 26,437 tonnes of black coal (at the consideration of USD2.80 million), (ii) 20,297 tonnes of clay from overburden (at the consideration of USD0.03 million), (iii) 8,907 tonnes of crushed limestone (at the consideration of USD0.05 million) and (iv) 83,949 tonnes of nepheline mud overburden (at the consideration of USD0.44 million) for the year ended 31 December 2011 as disclosed on page 2 of the announcement of the Company dated 20 December 2011 have not been entered into by 31 December 2011, and are expected to be entered into during 2012.

The aggregate consideration for the raw materials supplied under these contracts to Achinsk Cement, Eniseyskiy CBK and LLC "Torgovo-Zakupochnaya Kompaniya GAZ" during the year ended 31 December 2011 amounted to USD22.711 million, which was within the maximum aggregate consideration of USD38.82 million for 2011 as disclosed in the announcement dated 20 December 2011.

G. SALE OF RAW MATERIALS TO MR. VEKSELBERG'S AND MR. BLAVATNIK'S ASSOCIATES

As discussed above, Energoprom Management, OJSC Khimprom, OJSC KUMZ and Doncarb Graphite are the associates of Mr. Vekselberg and Mr. Blavatnik, who are parties connected or otherwise associated with one another. Accordingly, the contracts between members of the Group on one part and Energoprom Management, OJSC Khimprom, OJSC KUMZ or Doncarb Graphite on the other, discussed below, constitute continuing connected transactions for the Company under the Listing Rules.

The prices for the sale of raw materials under each of the contracts are determined on an arm's length basis. The consideration for each of these contracts was satisfied in cash via wire transfer. The details of these contracts are set out below:

Buyer	Seller	Date of contract	Type of raw materials	Term of contract	Actual consideration for the year ended 31 December 2011 USD millions (excluding VAT)
OJSC KUMZ	UC RUSAL TH	28.04.2010	Silicon	Up to 31.12.2011	0.89
OJSC Khimprom	UC RUSAL TH	17.09.2010	Silicon	Up to 31.12.2011	2.11
Energoprom Management	UC RUSAL TH	27.12.2010	Raw oil coke	Up to 31.12.2011	3.756
Doncarb Graphite	UC RUSAL TH	20.01.2011	Silicon	Up to 31.12.2011	0.061
Doncarb Graphite	SUAL -Kremniy-Ural	11.12.2011	Silicon	Up to 31.12.2012	0.009
TOTAL					6.8

The aggregate consideration for the raw materials supplied under these contracts by the Group during the year ended 31 December 2011 amounted to USD6.8 million, which was within the maximum aggregate consideration of USD14 million for 2011 as disclosed in the announcement dated 8 December 2011.

H. TRANSPORTATION CONTRACTS

En+, a Controlling Shareholder of the Company, holds more than 30% of the issued share capital of each of LLC KraMZ-Auto ("**KraMZ-Auto**"), Limited Liability Company Stroyservice ("**Stroyservice**"), OJSC Otdeleniye Vremennoy Expluatatsii ("**OVE**") and Achinsk Cement. Each of KraMZ-Auto, Stroyservice, OVE and Achinsk Cement is therefore an associate of En+ and a connected person of the Company under the Listing Rules. Accordingly, the contracts between members of the Group on one part and KraMZ-Auto, Stroyservice, OVE or Achinsk Cement on the other, as discussed below, constitute continuing connected transactions for the Company under the Listing Rules. All these transportation contracts are on arms-length commercial terms.

From 1 March 2007 to 31 December 2011, KraMZ-Auto entered into various contracts with members of the Group pursuant to which KraMZ-Auto provided various transportation services to transport assets and personnel for such members of the Group. The terms of these contracts vary widely and range from one-off contracts and short-term contracts to long-term contracts but all are under three years except for the following contracts (as far as the year ended 31 December 2011 is concerned):

(i) contract entered into on 1 January 2008 between RUSAL Medical Center LLC and KraMZ-Auto which is automatically renewed each year unless any of the counterparties declares its intention to terminate. The consideration payable for the year ended 31 December 2011 was USD0.002 million; and

(ii) contract entered into on 1 March 2007 between RUSAL Global Management and LLC KraMZ-Auto which may be renewed each year by signing an addendum – the most recent addendum was signed on 15 October 2010 and the term of this contract has been extended until 31 December 2011. The consideration payable for the year ended 31 December 2011 was USD0.044 million.

The above mentioned contracts were initially entered into by the Group companies prior to the Company's listing.

The payment terms of these contracts vary according to the type of transportation service provided and range from single payments to regular fixed payments or regular variable payments.

On 1 April 2011, OJSC Rusal Sayanogorsk, a wholly owned subsidiary of the Company, entered into a transportation contract with OVE, pursuant to which OVE provides transportation services, including the provision of rail transport, delivery of products from Kamyshta Station of OAO RZhD to Aluminievaya Station, dispatching cargos from smelters and provision of railcars for the consideration of approximately USD0.765 million for the year ended 31 December 2011. This contract is for a term less than one year. The consideration is to be paid in cash via wire transfer within 10 working days after the receipt of invoice.

On 16 May 2011, RUSAL Taishet Aluminium Smelter, a wholly owned subsidiary of the Company, entered into a contract with Stroyservice pursuant to which Stroyservice provides transportation services to RUSAL Taishet Aluminium Smelter for the consideration of approximately USD0.123 for the year ending 31 December 2011. The consideration is to be paid in cash via wire transfer within 10 working days after the receipt of the invoice.

On 24 June 2011, RUSAL Achinsk, a wholly owned subsidiary of the Company,- entered into a contract with KraMZ-Auto pursuant to which KraMZ-Auto provides transportation services to transport personnel for RUSAL Achinsk. This contract is for a term from 1 July 2011 to 31 December 2013. The consideration must be paid in cash via wire transfer within 10 working days after the receipt of invoice. The actual monetary value of transportation services for the year ended 31 December 2011 under this contract was nil.

On 29 December 2011, RUSAL Transport Achinsk, a wholly owned subsidiary of the Company, entered into a contract with Achinsk Cement pursuant to which Achinsk Cement provides automobile transportation services to RUSAL Transport Achinsk OJSC. The scheduled termination date of this contract is on 31 December 2012. The consideration must be paid in advance and in cash via wire transfer. The actual monetary value of transportation services for the year ended 31 December 2011 under this contract was nil.

The aggregate consideration for the transportation services provided by the associates of En+, including KraMZ-Auto, Stroyservice, OVE and Achinsk Cement during the year ended 31 December 2011 amounted to USD13.806 million, which was within the maximum aggregate consideration of USD16.67 million for 2011 as disclosed in the announcement dated 28 December 2011.

I. HEAT SUPPLY CONTRACTS

Mr. Vekselberg indirectly holds more than 30% of the issued share capital of each of OJSC Irkutskkabel and OJSC TGK-9. Therefore, each of OJSC Irkutskkabel and OJSC TGK-9 is an associate of Mr. Vekselberg and a connected person of the Company under the Listing Rules. Accordingly, the contracts below constitute continuing connected transactions of the Company from the Listing Date.

Certain subsidiaries of the Company entered into a series of contracts with OJSC Irkutskkabel and OJSC TGK-9, pursuant to which OJSC Irkutskkabel and OJSC TGK-9 supply heat to these subsidiaries. The contracts date from 18 January 2002 and are all for one-year term which are automatically extended every year unless the parties declare an intention to terminate. All contracts were entered into before the listing at government prescribed prices determined by regional tariff authority for each calendar year. Payment terms are varied, but the total consideration is to be paid not later than the month following the month of delivery and is to be satisfied in cash via wire transfer.

The aggregate consideration for the heat supply provided by OJSC Irkutskkabel and OJSC TGK-9 during the year ended 31 December 2011 amounted to USD136.4 million, which was within the maximum aggregate consideration of USD140 million for 2011 as disclosed in the announcement dated 6 September 2011.

J. CONSTRUCTION CONTRACTS

Mr. Deripaska is indirectly interested in more than 30% of each of "Transstroy North-West" LLC, Stroyservice and Bratskenergoremont Closed Joint Stock Company ("**Bratskenergoremont**"). Each of "Transstroy North-West" LLC, Stroyservice and Bratskenergoremont is therefore an associate of Mr. Deripaska and a connected person of the Company under the Listing Rules. Accordingly, the construction contracts between members of the Group on one part and "Transstroy North-West" LLC, Stroyservice or Bratskenergoremont on the other, discussed below, constitute continuing connected transactions for the Company under the Listing Rules.

The prices under each of the construction contracts are determined on an arm's length basis. The consideration was payable in cash via wire transfer. The details of these contracts are set out below:

Contractor	Customer	Date of contract	Construction services	Term of contract	Actual consideration for the year ended 31 December 2011 USD millions (excluding VAT)
"Transstroy North-West" LLC	Boguchansky Aluminium Smelter Construction Organizer	26.09.2011	Construction and assembly works at the Anode rodding shop and Bath processing area of Boguchansky aluminium smelter	15.08.2011 - 16.10.2012	0.592
"Transstroy North-West" LLC	Boguchansky Aluminium Smelter Construction Organizer	26.09.2011	Construction and assembly works at the pot relining shop of the Boguchansky aluminium smelter	15.08.2011 -09.11.2012	0.258
Stroyservice	OJSC RUSAL Sayanogorsk Aluminium Smelter ("**Sayanogorsk Smelter**")	15.03.2011	Reconditioning of buildings and facilities	Up to 31.12.2011	0.628
Stroyservice	Sayanogorsk Smelter	15.06.2011	Reconditioning of administrative and social facilities	Up to 31.12.2011	0.027
Stroyservice	Sayanogorsk Smelter	23.06.2011	Construction and repair operations at Stroitel Stadium in Sayanogorsk	Up to 30.09.2011	0.016
Stroyservice	Sayanogorsk Smelter	17.08.2011	Construction of the "Spent Pot Lining Temporary Storage: Area 2 of RUSAL Sayanogorsk Aluminium Smelter"	Up to 31.12.2011	0.382
Stroyservice	LLC RUSAL Taishet Aluminium Smelter	11.10.2011	Construction and assembly operations at the construction site of Taishet aluminium smelter	Up to 31.12.2011	0.109
Bratskenergoremont	OJSC "RUSAL Bratsk"	07.12.2011	Installation and construction operations within OJSC "RUSAL Bratsk" stud shot blasting area	Up to 30.04.2012	0.070
TOTAL					2.082

The aggregate consideration for the construction services provided by "Transstroy North-West" LLC, Stroyservice and Bratskenergoremont to the Group during the year ended 31 December 2011 amounted to USD2.082 million, which was within the maximum aggregate consideration of USD17.10 million for 2011 as disclosed in the announcement dated 8 December 2011.

(II) The transactions and arrangements summarised below were entered into by members of the Group on or prior to 31 December 2011 and are in relation to transactions for the year ending 31 December 2012 and subsequent years (and not for the year ended 31 December 2011):

A. PURCHASE OF RAW MATERIALS FROM THE ASSOCIATES OF MR. VEKSELBERG AND OF MR. BLAVATNIK FOR PRODUCTION

As discussed above, OJSC Khimprom is an associate of Mr. Vekselberg and thus is a connected person of the Company under the Listing Rules. Accordingly, the transactions entered into between members of the Group as buyers and OJSC Khimprom as seller constitute continuing connected transactions of the Company under the Listing Rules.

On 30 December 2011, UC RUSAL TH, as buyer, entered into a caustic soda supply agreement with OJSC Khimprom, as seller, pursuant to which UC RUSAL TH agreed to purchase and OJSC Khimprom agreed to supply caustic soda in the estimated amount of 19,200 tonnes for the year ending 31 December 2012, for an estimated total consideration of approximately USD9.12 million. The price for the caustic soda under this contract is determined on an arm's length basis. The consideration is to be paid within 30 days from the date of shipment and is to be satisfied in cash via wire transfer.

As discussed above, Energoprom Management is an associate of Mr. Vekselberg and Mr. Blavatnik and thus is a connected person of the Company under the Listing Rules. Accordingly, the transactions entered into between members of the Group as buyers and Energoprom Management as seller constitute continuing connected transactions of the Company under the Listing Rules.

UC RUSAL TH, as buyer, entered into certain raw materials supply agreements with Energoprom Management, as seller, with particulars set out below:

Raw materials to be purchased	Estimated consideration payable for the year ending 31 December 2012 (USD)	Delivery volume for the year ending 31 December 2012	Date of the contract	Duration and extension clause	Payment terms
Carbon and graphite products (electrodes)	18.24 million	5,640 tonnes	10.09.2010 27.12.2011 (addendum for 2012)	Up to 31 December 2012, renewable subject to both parties agree	Upon delivery
Pre-baked anode blocks	26.64 million	30,900 tonnes	23.11.2010 27.12.2011 (addendum for 2012)	Up to 31 December 2012, renewable subject to both parties agree	Within 15 calendar days from the date of shipment
Calcined petroleum coke	32.90 million	135,000 tonnes	10.09.2010 27.12.2011 (addendum for 2012)	Up to 31 December 2012, renewable subject to both parties agree	Within 3 business days upon receiving the pro forma invoices for shipped products

B. PURCHASE OF RAW MATERIALS FROM BCP

As discussed above, BCP is an associate of En+ and thus is a connected person of the Company. Accordingly, the transactions entered into between members of the Group as buyers and BCP as seller constitute continuing connected transactions of the Company under the Listing Rules.

On 23 December 2011, UC RUSAL TH, as the buyer, and BCP, as the seller, entered into a contract pursuant to which UC RUSAL TH agreed to buy and BCP agreed to sell alumina products for the three years ending 31 December 2014. The estimate annual transaction amount is USD104 million for each of the three years ending 31 December 2014. The price for the alumina products under this contract is determined on an arm's length basis. Consideration will be settled in cash via wire transfer, and the preliminary payment for the supply in the current month to be made during the month of supply in the amount of the monthly volume as stated in the contract with the final settlement based on actual supplied volumes of alumina products and actual price to be paid in the following month.

C. SALE OF RAW MATERIALS TO MR. DERIPASKA'S ASSOCIATES

Mr. Deripaska indirectly controls more than 30% of each of LLC "Autocomponent - Group GAZ", LLC KraMZ, OAO Barnaultransmash, BCP, "Glavstroi Ust-Labinsk" Ltd., KraMZ-Auto, Stroyservice, Irkutskenergoremont Closed Joint-Stock Company and Achinsk Cement, and therefore, each of them is an associate of Mr. Deripaska and thus a connected person of the Company according to the Listing Rules. Accordingly, the contracts discussed below constitute continuing connected transactions for the Company under the Listing Rules.

Certain members of the Group (namely UC RUSAL TH, SUAL-Kremniy-Ural LLC, RUSAL Sayanogorsk Aluminium Smelter, RUSAL Bratsk Aluminium Smelter, RUSAL Krasnoyarsk Aluminium Smelter and RUSAL Achinsk) as sellers, entered into the following raw materials supply contracts with particulars set out below. The prices for the raw materials under each of the contracts are determined on an arm's length basis. The consideration will be satisfied in cash via wire transfer.

Date of contract	Buyer (an associate of Mr. Deripaska)	Raw materials to be supplied	Consideration payable for the year ending 31 December 2012 (USD, million)	Delivery volume for the year ending 31 December 2012	Duration and extension clause
22.12.2011	LLC "Autocomponent - Group GAZ"	Silicon	0.72	240 tonnes	Until 31 December 2012 (Note 1)
28.12.2011	Achinsk Cement	Clay from overburden	0.15	104,008 tonnes	Until 31 December 2012 (Note 2)
28.12.2011	Achinsk Cement	Crushed limestone	5.20	914,924 tonnes	Until 31 December 2012 (Note 2)
28.12.2011	Achinsk Cement	Nepheline mud	4.04	655,314 tonnes	Until 31 December 2012 (Note 2)
28.12.2011	Achinsk Cement	Pulverised coal fuel slime	5.09	63,720 tonnes	Until 31 December 2012 (Note 2)

Note 1: The contract will be extended automatically upon expiry but either party can choose not to renew the contract without prior consent of the other party 20 days before the end of contract.

Note 2: Renewable upon the agreement of both parties.

The contracts with particulars listed below as disclosed from page 2 to page 4 of the Company's announcement dated 20 December 2011 have not been entered into by 31 December 2011 but are expected to be entered into during 2012:

- OAO Barnaultransmash as buyer for 10 tonnes of silicon at the consideration of USD0.03 million for the year ending 31 December 2012;
- BCP as buyer for 60 tonnes of granules of high purity aluminium at the consideration of USD0.44 million for the year ending 31 December 2012;
- "Glavstroi Ust-Labinsk" Ltd. as buyer for 140 tonnes of aluminium paste at the consideration of USD0.77 million for the year ending 31 December 2012;
- Achinsk Cement as buyer for 6,000 tonnes of fuel oil at the consideration of USD2.73 million for the year ending 31 December 2012;
- Achinsk Cement as buyer for 6.20 tonnes of diesel fuel at the consideration of USD0.01 million for the year ending 31 December 2012;
- Achinsk Cement as buyer for 255,600 tonnes of coal at the consideration of USD21.80 million for the year ending 31 December 2012; and
- Achinsk Cement as buyer for 120 tonnes of diesel fuel at the consideration of USD0.11 million for the year ending 31 December 2012.

D. SALE OF RAW MATERIALS TO MR. VEKSELBERG'S AND MR. BLAVATNIK'S ASSOCIATES

As discussed above, each of Energoprom Management, OJSC Khimprom and OJSC KUMZ is an associate of Mr. Vekselberg and Mr. Blavatnik and thus is a connected person of the Company. Accordingly, the transactions entered into between members of the Group on one part, and Energoprom Management, OJSC Khimprom or OJSC KUMZ on the other, constitute continuing connected transactions of the Company under the Listing Rules.

On 1 December 2011, SUAL-Kremniy-Ural, a subsidiary of the Company, as seller entered into the sale of silicon agreement with Doncarb Graphite, as buyer, pursuant to which SUAL-Kremniy-Ural agrees to supply and Doncarb Graphite agrees to purchase silicon of up to 10 tonnes and 100 tonnes during the years ending 31 December 2011 and 31 December 2012 respectively, at a total consideration of up to USD30,000 and USD300,000 respectively.

On 27 December 2011 UC RUSAL TH, as seller, entered into a sale of green petroleum coke agreement with Energoprom Management, as buyer, pursuant to which UC RUSAL TH agreed to supply and Energoprom Management agrees to purchase green petroleum coke of up to 180,000 tonnes during the year ending 31 December 2012, at a total consideration of up to USD22.59 million.

On 28 December 2011, UC RUSAL TH, as seller, entered into a sale of silicon agreement with OJSC KUMZ, as buyer, pursuant to which UC RUSAL TH agreed to supply and OJSC KUMZ agreed to purchase silicon of up to 400 tonnes during the year ending 31 December 2012, at a total consideration of up to USD1.2 million.

On 28 December 2011, SUAL-PM-Volgograd Branch of SUAL-PM LLC, a subsidiary of the Company, as seller, entered into a sale of aluminium powder agreement with OJSC Khimprom, as buyer, pursuant to which SUAL-PM-Volgograd Branch of SUAL-PM LLC agreed to supply and OJSC Khimprom agreed to purchase aluminium powder of up to 30 tons during the year ending 31 December 2012, at a total consideration of up to USD0.13 million. Under these contracts, the consideration is to be satisfied in cash via wire transfer.The prices for the sale of raw materials under each of these contracts are determined on an arm's length basis.

The sale of silicon agreement between UC RUSAL TH, as seller, and OJSC Khimprom, as buyer, pursuant to which UC RUSAL TH agreed to supply and OJSC Khimprom agrees to purchase silicon of up to 1,200 tonnes during the year ending 31 December 2012, at a total consideration of up to USD3.6 million, as disclosed on page 2 of the Company's announcement dated 8 December 2011, has not been entered into by 31 December 2011. The sale of aluminium powder agreement between UC RUSAL TH, as seller, and OJSC KUMZ, as buyer, pursuant to which UC RUSAL TH agreed to supply and OJSC KUMZ agreed to purchase aluminium powder of up to 15 tons during the year ending 31 December 2012, at a total consideration of up to USD0.20 million, as disclosed on page 4 of the Company's announcement dated 8 December 2011, has not been entered into by 31 December 2011.

E. TRANSPORTATION CONTRACTS

As discussed above, KraMZ-Auto is an associate of En+ and thus is a connected person of the Company. Accordingly, the transactions entered into between members of the Group on one part, and KraMZ-Auto on the other, constitute continuing connected transactions of the Company under the Listing Rules.

On 30 December 2011 and 31 December 2011, four transportation contracts were entered into between RUS-Engineering Ltd., a subsidiary of the Group, and KraMZ-Auto pursuant to which KraMZ-Auto agreed to provide transportation services to members of the Group. These contracts are for a term of one year. The estimated transaction amount (excluding VAT) for the financial year ending 31 December 2012 is up to USD1.25 million. The consideration is to be paid in cash via wire transfer.

All these transportation contracts are on arms-length commercial terms.

F. HEAT SUPPLY CONTRACTS

The series of heat supply contracts as disclosed in the Company's announcement dated 15 December 2011 have not been entered into by 31 December 2011 but are expected to be entered into during 2012.

11. Agreements subject to change of control provisions

The following finance facilities with the Company contain change of control provisions allowing the lenders under such agreements to cancel their commitments in full and declare all outstanding loans immediately due and payable in the relevant event:

(a) Up to USD4,750 million aluminium pre-export finance term facility agreement dated 29 September 2011 between, among others, the Company as the borrower and BNP Paribas (Swiss) SA as the facility agent - in the event that any person (or persons acting in concert) other than the core shareholder (as defined in the credit facility agreements) has or gains control of the Company. As of 31 December 2011, the outstanding nominal value of debt was USD4,750 million and the final maturity of the debt is September 2018;

(b) USD200 million secured credit facility in favour of Alumina & Bauxite Company Ltd dated 10 November 2006 with Natixis as facility agent and security agent – upon the occurrence of certain events, including where any person or persons other than the shareholders of RUSAL Limited, Queensland Alumina Limited, ALUMINA & BAUXITE COMPANY LTD gains control of those companies. As of 31 December 2011, the outstanding amount under this facility was USD67 million. The USD200 million secured credit facility has been fully repaid on 30 March 2012 and is therefore no longer in force as of the date of the Annual Report.

12. Major customers and suppliers

Large scale end-customers of the Company include Glencore, Mechem SA, Toyota, Alcoa and Rio Tinto Alcan.

The largest customer and the five largest customers of the Group accounted for 30% and 47%, respectively, of the Group's total sales for the year ended 31 December 2011.

The major suppliers of the Company are ENRC Marketing AG with respect to alumina supply, JSC Russian Railways with respect to railway transportation, ZAO CFR and Irkutskenergo with respect to transfer of electricity and power supply and Rio Tinto Aluminium Limited with respect to bauxite and alumina supply.

The amount of purchases from the largest supplier and the five largest suppliers of the Group accounted for 8% and 23%, respectively, of the Group's total cost of sales for the year ended 31 December 2011.

Save for the fact that Glencore is deemed to be interested in 9.02% (long position) and 8.62% (short position) in the total issued share capital of the Company within the meaning of Part XV of the SFO as at 31 December 2011, no Director or their respective associates (as defined in the Listing Rules) or any Shareholders (which to the knowledge of the Directors own more than 5% of the share capital of UC RUSAL) had any disclosable interests in the Group's five largest customers of the primary aluminium or alumina at any time during 2011.

13. Directors

The following individuals served as Directors during the financial year:

Name	Position at year end (unless notes specify otherwise)	Notes
Oleg Deripaska	Chief Executive Officer, executive Director	
Vladislav Soloviev	First Deputy Chief Executive Officer, executive Director	
Petr Sinshinov	Non-executive Director	Re-designated as a non-executive Director with effect from 11 November 2011; re-designated as an executive Director with effect from 17 March 2012
Tatiana Soina	Executive Director	Ceased to be a Director on 16 March 2012
Vera Kurochkina	Executive Director	
Alexander Livshits	Executive Director	
Victor Vekselberg	Chairman and non-executive Director	Ceased to be the Chairman of the Board on 12 March 2012; ceased to be a Director on 16 March 2012
Dmitry Afanasiev	Non-executive Director	
Len Blavatnik	Non-executive Director	
Ivan Glasenberg	Non-executive Director	
Alexander Popov	Non-executive Director	Ceased to be a Director on 24 November 2011
Dmitry Razumov	Non-executive Director	
Anatoly Tikhonov	Non-executive Director	
Artem Volynets	Non-executive Director	
Dmitry Troshenkov	Non-executive Director	Appointed as a Director on 24 November 2011
Barry Cheung Chun-yuen	Independent non-executive Director	Appointed as the Chairman of the Board on 16 March 2012
Peter Nigel Kenny	Independent non-executive Director	
Philip Lader	Independent non-executive Director	
Elsie Leung Oi-sie	Independent non-executive Director	

PARTICULARS OF APPOINTMENTS OF DIRECTORS

A. Executive Directors

Each of the executive Directors has agreed to act as executive Director with effect from their respective dates of appointment, with no fixed term agreed, which may be terminated in accordance with the terms of their respective employment contracts and applicable legislation. The appointment of each executive Director is subject to the provisions of retirement and rotation of Directors under the Articles of Association.

B. Non-executive Directors and independent non-executive Directors

Each of the non-executive Directors and the independent non-executive Directors has signed an appointment letter with the Company with effect from their respective dates of appointment with no fixed term agreed. Appointments of non-executive Directors may be terminated by the non-executive Director by giving one month's notice of termination and/or otherwise in accordance with the Articles of Association. Appointments of independent non-executive Directors may be terminated by the Company or the independent non-executive Director by giving one month's notice of termination and/or otherwise in accordance with the Articles of Association. Each of the non-executive Directors and the independent non-executive Directors is entitled to a fixed director's fee. The appointment of each non-executive Director and independent non-executive Director is subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Paragraph A.4.1 of the CG Code provides that non-executive Directors should be appointed for a specific term, subject to re-election, and paragraph A.4.2 provides that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least every three years. The Company has addressed these requirements by including Article 24.2 of the Articles of Association which provides that if any Director has at the start of the annual general meeting been in office for three years or more since his last appointment or re-appointment, he shall retire at the annual general meeting. As such, it is possible that a Director may be in office for more than three years depending upon the timing of the relevant annual general meeting.

There are no service contracts with any Directors who are proposed for re-election at the general meeting that are not able to be terminated within one year without payment of compensation (other than statutory compensation).

C. Confirmation of Independence

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

D. Re-designation of Director

On 11 November 2011, Mr. Petr Sinshinov, who was an executive Director of the Company, was re-designated as a non-executive Director. Mr. Sinshinov was then re-designated as an executive Director of the Company with effect from 17 March 2012.

E. Change of particulars of Directors

Mr. Barry Cheung Chun-yuen was elected as the Chairman of the Board with effect from 16 March 2012.

Mr. Dmitry Razumov became a director of Renaissance Capital Investments Limited since 8 March 2012.

Mr. Philip Lader ceased to be a director of RAND Corporation in April 2011.

Mr Ivan Glasenberg resigned as a director of Minara Resources Limited in November 2011.

F. Resignation of Directors

Mr. Alexander Popov resigned as a non-executive Director of the Company with effect from 24 November 2011 due to other business engagements.

Ms. Tatiana Soina resigned as an executive Director of the Company with effect from 16 March 2012 due to other business commitments.

Mr. Victor Vekselberg resigned as the Chairman of the Board with effect from 12 March 2012 and as a non-executive Director of the Company with effect from 16 March 2012 due to various reasons as mentioned in the Company's announcement dated 13 March 2012.

G. Appointment of Directors

Mr. Dmitry Troshenkov was appointed as a non-executive Director of the Company with effect from 24 November 2011.

Mr. Maxim Sokov was appointed as an executive Director of the Company with effect from 16 March 2012.

Mr. Maksim Goldman was appointed as a non-executive Director of the Company with effect from 16 March 2012.

H. Changes to the composition of the Audit Committee

Mr. Alexander Popov resigned as a member of the Audit Committee of the Company with effect from 24 November 2011. Mr. Dmitry Troshenkov was appointed as a member of the Audit Committee of the Company with effect from 24 November 2011.

14. Directors' and Chief Executive Officer's interests in Shares and in shares of associated corporations of UC RUSAL

As at 31 December 2011, the interests and short positions of the Directors and Chief Executive Officer in the Shares, underlying Shares and debentures of UC RUSAL and its associated corporations (within the meaning of Part XV of the SFO), which have been notified to UC RUSAL and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and Chief Executive Officer are taken or deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise required to be notified by the Directors to UC RUSAL and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules (as incorporated by the Company in its "Codes for Securities Transactions" for further information, please refer to the Corporate Governance Report) were as set out below.

INTERESTS IN SHARES

Name of Director/Chief Executive Officer	Capacity	Number of Shares as at 31 December 2011	Percentage of issued share capital as at 31 December 2011
Oleg Deripaska	Beneficiary of a trust *(Note 1)*	7,202,910,267(L)	47.41%
	Beneficial owner *(Note 2)*	34,539,532(L)	0.23%
	TOTAL	**7,237,449,799(L)**	**47.64%**
Viktor Vekselberg	Beneficiary of a trust *(Note 3)*	3,710,590,137(L)	24.42%
Artem Volynets	Beneficial owner	2,807,917(L)	0.02%
Vera Kurochkina	Beneficial owner *(Note 2)*	286,862(L)	0.002%
Tatiana Soina	Beneficial owner *(Note 2)*	313,449(L)	0.002%
Vladislav Soloviev	Beneficial owner *(Note 2)*	262,326(L)	0.002%
Petr Sinshinov	Beneficial owner *(Note 2)*	163,095(L)	0.001%
Alexander Livshits	Beneficial owner *(Note 2)*	68,101(L)	0.0004%

(L) Long position
Notes – see notes on page 95.

INTERESTS IN THE SHARES OF ASSOCIATED CORPORATIONS OF UC RUSAL

As at 31 December 2011, Mr. Oleg Deripaska, the Chief Executive Officer and an executive Director of UC RUSAL, had disclosed interests in the shares of a number of associated corporations (within the meaning of Part XV of the SFO) of UC RUSAL, the details of which are set out in the "Disclosure of Interests" section on the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

INTERESTS AND SHORT POSITIONS IN UNDERLYING SHARES AND IN THE UNDERLYING SHARES OF THE ASSOCIATED CORPORATIONS OF UC RUSAL

Name of Director/ Chief Executive Officer	Capacity	Number of underlying Shares as at 31 December 2011	Percentage of issued share capital as at 31 December 2011
Oleg Deripaska	Beneficiary of a trust (Note 1)	3,066,435,341(L) *(Note 7)*	20.18%
	Beneficial owner	1,669,065 (L) *(Note 8)*	0.01%
	TOTAL	**3,068,104,406 (L)**	**20.19%**
Viktor Vekselberg	Beneficiary of a trust (Note 3)	354,230,862(S) *(Note 7)*	2.33%
Vera Kurochkina	Beneficial owner	283,477(L) *(Note 8)*	0.002%
Tatiana Soina	Beneficial owner	562,619 (L) *(Note 8)*	0.004%
Vladislav Soloviev	Beneficial owner	1,049,303 (L) *(Note 8)*	0.007%
Petr Sinshinov	Beneficial owner	652,379 (L) *(Note 8)*	0.004%
Alexander Livshits	Beneficial owner	272,405 (L) *(Note 8)*	0.002%

(L) Long position
(S) Short position
Notes – see notes on page 95.

Other than as disclosed, as at 31 December 2011, no Director or the Chief Executive Officer had any interest or short position, whether beneficial or non-beneficial, in the Shares or underlying Shares (including options) and debentures of the Company or in any of its associated corporations (within the meaning of Part XV of the SFO).

15. Directors' interests in businesses that may compete with the Company

Messrs Deripaska, Volynets and Soloviev, Messrs Vekselberg and Blavatnik and Mr. Glasenberg are interested in and/or are directors of En+, SUAL Partners and Glencore respectively, being businesses which compete or are likely to compete, either directly or indirectly, with the Company. The summary below provides a description of these businesses, as well as facts demonstrating that UC RUSAL is capable of carrying on its own business independently of and at arm's length from these businesses.

Please note, in considering whether the Board and senior management of the Company are independent from the senior management of each of En+, SUAL Partners and Glencore, the Directors have taken into account the following general reasons, as well as the specific reasons applicable to each of En+, SUAL Partners and Glencore:

(a) the Board consists of eighteen Directors, comprising six executive Directors, eight non-executive Directors and four independent non-executive Directors;

(b) the decision-making mechanism of the Board set out in the Articles of Association provides that in the event of a conflict of interest or duty, all Directors with a conflicting interest shall abstain from voting when a conflicted resolution is to be discussed and voted on;

(c) the Board has four independent non-executive Directors with extensive corporate governance and financial experience and is able to review, enhance and implement measures to manage any conflict of interests between the businesses in which the Director have interests and the Group in order to protect minority shareholders' interests and to manage the affairs of the Group independently of the businesses in which the Directors have interests that may compete with the Company. The independent non-executive Directors make recommendations on the entering into of connected transactions by the Company. A committee of the independent non-executive Directors will make recommendations to the independent shareholders on how to vote for any resolution relating to future connected transactions pursuant to the Listing Rules' requirements; and

(d) all connected transactions which are subject to reporting and announcement requirements under the Listing Rules have to be reviewed by the Audit Committee before they are approved by the Board.

In respect of each specific relevant business:

A. EN+

En+ is a limited liability company incorporated under the laws of Jersey with its registered office at Ogier House, The Esplanade, St. Helier, Jersey, Channel Islands, JE4 9WG. En+ is ultimately controlled by one of its beneficial owners Mr. Oleg Deripaska, who indirectly holds 91% of the shares in En+.

En+'s strategy is to focus on businesses with mining expertise, including in relation to the extraction of raw materials for energy production, electricity generation and the production of non-ferrous metals. En+ specialises in metals that require high energy consumption and then look for synergies between its energy producing and energy consuming businesses.

En+'s origins lie in its core business of aluminium production. Apart from being the Company's Controlling Shareholder, En+ also owns CEAC which operates an aluminium smelter and bauxite mine in Montenegro.

Independence from En+

Having considered all relevant factors, including the following, the Directors are satisfied that the Group can conduct its business independently of En+:

Independence of the Board and the Group's Senior Management from the Senior Management of En+

The Board currently comprises a majority of non-executive Directors due to a historical arrangement between En+, SUAL Partners, Glencore and Onexim, pursuant to which they are each entitled to nominate a certain number of candidates for appointment as Directors. As at the year end, nine of the Directors were nominated by En+, three of which Directors are also directors of En+. The majority of the overlapping Directors at year end, namely Messrs. Deripaska and Soloviev, were executive Directors of the Company (with Mr. Volynets being the only non-executive Director) and all held non-executive directorships in En+, apart from Mr. Volynets who was an executive director of En+. Mr. Sinshinov, being a non-executive Director as at the year end, resigned from the En+ board of directors with effect from 28 April 2011. All have been elected on the basis of their qualifications and breadth of experience, as set out in more detail in the "Profiles of Directors and Senior Management" section. The Company's non-executive Directors attend Board meetings and provide guidance to and decide on the Company's important matters. Certain of the non-executive Directors also sit on the committees of the Board and are responsible for the matters related to such committees.

For the general reasons stated above, the Directors are of the view that the Group is able to operate independently from En+, notwithstanding the fact that nine Directors are nominated by EN+, and that the CEO and the First Deputy Chief Executive Officer are also directors of En+, because the Group's day-to-day operations are managed by six executive Directors together with our senior management team. All non-Board members of our senior management are independent of and not connected with En+. Mr. Deripaska devotes approximately 80% of his time to the Group.

Based on the above, the Board is satisfied that the Board as a whole, together with our senior management team, are able to perform their managerial role in the Group independently.

Operational Independence

The Group has full control of its assets and its businesses, and operates as a business group which is separate from and fully independent of En+.

The Group has, as disclosed under the section entitled "Connected Transactions" of this Annual Report, entered into contracts with companies controlled by Mr. Deripaska for the purchase of electricity, and may continue to do so in the future.

As aluminium production is energy intensive, access to relatively inexpensive Siberian hydropower is central to the competitive strategy of the Group. However, notwithstanding the volume of such purchases from companies owned and controlled by Mr. Deripaska and the importance of electricity costs to the production activities of the Group, the Company does not consider that it is, as a consequence, overly reliant on Mr. Deripaska for the following reasons:

(a) the Group has access to alternative sources of electricity as the Group's Russian smelters are connected to the Russian power grid, meaning that electricity supplies can be obtained from various power plants, all of which are also connected to the grid. These supplies are available to the Group at market prices;

(b) the Group purchases electricity in accordance with the Wholesale Electricity Market Rules at contract prices in accordance with direct sale-purchase agreements with suppliers (both related or unrelated to the Controlling Shareholder) and/or at market prices for electricity sold on the market irrelative to the particular supplier. In 2011, the overall share of electricity purchased by the Group aluminum plants from the suppliers related to the Controlling Shareholder did not exceed 53%. The Group has an option of switching to suppliers unrelated to the Controlling Shareholder including by purchasing electricity on the Wholesale Electricity Market, though there would be certain price impact;

(c) none of the contracts is in take-or-pay format;

(d) even with the reduced to zero proportion of each supply contract which is subject to regulated tariffs in accordance with existing regulations in Russia, the Group is currently already a very large volume user with significant negotiating power in the Russian power market. In 2011, the Group has consumed approximately 30% of the power generated in Siberia; and

(e) the power plants owned or controlled by Mr. Deripaska are located in remote regions where there are a limited number of large volume users located in proximity to such plants. Sales to distant users would involve significant transmission losses and, because Siberia is a surplus energy producer, the result is that these plants are more reliant on the customer than vice versa.

Financial Independence

The Group's financial auditing system is independent from En+ and employs a sufficient number of dedicated financial accounting personnel responsible for financial auditing of the Group's accounts. The Company has independent bank accounts and independent tax registration.

The Group's treasury operations are handled by the Company's treasury department, whose functions include financing, treasury and cash management and which operates independently from En+ and shares no functions or resources with En+.

The Group's choice of financial institutions is mainly based on the credit standing of the institutions and the terms offered by them.

As at the year end, En+ had not provided any security and/or guarantee over the Group's borrowings save that it, together with Onexim, SUAL Partners and Glencore proportionately to their holdings of Shares, had provided a pledge over 5% of the Shares in favour of VEB as more fully described in section 17 (Share Pledges) below, which was discharged in full in October 2011.

As a result of the above analysis, the Directors believe that the Group is able to maintain financial independence from En+.

Extent of Competition

The only En+ businesses which compete with or are likely to compete with the Group's business, either directly or indirectly, are those excluded businesses described below. However, by reason of the nature of such excluded businesses and the clear delineation between the Group's business and such excluded business, the Group is fully capable of carrying on its business independently of and at arm's length from such excluded business.

There is no real competitive threat to the Group's business from the excluded business and there is no intention for the Company to acquire such excluded business.

Mr. Deripaska owns CEAC (which operates an aluminium smelter in Montenegro called KAP and a bauxite mine called Rudnic Boxita Niksic which supplies raw material for external customers). One of CEAC's assets is KAP, based in Montenegro, which manufactures primary aluminium. CEAC employs more than 1,700 people and produces 90 thousand tonnes of aluminium annually. KAP's main suppliers are the electricity company of Montenegro, the Port of Bar and Montenegro Railways. KAP's largest customers are aluminium traders (KAP sells most of its aluminium into the market at LME based prices).

Mr. Deripaska also owns the KraMZ group of companies. The KraMZ plant was opened in the 1960s and currently employs in excess of 3,200 individuals. In 2010, the KraMZ plant produced approximately 128 thousand tonnes of semi-finished aluminium alloys and extrusion products. Most of the KraMZ plant's raw materials (principally aluminium) are purchased from companies within the Group (primarily KrAZ). KraMZ's main customers are industrial customers located within Russia and abroad that purchase aluminium rods, profiles, tubes and cast aluminium alloys.

In addition, Mr. Deripaska is a beneficial owner of DOZAKL, one of Russia's manufacturers of aluminium composite tape. The DOZAKL plant was established in 1972 and currently employs more than 340 individuals. It manufactures composite aluminium tape (Lamister, Alumopolyethylene), anodised sheet and strip for composite panels, strip for soft food cans and aluminium strips for lamplight reflectors and lath ceilings in Russia and the CIS. DOZAKL purchases most of its raw materials (principally aluminium coil) from the Group's foil mills and on market. DOZAKL's main customers are industrial customers located within Russia and the CIS.

KraMZ and DOZAKL are focused on the downstream market for aluminium products, and not the upstream market on which the Group has taken a strategic decision to focus. As a result, a decision was taken not to include them in the Group at the time of the 2007 merger that formed the Group because they do not fit the Group's strategic profile, which is to focus on more profitable upstream businesses. CEAC is a geographically isolated producer of aluminium and would not be of interest to the Group due to its relatively high cost structure and certain privatisation obligations.

The Company does not consider the above operations to pose any real competitive threat due to their small size, limited geographical reach and focus on the downstream segment, which is not part of the Company's business strategy.

B. SUAL PARTNERS

SUAL Partners is a limited liability company incorporated under the laws of the Bahamas whose registered office is at 2nd Terrace West, Centreville, Nassau, Commonwealth of the Bahamas. SUAL Partners is beneficially owned by a number of individuals, with Mr. Viktor Vekselberg and Mr. Len Blavatnik together being the controlling shareholders of SUAL Partners. SUAL Partners is a holding company that holds interests in UC RUSAL and a separate kitchenware and houseware business.

The Group has, as disclosed under the section entitled "Connected Transactions" of this Annual Report, entered into contracts with companies controlled by SUAL Partners for aluminium sales, and may continue to do so in the future. These aluminium sales contracts have been entered into as part of the ordinary course of business and pursuant to antimonopoly requirements to supply aluminium to Russian producers.

Independence from SUAL Partners

Having considered all relevant factors, including the following, the Group is satisfied that it can conduct its business independently of SUAL Partners:

Independence of the Board and the Group's Senior Management from the Senior Management of SUAL Partners

For the general reasons stated above, the Directors are of the view that the Group is able to operate independently from SUAL Partners notwithstanding that two Directors are also directors of SUAL Partners because the Group's day-to-day operations are managed by six executive Directors who are independent of and not connected with SUAL Partners and the senior management team, who are all independent of and not connected with SUAL Partners.

Based on the above, the Board is satisfied that the Board as a whole, together with the senior management team, are able to perform their managerial role in the Group independently.

Operational Independence

The Group has full control of its assets and its businesses, and operates as a business group which is separate from and fully independent of SUAL Partners.

Financial Independence

The Group's financial auditing system is independent from SUAL Partners and employs a sufficient number of dedicated financial accounting personnel responsible for financial auditing of the Group's accounts. The Company has independent bank accounts and independent tax registration.

The Group's treasury operations are handled by the Company's treasury department, whose functions include financing, treasury and cash management and which operates independently from SUAL Partners and shares no functions or resources with SUAL Partners.

The Group's choice of financial institutions is mainly based on the credit standing of the institutions and the terms offered by them.

As at the year end, SUAL Partners had not provided any security and/or guarantee over the Group's borrowings save that it, together with Onexim, En+ and Glencore proportionately to their holdings of Shares, had provided a pledge over 5% of the Shares in favour of VEB as more fully described in section 17 (Share Pledges) below, which was discharged in full in October 2011.

As a result of the above analysis, the Directors believe that the Group is financially independent from SUAL Partners.

Extent of Competition

The Board is of the opinion that SUAL Partners is not a competitor of the Company.

C. GLENCORE

Amokenga Holdings is a company incorporated in Bermuda whose registered office is at 22 Victoria Street, Canon's Court, Hamilton, HM12, Bermuda. Amokenga Holdings is ultimately controlled by Glencore, which is a public company listed on the London Stock Exchange, with a secondary listing on the Hong Kong Stock Exchange. No individual shareholder controls more than 20% of the share capital of Glencore. Glencore directly or indirectly employs over 2,700 people worldwide in its marketing operations in some 50 offices in over 40 countries. In its industrial operations it directly or indirectly employs over 54,800 people in 30 countries.

Mr. Glasenberg is a shareholder, director and chief executive officer of Glencore, whose principal business is the production and trading of commodities including aluminium. Mr. Glasenberg is a non-executive Director of the Company and is also a member of the Corporate Governance and Nomination Committee and the Standing Committee. As he is not an executive Director, he does not participate in the day-to-day management of the Company, and accordingly is not involved in the daily operations of the aluminium trading division and so does not have access to confidential contracts entered into by that division. Notwithstanding that his role on the Board as a non-executive Director does not require his involvement in the day-to-day management of the Company, this does not preclude Mr. Glasenberg from fulfilling his fiduciary duties. In case Mr. Glasenberg has a conflicting interest, pursuant to the Articles of Association, he shall abstain from voting at Board meetings when a conflicted resolution is to be discussed and voted on, subject to certain exceptions.

When the Group acquired certain of the alumina businesses of Glencore in late March 2007, it became subject to a contract for the supply of alumina to Glencore that continued through 2008, in declining amounts. The Group sold to Glencore approximately 40% and 27% of its excess alumina in monetary terms in 2010 and 2011, respectively. The Company also has long term supply contracts with Glencore for alumina and primary aluminium, and Glencore was the Group's largest customer of alumina and primary aluminium in the financial year, accounting for approximately 30% of the Group's sales of primary aluminium.

Independence from Glencore

Having considered all relevant factors, including the following, the Group is satisfied that it can conduct its business independently of Glencore:

Independence of the Board and the Group's Senior Management from the Senior Management of Glencore

For the general reasons stated above, the Directors are of the view that the Group is able to operate independently from Glencore notwithstanding that one Director is also a director of Glencore because the Group's day-to-day operations are managed by six executive Directors who are independent of and not connected with Glencore and the senior management team, who are all independent of and not connected with Glencore.

Based on the above, the Board is satisfied that the Board as a whole, together with the senior management team, are able to perform their managerial role in the Group independently.

Operational Independence

The Group has full control of its assets and its businesses, and operates as a business group which is separate from and fully independent of Glencore.

Financial Independence

The Group's financial auditing system is independent from Glencore and employs a sufficient number of dedicated financial accounting personnel responsible for financial auditing of the Group's accounts. The Company has independent bank accounts and independent tax registration.

The Group's treasury operations are handled by the Company's treasury department, whose functions include financing, treasury and cash management and which operates independently from Glencore and shares no functions or resources with Glencore.

The Group's choice of financial institutions is mainly based on the credit standing of the institutions and the terms offered by them.

As at the year end, Glencore had not provided any security and/or guarantee over the Group's borrowings save that it, together with Onexim, En+ and SUAL Partners proportionately to their holdings of Shares, had provided a pledge over 5% of the Shares in favour of VEB as more fully described in section 17 (Share Pledges) below, which was discharged in full in October 2011.

As a result of the above analysis, the Directors believe that the Group is financially independent from Glencore.

Extent of Competition

Glencore and its subsidiaries are involved in the production of primary aluminium. Glencore and its subsidiaries also participate in the marketing of both aluminium and alumina from world markets as well as from its owned industrial assets. Glencore's subsidiaries own 100% of the Columbia Falls aluminium smelter, 100% of the Sherwin Alumina Refinery and have an interest of 46.4% of Century Aluminium Company, a NASDAQ-quoted company whose assets include: the Ravenswood aluminium smelter, a 49.67% equity interest in the Mt. Holly aluminium smelter, a 100% equity interest in the Hawesville aluminium smelter and a 100% equity interest in the Grundartangi aluminium smelter. Consequently, Glencore competes with the Group as an aluminium producer. Glencore, in its business of production and trading, is also a customer of the Group and an aluminium producer.

16. Substantial Shareholders' Interests

As at 31 December 2011, so far as the Directors are aware, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO and of article L.233-7 of the French Commercial Code:

Interests and short positions in Shares

Name of Shareholder	Capacity	Number of Shares held as at 31 December 2011	Percentage of issued share capital as at 31 December 2011
Oleg Deripaska	Beneficiary of a trust (Note 1)	7,202,910,267(L)	47.41%
	Beneficial owner (Note 2)	34,539,532(L)	0.23%
	TOTAL	7,237,449,799(L)	47.64%
Fidelitas Investments Ltd. *(Note 1)*	Interest of controlled corporation	7,202,910,267(L)	47.41%
B-Finance Ltd. *(Note 1)*	Interest of controlled corporation	7,202,910,267(L)	47.41%
En+ *(Note 1)*	Beneficial owner	7,202,910,267(L)	47.41%
Viktor Vekselberg *(Note 3)*	Beneficiary of a trust	3,710,590,137(L)	24.42%
TCO Holdings Inc. *(Note 3)*	Interest of controlled corporation	3,710,590,137(L)	24.42%
TZ Columbus Services Limited *(Note 3)*	Trustee (other than a bare trustee)	3,710,590,137(L)	24.42%
Renova Holding Limited *(Note 3)*	Interest of controlled corporation	3,710,590,137(L)	24.42%
Renova Metals and Mining Limited *(Note 3)*	Interest of controlled corporation	3,710,590,137(L)	24.42%
SUAL Partners *(Note 3)*	Beneficial owner	2,400,970,089(L)	15.80%
	Other	1,309,620,048(L)	8.62%
	TOTAL	3,710,590,137(L)	24.42%
Mikhail Prokhorov *(Note 4)*	Interest of controlled corporation	2,586,499,596(L)	17.02%
Onexim Group Limited *(Note 4)*	Interest of controlled corporation	2,586,499,596(L)	17.02%
Onexim *(Note 4)*	Beneficial owner	2,586,499,596(L)	17.02%
Glencore International plc *(Note 5)*	Beneficial owner	1,328,988,048(L)	8.75%

(L) Long position

Notes – see notes on page 95.

Interests and short positions in underlying Shares

Name of Shareholder	Capacity	Number of underlying Shares as at 31 December 2011	Percentage of issued share capital as at 31 December 2011
Oleg Deripaska (Note 1)	Beneficiary of a trust	3,066,435,341(L)(Note 7)	20.18%
	Beneficial owner	1,669,065 (L)(Note 8)	0.01%
	TOTAL	3,068,104,406 (L)	20.19%
Fidelitas Investments Ltd. (Note 1)	Interest of controlled corporation	3,066,435,341 (L)(Note 6)	20.18%
B-Finance Ltd. (Note 1)	Interest of controlled corporation	3,066,435,341 (L)(Note 6)	20.18%
En+ (Note 1)	Beneficial owner	3,066,435,341 (L)(Note 6)	20.18%
Viktor Vekselberg (Note 3)	Beneficiary of a trust	354,230,862(S)(Note 7)	2.33%
TCO Holdings Inc. (Note 3)	Interest of controlled corporation	354,230,862(S)(Note 6)	2.33%
TZ Columbus Services Limited (Note 3)	Trustee (other than a bare trustee)	354,230,862(S)(Note 6)	2.33%
Renova Holding Limited (Note 3)	Interest of controlled corporation	354,230,862(S)(Note 6)	2.33%
Renova Metals and Mining Limited (Note 3)	Interest of controlled corporation	354,230,862(S)(Note 6)	2.33%
SUAL Partners (Note 3)	Beneficial owner	354,230,862(S)(Note 6)	2.33%
Glencore International plc (Note 5)	Beneficial owner	41,807,668(L)(Note 6)	0.28%
		1,309,620,048(S)(Note 6)	8.62%

(L) Long position
(S) Short position

(Note 1) These interests were directly or beneficially held by En+. Based on the information provided by Mr. Deripaska, Mr. Deripaska was the founder, trustee and a beneficiary of a discretionary trust which, as at 31 December 2011, held 100% of the share capital of Fidelitas Investments Ltd., which, as at 31 December 2011, held 100% of the share capital of B-Finance Ltd. As at 31 December 2011, B-Finance Ltd. held 70.35% of the share capital of En+. Each of B-Finance Ltd., Fidelitas Investments Ltd. and Mr. Deripaska were deemed to be interested in the Shares and underlying Shares held by En+ by virtue of the SFO as at 31 December 2011.

(Note 2) All or some of these Shares represent the share awards which were granted under the long-term share incentive plan of the Company and were vested on 21 November 2011. For details, please refer to Note 10 to the consolidated financial statements for the year ended 31 December 2011.

(Note 3) These interests and short positions were directly held by SUAL Partners. SUAL Partners is controlled as to 35.84% by Renova Metals and Mining Limited, which is in turn wholly-owned by Renova Holding Limited. Renova Holding Limited is controlled by TZ Columbus Services Limited as to 100% under a trust and TZ Columbus Services Limited acts as trustee of the trust and is, in turn wholly-owned by TCO Holdings Inc. Mr. Vekselberg is the sole beneficiary of the relevant trust. Each of Renova Metals and Mining Limited, Renova Holding Limited, TZ Columbus Services Limited, TCO Holdings Inc. and Mr. Vekselberg is deemed to be interested in the Shares held by SUAL Partners by virtue of the SFO.

(Note 4) These interests were directly held by Onexim. Onexim is wholly-owned by Onexim Group Limited, which is beneficially owned by Mikhail Prokhorov. Each of Onexim Group Limited and Mikhail Prokhorov is deemed to be interested in the Shares held by Onexim.

(Note 5) Amokenga Holdings Ltd. directly holds the relevant interests in the Company, and is wholly-owned by Glencore Finance (Bermuda) Ltd. which is, in turn, wholly-owned by Glencore Group Funding Limited. Glencore Group Funding Limited is wholly-owned by Glencore International AG, which is wholly-owned by Glencore International plc. In light of the fact that Glencore International plc, Glencore International AG, Glencore Group Funding Limited and Glencore Finance (Bermuda) Ltd. (together, the "Glencore Entities") directly or indirectly control one-third or more of the voting rights in the shareholders' meetings of Amokenga Holdings Ltd., in accordance with the SFO, the interests of Amokenga Holdings Ltd. are deemed to be, and have therefore been included in the interests of the Glencore Entities.

(Note 6) These underlying Shares represent physically settled unlisted derivatives.

(Note 7) These underlying Shares represent unlisted physically settled options.

(Note 8) These underlying Shares represent the share awards which were granted but not yet vested under the long-term share incentive plan of the Company.

As of the date of this Annual Report, no shareholders notified the Company of their change in ownership of the share capital or voting rights in application of article L.233-7 of the French Commercial Code.

None of the Major Shareholders have or will have different voting rights attached to the Shares they hold in the Company.

17. Share pledges

As of the date of this Annual Report, En+ has provided security over a total of approximately 14.98% of the outstanding Shares in favour of VTB Capital plc ("VTB") pursuant to a secured term facility. If En+ were to default under the terms of the secured term facility, VTB may have the right to exercise its security and sell the secured Shares. If such a sale were to occur, it would very likely result in a reduction in the level of ownership of the Shares by the "core shareholder" (as such term is defined in the PXF Facility Agreement) of the Company. However, it should be noted that this would not automatically result in another person (other than the core shareholder) obtaining control over the Company, as the core shareholder would still, based on its shareholding at today's date, hold more than 30% of the remaining Shares and accordingly such sale of the Shares would be unlikely to trigger the change of control provisions in the PXF Facility Agreement.

Following the termination in October 2011 of VEB's guarantee securing the Company's obligations under the USD4,583 million facility that it had entered into with Sberbank on 30 September 2010, 5% of the Shares previously secured by the Major Shareholders in favour of VEB, pursuant to the guarantee arrangement with VEB, were released. As of 31 December 2011, the Group's debt was not secured by any pledge of, or security over, Shares.

18. Pre-emptive rights

There are no applicable statutory pre-emption rights which apply to the Company and there are no restrictions on the exercise of voting rights or share transfers included in the Articles of Association. There are, however, certain restrictions and preferential terms and conditions relating to sales and acquisitions of certain Shares held by the Major Shareholders (see section 8 of the Directors' Report - Shareholders' agreements).

19. Emolument policy

There are no arrangements under which a Director has waived or agreed to waive any emoluments due by the Group.

The aggregate remuneration that the Directors have received (including fees, salaries, discretionary bonus, contributions to defined contribution benefit plans (including pension), housing and other allowances, and other benefits in kind) for the financial year was approximately USD26.7 million. Additional information on the remuneration of the Directors and the individuals with the highest emoluments can be found in notes 10 and 11 to the consolidated financial statements.

The Company does not have any agreements in place providing for indemnities to Directors in case of dismissal without cause or in case of tender offer, other than in relation to an obligation to pay unpaid salaries and expenses at termination of employment. The Company has agreements in place with several of its employees that provide for indemnities in case of dismissal without cause.

Basis for Compensation of Directors and Senior Management

Remuneration policies of UC RUSAL are considered by the Remuneration Committee on the basis of an employee's qualifications and performance, as well as the complexity of his or her job. Wages for each employee are generally reviewed annually and revised in accordance with a performance assessment and local labour market conditions. The following was approved by the Board, on the recommendation of the Remuneration Committee in relation to the compensation of the non-executive Directors, CEO and certain members of senior management and other employees:

A. NON-EXECUTIVE DIRECTORS

1 ***Non-executive Chairman***

The Chairman was entitled to receive a chairman's fee of USD400,000 per annum during the last financial year.

2 ***Non-executive Directors***

(a) Commencing on 27 January 2010, all non-executive Directors were entitled to receive a GBP120,000 fee per annum; those non-executive Directors who were employed or retained by En+, SUAL Partners, Glencore and Onexim were expected to consult with those entities as to whether the Directors, as individuals, may retain such fees or whether such fees should be paid to their respective employing entities.

(b) Each non-executive Director was entitled to receive additional fees for committee assignments at the rate of GBP15,000 per annum for acting as the chairman and GBP10,000 per annum for participating as a member.

B. CHIEF EXECUTIVE OFFICER

From 27 January 2010, the CEO's annual compensation has comprised the following:

(a) USD2 million per annum base salary, paid monthly;

(b) STIP: a performance-linked cash payment within 30 days after the Audit Committee's approval of entire-year audited consolidated financial statements for the previous year, in the potential amount of 200% of base salary, to be decided on the basis of the Remuneration Committee's specific criteria;

(c) LTIP: all such awards, based strictly on the 12-month share price appreciation, comprising:
  (i) 50% of the LTIP Award for certain Award Period shall vest annually in equal amounts over three years with no performance conditions other than continued employment; and
  (ii) 50% of the LTIP Award for certain Award Period shall vest in three equal tranches over three years, subject to CEO's continued employment and each of such subsequent year's substantial achievement of that prior year's Business Plan, and such LTIP Award with each tranche to be released after a further two-year holding period from the date of vesting and subject to continued employment throughout such period.

The quantum of the LTIP award will be based strictly on share price appreciation compared with a comparator group of 6 to 15 global, public, complex and (though not exclusively) extractive-industry companies' share price movements.

No emoluments have been paid to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office during the years presented.

C. LTIP

On 11 May 2011, the Board adopted the LTIP, in which eligible participants (being employees of the Group) may be entitled to participate. From the pool of eligible participants, the Board may, in its discretion, select employees for participation in the LTIP. The number of shares to be awarded to a selected employee will be determined by the Company on the "Award Date" (as it is determined in the LTIP Rules). Unless otherwise determined by the Board, in its sole discretion, and with the exception of the vesting of the CEO's LTIP Award, the awarded shares and related compensation for the particular award period ("LTIP Award") that are transferable to a selected employee will vest in that selected employee in instalments (which each comprises 20% of the total LTIP Award), over a five year period (each a "Tranche"), provided that:

– the selected employee remains an employee at all times following the Award Date and on each of the LTIP Award vesting dates; and
– the first Tranche of each LTIP Award will vest on the vesting date during the calendar year immediately following the award period for which such LTIP Award is awarded.

During 2011, some 14,603,764 Shares were granted under the LTIP, with a fair value of USD11 million. The first Tranche of awarded shares vested in November 2011, comprising 3,254,566 Shares, with a corresponding value of USD5 million (calculated as of the date that the Board approved the LTIP).

Ogier Employee Benefit Trustee Limited, as trustee of the United Company RUSAL Plc Employee Benefit Trust and the LTIP ("Trustee"), purchased 2,775,000 Shares and 479,566 Shares on 11 and 12 October 2011, respectively, pursuant to the LTIP. As at 31 December 2011, the Trustee had acquired a total of 3,254,566 Shares pursuant to the LTIP, with a nominal value of USD0.01 per share. The purchased Shares represent approximately 0.0214% of the Company's issued share capital as at 31 December 2011 and the date of this Annual Report.

The average price paid for the Shares was approximately USD0.896 per share, in addition to trading fees totaling approximately USD3,000.

As at 31 December 2011 and the date of this Annual Report, none of the Shares acquired pursuant to the LTIP have been sold or transferred to the grantees; all vested Shares continuing to be held by the Trustee for the benefit of the grantees.

20. Pension schemes

Information on the Company's pension schemes is set out in note 27(a) to the consolidated financial statements.

21. Sufficiency of public float

The Hong Kong Stock Exchange has granted the Company a waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules to accept a lower public float percentage of the Company of the higher of: (i) 10% of the Shares, and (ii) the percentage of public shareholding that equals HK$6 billion at the Listing Date, as the minimum percentage of public float of the Company. From the information publicly available to the Company and within the knowledge of the Directors as at the date of this Annual Report, the Company has sufficiently maintained the abovementioned public float.

22. Auditors

The consolidated financial statements have been audited by KPMG and ZAO KPMG as joint auditors who, having served for the whole of the financial year, retire and, being eligible, offer themselves for re-appointment as the Company's joint auditors. A resolution for the re-appointment of KPMG and ZAO KPMG as joint auditors of the Company is to be proposed at the forthcoming annual general meeting of the Company.

23. Amendments to the constitution

The Articles of Association provide that the Memorandum and the Articles of Association are only capable of being amended by the passing of a special resolution. A special resolution is defined in the Articles of Association as a resolution of the Company passed by a majority of not less than three quarters of members who (being entitled to do so) vote in person, or by proxy, at a general meeting of the Company of which not less than twenty-one clear days' notice, specifying the intention to propose the special resolution, has been given. Provided that, if it is so agreed by a majority in number of the members having the right to attend and vote at such meeting upon the resolution, being a majority together holding not less than ninety-five per cent. of the total voting rights of the members who have that right, a resolution may be proposed and passed as a special resolution at a meeting at which less than twenty-one clear days' notice has been given in accordance with the Jersey Companies Law.

24. Public information

The following information has been made public by the Company in the previous 12 month period pursuant to legislative or regulatory requirements.

This section has been prepared in accordance with L451-1-1 of the French Monetary and Financial Code and Article 222-7 of the General Regulations of the AMF.

This information is available on the Company's website (www.rusal.com).

MONTHLY RETURNS:

04.01.2011	Monthly return
02.02.2011	Monthly return
02.03.2011	Monthly return
04.04.2011	Monthly return
04.05.2011	Monthly return
01.06.2011	Monthly return
05.07.2011	Monthly return
02.08.2011	Monthly return
02.09.2011	Monthly return
04.10.2011	Monthly return
02.11.2011	Monthly return
02.12.2011	Monthly return
04.01.2012	Monthly return
02.02.2012	Monthly return
02.03.2012	Monthly return
03.04.2012	Monthly return

ANNUAL, INTERIM AND QUARTERLY FINANCIAL INFORMATION

14.02.2011	Production results for the year ended 31 December 2010
14.02.2011	Press-release: UC RUSAL announces full year production results for 2010
31.03.2011	Annual results announcement for year ended 31 December 2010
31.03.2011	Press-release: UC RUSAL announces full year results for 2010
28.04.2011	Annual report 2010
12.05.2011	Results announcement for the three months ended 31 March 2011
12.05.2011	Press-release: UC RUSAL announces 2011 first quarter results
29.08.2011	Update on the annual results for the year ended 31 December 2010
29.08.2011	Interim results announcement for the six months ended 30 June 2011
29.08.2011	Interim report 2011
29.08.2011	Press-release: UC RUSAL announces 2011 first half results. Topline growth outperforms the market
14.11.2011	Results announcement for the third quarter ended 30 September 2011 and update on the previously issued interim condensed financial information
14.11.2011	Press-release: UC RUSAL announces 2011 third quarter results
13.02.2012	Press release: UC RUSAL announces full year production results for 2011

19.03.2012	Clarification announcement
19.03.2012	Annual results announcement for the year ended 31 December 2011
19.03.2012	Press release: UC RUSAL announces full year results for 2011

OTHER ANNOUNCEMENTS:

03.01.2011	Continuing connected transactions
18.01.2011	Continuing connected transaction
14.02.2011	Resumption of operations at Windalco-Kirkvine works plant in 2011
14.02.2011	Approval of the issue of rouble bonds
14.02.2011	Letter received from MMC Norilsk Nickel proposing to acquire from the Company 20% of the outstanding ordinary shares of MMC Norilsk Nickel
15.02.2011	Continuing connected transactions
16.02.2011	Issue of the rouble bonds
17.02.2011	Clarification announcement
02.03.2011	Book close of the rouble bonds
03.03.2011	Announcement made pursuant to rule 13.10 of the Listing Rules
04.03.2011	Board of directors' resolution in relation to letter received from OJSC MMC Norilsk Nickel proposing to acquire from the Company 20% of the outstanding ordinary shares in OJSC MMC Norilsk Nickel
11.03.2011	Prepayments under the International Override Agreement
18.03.2011	Update on aluminium sales contracts – continuing connected transactions
18.03.2011	Exceeding 2009 annual caps for continuing connected transactions
18.03.2011	Date of board meeting
28.03.2011	Continuing connected transactions
28.03.2011	Continuing connected transactions
28.03.2011	Continuing connected transactions
31.03.2011	Continuing connected transaction
04.04.2011	Issue of the rouble bonds
15.04.2011	Book close of the rouble bonds
25.04.2011	Next step in the repayment of the debt
27.04.2011	Date of Board meeting
28.04.2011	Overseas regulatory announcement – 2010 annual report
12.05.2011	Adoption of long term incentive plan and grant of award under the plan
17.05.2011	Continuing connected transactions
17.05.2011	Continuing connected transactions
24.05.2011	Overseas regulatory announcement – 2011 annual general meeting
24.05.2011	Proxy form for use by shareholders at the annual general meeting
24.05.2011	Proposal for re-election of directors, general mandates to issue securities and repurchase shares and notice of annual general meeting
24.05.2011	Notice of annual general meeting
01.06.2011	Reply form
01.06.2011	Letter to shareholders – election of language and means of receipt of corporate communications
01.06.2011	Election of language and means of receipt of corporate communications
24.06.2011	Refinancing facility
24.06.2011	Poll results of annual general meeting held on 23 June 2011
27.06.2011	Continuing connected transactions
30.06.2011	Next step in the repayment of the debt
04.07.2011	Approval of the documentation on the issue of the rouble bonds
25.07.2011	Update on the annual results for the year ended 31 December 2010
16.08.2011	Date of Board meeting
16.08.2011	Amendments to the terms of loan facility
17.08.2011	Registration of the prospectus on the potential issue of rouble bonds
22.08.2011	Announcement made pursuant to rule 13.10 of the Listing Rules
26.08.2011	Letter received from Norilsk Nickel proposing to acquire 15% of the outstanding ordinary shares of Norilsk Nickel
29.08.2011	Notification letter and request form to registered shareholders

29.08.2011	Update on the refinancing facility
29.08.2011	Overseas regulatory announcement – 2011 interim report
05.09.2011	Board of directors' resolution in relation to letter received from OJSC MMC Norilsk Nickel proposing to acquire 15% of the outstanding ordinary shares in OJSC MMC Norilsk Nickel
06.09.2011	Update on heat supply contracts – continuing connected transactions
12.09.2011	Continuing connected transaction
12.09.2011	Continuing connected transaction
16.09.2011	Update on transportation contracts
27.09.2011	Continuing connected transactions
27.09.2011	New and revised annual caps for certain continuing connected transactions
30.09.2011	Voluntary announcement – the Company completes USD9.33 billion debt refinancing
06.10.2011	Closure of register of members
06.10.2011	Voluntary announcement – the Company completes debt refinancing
12.10.2011	Continuing connected transactions
12.10.2011	Circular – proposal for approval of the revised 2011 and proposed 2012 and 2013 annual caps for continuing connected transactions and notice of extraordinary general meeting
12.10.2011	Notice of extraordinary general meeting
12.10.2011	Proxy form for use by shareholders at the extraordinary general meeting
12.10.2011	Notification letter and request form to registered shareholders
12.10.2011	Notification letter and request form to non-registered shareholders
12.10.2011	Overseas regulatory announcement – extraordinary general meeting
31.10.2011	Poll results of extraordinary general meeting held on 28 October 2011
31.10.2011	Voluntary announcement
01.11.2011	Date of Board meeting
10.11.2011	Continuing connected transactions
23.11.2011	Change of directors, change to the composition of the Audit Committee and re-designation of director
25.11.2011	Voluntary announcement – acquisition of stake in Shenzhen North Investments Corporation Limited
30.11.2011	Voluntary announcement – Sberbank facility agreement
08.12.2011	Continuing connected transactions
08.12.2011	Continuing connected transactions
15.12.2011	Continuing connected transactions
15.12.2011	Continuing connected transactions
20.12.2011	Continuing connected transactions
20.12.2011	Continuing connected transactions
20.12.2011	Continuing connected transactions
28.12.2011	Update on transportation contracts
18.01.2012	Update on the refinancing facility
13.02.2012	Update on transportation contracts
13.02.212	Continuing connected transactions
13.02.2012	Continuing connected transaction
06.03.2012	Date of board meeting
07.03.2012	Clarification announcement
13.03.2012	Price sensitive information and resumption of trading
13.03.2012	Suspension of trading
16.03.2012	Decisions of the board including the appointment of chairman of the board
19.03.2012	Change of directors and re-designation of director
21.03.2012	Continuing connected transactions
30.03.2012	Update on the refinancing facility
10.04.2012	Clarification announcement
11.04.2012	Clarification on continuing connected transactions
12.04.2012	Update on transportation contracts
13.04.2012	Continuing connected transactions
20.04.2012	Continuing connected transactions
24.04.2012	Update on transportation contracts

OTHER PRESS-RELEASES AND PRESS-statements:

20.01.2011	Press-release: UC RUSAL to participate in the sale of Emission Reduction Units under the Kyoto Protocol
26.01.2011	Press-release: UC RUSAL resumes construction works at the BEMO site
01.02.2011	Press-release: UC RUSAL launches renewed Save Norilsk Nickel website ahead of Norilsk Nickel EGM
07.02.2011	Press-statement: Voting and transfer of quasi-treasury shares held by Norilsk Nickel subsidiaries halted by Nevis Court

08.02.2011	Press-statement: UC RUSAL's statement in relation to yesterday's press-release
08.02.2011	Press-release: UC RUSAL nominates candidates to Norilsk Nickel Board of Directors
11.02.2011	Press-statement: UC RUSAL's statement in connection with letter received from MMC Norilsk Nickel proposing to acquire the Company's 20% stake in MMC
14.02.2011	Press-statement: Regarding applications to the English and U.S. courts to compel discovery of information regarding important transactions
14.02.2011	Press-release: UC RUSAL decides to restart operations at Kirkvine Plant
14.02.2011	Press-release: UC RUSAL approves final parameters of Rouble bond issue
15.02.2011	Press-release: UC RUSAL's comment to Norilsk Nickel Press Release
21.02.2011	Press-release: UC RUSAL clarifies position regarding completion of Buyback of Norilsk Nickel shares
24.02.2011	Press-release: Glass Lewis recommends voting "For" early termination
25.02.2011	Press-release: UC RUSAL's application against Trafigura for information disclosure granted by US District Court of Connecticut
28.02.2011	Press-release: UC RUSAL's statement regarding Nevis court decision
01.03.2011	Press-release: UC RUSAL's statement regarding London court decision
02.03.2011	Press-release: UC RUSAL announces that the book with respect to rouble bond issue is closed with over 2 times oversubscription
04.03.2011	Press-release: UC RUSAL's statement in connection with the resolution of the Board regarding the letter from MMC Norilsk Nickel with a proposal to consider selling a stake in MMC
04.03.2011	Press-release: UC RUSAL's statement in connection with favorable Krasnoyarsk Arbitrazh Court judgment
10.03.2011	Press-release: US Federal Court Orders The Bank of New York Mellon to Provide Norilsk Evidence to RUSAL
11.03.2011	Press-release: UC RUSAL makes debt repayments totalling USD835 million
18.03.2011	Press-release: 2010 Nobel Laureate in Economic Sciences Professor Christopher Pissarides to speak at UC RUSAL President's Forum at HKUST
23.03.2011	Press-release: UC RUSAL welcomes the new board at Norilsk Nickel
28.03.2011	Press-release: UC RUSAL signs MOU with China's Xinshan Aluminium Industry Demonstration Park
04.04.2011	Press-release: UC RUSAL announces opening of the book with respect to Rouble bond issue
06.04.2011	Press-release: UC RUSAL CEO Oleg Deripaska visits Guinea with the Russian government delegation
11.04.2011	Press-release: UC RUSAL appoints Igor Makarov chief legal officer
15.04.2011	Press-release: UC RUSAL announces the closing of the book with respect to series 08 rouble bond issue
25.04.2011	Press-release: Ekaterina Nikitina appointed director of human resources of UC RUSAL
25.04.2011	Press-release: UC RUSAL makes debt repayments totalling USD529 million
18.05.2011	Press-release: UC RUSAL's comment in connection with statement of state prosecutor's office of Ukraine
19.05.2011	Press-release: UC RUSAL signs memorandum of intent with the Ministry of Industry, Mines and Technology Development of the Republic of Cameroon
19.05.2011	Press-release: UC RUSAL announces reductions of production at Sayanogorsk and Khakas aluminium smelters
26.05.2011	Press-release: UC RUSAL aims to reduce skilled labor scarcity in Guinea by educating 100 local students in Russia's best universities
08.06.2011	Press-release: UC RUSAL starts environmental modernisation at four Urals and Siberian plants
08.06.2011	Press-release: UC RUSAL's comment in relation with the recent media speculation on new share issue
10.06.2011	Press-release: UC RUSAL announces the reduction of interest margin from 4.5% to 4% in accordance with the International Override Agreement
20.06.2011	Press-release: UC RUSAL initiates a Norilsk Nickel Board Meeting requesting a detailed activity report from the CEO
22.06.2011	Press-release: UC RUSAL and GAZ to develop new machinery for national aluminium production
23.06.2011	Press-release: UC RUSAL announces project for extraction of low-iron bauxite in the Komi Republic
23.06.2011	Press-release: UC RUSAL presents "From Russia with Love", a captivating book revealing the history and splendours of Russia
24.06.2011	Press-release: UC RUSAL to raise up to USD4.75 billion for debt refinancing
27.06.2011	Press-release: UC RUSAL's Engineering & Technology Centre awarded Skolkovo Innovation Centre Participant status
14.07.2011	Press-release: Over 10,000 people benefit from RUSAL-ALSCON water project
01.08.2011	Press-release: UC RUSAL mandates banks to arrange syndicated finance facility
11.08.2011	Press-release: UC RUSAL Announces the Winners of the "Making Friends with Russia" Contest
15.08.2011	Press-release: UC RUSAL's statement in connection with the approval of share buyback by the board of MMC Norilsk Nickel

UC RUSAL

16.08.2011	Press-release: UC RUSAL and Sberbank agree on improving terms of the USD4.58 billion loan facility
24.08.2011	Press-release: UC RUSAL's statement in connection with the voting on the Board of Directors of MMC Norilsk Nickel
05.09.2011	Press-release: UC RUSAL Board of Directors unanimously rejects the proposal of MMC Norilsk Nickel to consider sale of Norilsk Nickel shares held by the Company
07.09.2011	Press-statement: Statement regarding the Vedomosti article
12.09.2011	Press-release: UC RUSAL and the Irkutsk Region Government sign a cooperation agreement on the construction of housing for Taishet Aluminium Smelter staff
16.09.2011	Press-release: UC RUSAL to increase its stake in Jamaica's Alpart up to 100%
29.09.2011	Press-release: UC RUSAL completes USD9.33 billion debt refinancing
06.10.2011	Press-release: UC RUSAL completes debt refinancing
11.10.2011	Press-release: Jim O'Neill to provide insight into the future of BRICS at UC RUSAL President's Forum. The renowned economist to deliver his first public lecture in Hong Kong
17.10.2011	Press-release: UC RUSAL to redesign VAS for automotive alloys production
17.10.2011	Press-release: UC RUSAL presents "Hong Kong - Moscow: Everyday Heroes" TV series discovering the common values and aspirations of two cities
24.10.2011	Press-release: UC RUSAL to train engineers in France
25.10.2011	Press-release: UC RUSAL and GAZ Group sign special machinery supply contract
27.10.2011	Press-statement: UC RUSAL's statement regarding today's meeting of MMC Norilsk Nickel Board
31.10.2011	Press-release: UC RUSAL to invest into foil production
07.11.2011	Press-release: UC RUSAL aluminium products registered at SHFE
22.11.2011	Press-release: UC RUSAL and Gazprom Neft signed long-term coke supply contract
25.11.2011	Press-release: UC RUSAL enters into purchase agreement with NORINCO concerning share acquisition in Shenzhen North Investments
25.11.2011	Press-release: UC RUSAL senior management team officially visits the Republic of Sierra Leone
01.12.2011	Press-release: UC RUSAL completes VAS redesign
08.12.2011	Press-statement: UC RUSAL statement regarding Government Commission decision on Bogoslovsk aluminium smelter
15.12.2011	Press-statement: UC RUSAL's statement in relation to today's article published in the Vedomosti newspaper which contains misleading information
15.12.2011	Press-release: UC RUSAL discusses with lenders amendments to credit facilities terms
16.12.2011	Press-release: UC RUSAL and SFU develop unique equipment to produce alloys for new generation of electric cables
20.12.2011	Press-release: UC RUSAL Packaging Division plans to increase its production by 25%
21.12.2011	Press-release: UC RUSAL approves nanocoatings from RUSNANO Project Company ItN Nanovation
22.12.2011	Press-release: UC RUSAL Nikolaev alumina refinery reached record production level
18.01.2012	Press release: UC RUSAL successfully completes discussions regarding amendments to the terms of its credit facilities
19.01.2012	Press release: UC RUSAL installed unique equipment at Krasnoyarsk aluminium smelter to broaden range of alloys
26.01.2012	Press release: UC RUSAL presents the "Russia in Your Eyes" Photo Contest Celebrating the 2nd Listing Anniversary of UC RUSAL
02.02.2012	Press release: UC RUSAL to increase its stake in Yaroslavsk GRK to 100%
08.02.2012	Press release: UC RUSAL and PhosAgro sign long-term supply agreement
09.02.2012	Press release: UC RUSAL to start recycling wastes at UAZ in 2014
10.02.2012	Press release: Futures contracts on UC RUSAL's RDR to start trading on MICEX-RTS on 13th February 2012
14.02.2012	Press release: UC RUSAL Largest Aluminiun Division on increase alloy production by 70%
28.02.2012	Press release: UC RUSAL's NAZ completes first modernization stage
06.03.2012	Press release: Statement in relation to State Duma deputy comments
12.03.2012	Press release: UC RUSAL included into FTSE Indexes
13.03.2012	Press release: UC RUSAL's statement in relation to suspension of trading at SEHK and NYSE-Euronext on 13 March 2012
13.03.2012	Press release: UC RUSAL's statement in relation to the information on Victor Vekselberg's resigning as Chairman of the Board
14.03.2012	Press release: UC RUSAL's statement in relation to defamatory accusations
16.03.2012	Press release: UC RUSAL appoints Barry Cheung as new Chairman
18.03.2012	Press release: UC RUSAL statement in relation to SUAL Partners comments on election of the new Chairman

23.03.2012	Press release: Russian Ministry of Education and Science co-finances UC RUSAL red mud recycling project
26.03.2012	Press release: UC RUSAL congratulates Mr. Barry Cheung on a successful election campaign for Mr. CY Leung
28.03.2012	Press release: UC RUSAL and Orbite Aluminae sign Memorandum of Understanding
28.03.2012	Press release: UC RUSAL's statement in relation to the Bogoslovsk CHPP transaction
30.03.2012	Press release: UC RUSAL announces financial covenant non-testing period under current credit facility
02.04.2012	Press release: UC RUSAL Announces Winners of "Russia in Your Eyes" Photo Contest
03.04.2012	Press release: UC RUSAL to receive refund of EU anti-dumping duties
17.04.2012	Press release: UC RUSAL announces new appointment
Other Publications	
31.03.2011	2010 Annual Results Presentation
12.05.2011	First Quarter 2011 Results Presentation
29.08.2011	Second Quarter 2011 Results Presentation
14.11.2011	Third Quarter 2011 Results Presentation
19.03.2012	2011 Annual Results Presentation
Other Filings of the Company (Made pursuant to the Jersey Companies Law)	
16.02.2011	Annual Return 2011
13.07.2011	Special Resolution (share repurchase mandate)
22.07.2011	Public company accounts for the year 2010
28.02.2012	Annual Return 2012

25. Litigation

Details of the litigation in which the Company, its subsidiaries and certain beneficial owners are involved in are set out in notes 27(c) (provisions for legal claims) and 32(c) (legal contingencies) to the consolidated financial statements.

26. Social investments and charity

UC RUSAL is committed to social investment in each of the regions in which it operates. UC RUSAL views social investment as a contribution to community development, with a view to securing social, economic and political stability, and as an important element of sustainable development. UC RUSAL considers its social investment programme to be an integral part of its growth strategy and believes that it has a responsibility to ensure that the Company's development improves the quality of life, and facilitates the social and economic development, of each region in which the Company operates. In total, UC RUSAL allocated approximately USD8.3 million to social investments and charity in 2011.

27. Post balance sheet events

The details of the events subsequent to the balance sheet date up to the date of the Group's and the Company's consolidated financial statements presented in this report, being 16 March 2012, are disclosed in note 36 to the consolidated financial statements. The details of the events subsequent to 16 March 2012 are disclosed in the announcements set out in section 24 (Public information above).

28. Directors' interests in contracts

Save as disclosed in section 10 (Connected Transactions) and section 15 (Directors' interests in businesses that may compete with the Company) above, there has been no contract of significance to the Group, subsisting during or at the end of 2011 in which a Director is or was materially interested, either directly or indirectly.

On behalf of the Board

WONG PO YING, ABY
COMPANY SECRETARY
30 April 2012

INNOVATIVE

IN-HOUSE ENGINEERING AND CONSTRUCTION EXPERTISE WILL ENABLE RUSAL TO PROVIDE AN EXTRA 1.3 MILLION TONNES OF ENVIRONMENTALLY FRIENDLY AND HIGHLY EFFICIENT ALUMINIUM SMELTING CAPACITY

Approach

Corporate Governance Report

1. Corporate governance practices

The Company adopts international standards of corporate governance. The Directors believe that high quality corporate governance leads to successful business development and increases the investment potential of the Company, providing more security for shareholders, partners and customers as well as reinforcing the Company's internal control systems.

By working with international institutions such as the European Bank for Reconstruction and Development and the International Finance Corporation, the Company developed and implemented its corporate governance standards, based on the principles of transparent and responsible business operations.

The Company adopted a corporate code of ethics on 7 February 2005. Based on recommendations of the European Bank for Reconstruction and Development and the International Finance Corporation, the Company further amended the corporate code of ethics in July 2007. The corporate code of ethics sets out the Company's values and principles for many of its areas of operations.

The Directors adopted a corporate governance code which is based on the CG Code in a Board meeting on 11 November 2010. The Directors consider that the Company has complied with the code provisions of the CG Code during the Review Period, other than as described in paragraphs 3(b) and 3(g) of this Corporate Governance Report.

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise the interests of the shareholders.

Set out below is a detailed discussion of the corporate governance practices adopted and observed by the Company from the Listing Date and through the Review Period.

2. Directors' securities transactions

The Company has adopted a Code for Securities Transactions by Directors of the Company. The Code for Securities Transactions was based on Appendix 10 to the Listing Rules but it was made more exacting than the required standard set out in Appendix 10. It was also based on the provisions of articles L.451-2-1, L.465-2 and L.621-18-2 of the French Monetary and Financial Code, Chapters II and III of Title II of Book II of the General Regulation of the AMF and Titles II and III of Book VI of the General Regulation of the AMF with respect to insider dealing and market misconduct. The Code for Securities Transactions was adopted by the Board on 9 April 2010. Having made specific enquiry of all Directors, all Directors confirmed that they had fully complied with the required standard set out in the Code for Securities Transactions throughout the Review Period.

For services provided in preparation of the Global Offering, the CEO and certain members of senior management and other employees were paid a bonus by the Company for services rendered in relation to the Global Offering. All such issued bonus Shares were made subject to a two-year lock-up period (but permitting a transfer by the CEO of 16,920,000 of his bonus Shares to a third party subject to an undertaking by such third party to continue to hold such Shares for the remainder of such two-year lock-up period).

On 13 April 2010, the CEO transferred 16,920,000 of his IPO bonus Shares to a third party (see section entitled Basis for Compensation of Directors and Senior Management of the Directors' Report above) subject to an undertaking by such third party to continue to hold such Shares for the remainder of the two-year lock-up period. In application of article L.621-18-2 of the French Monetary and Financial Code and articles 223-22 A to 223-25 of the General Regulations of the AMF, this transaction was notified to the AMF with a copy to the Company on 19 April 2010.

The Company has not been notified of any other transaction by the Directors in application of the aforementioned provisions.

3. Board of Directors

A. COMPOSITION OF THE BOARD AND ATTENDANCE AT BOARD MEETINGS

The Board currently comprises a combination of executive, non-executive and independent non-executive Directors. As at 31 December 2011, the Board consists of the Directors listed below and their attendance record for the 14 Board meetings held by the Board during the Review Period is as follows:

Member	Attendance at meetings													
	11/02/2011	03/03/2011[1]	25/03/2011[1]	30/03/2011	11/05/2011	23/06/2011	26/08/2011[1]	05/09/2011[1]	26/09/2011[1]	24/10/2011[1]	11/11/2011	06/12/2011[1]	13/12/2011[1]	23/12/2011[1]
Executive Directors														
Mr. Oleg Deripaska	A	X	X	A	X[2]	T	X	X	X[2]	X	A	X	X	X
Mr. Vladislav Soloviev	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Mrs. Tatiana Soina*	X	X[6]	X	X[2]	X	X[2]	X	X	X	X	X	X	X	X
Mr. Alexander Livshits	T	X[2]	X	X[2]	X[2]	X[2]	X	X[2]	X[2]	X[2]	X[2]	X[7]	X[7]	X[7]
Ms. Vera Kurochkina	X	X	X	X	X[2]	X	X	X	X	X	X	X	X	X[3]
Non-Executive Directors														
Mr. Victor Vekselberg**	X	X	X	X[4]	X[4]	X[4]	X	X	X[4]	X[4]	X[4]	X[4]	X	X[5]
Mr. Dmitry Afanasiev	X	X	X[6]	X[6]	X[6]	X	X	X	X	X	X[7]	A	X	X
Mr. Len Blavatnik	T X[8]	X	X	X[4]	T X[8]	X[4]	X[4]	X[4]	X[9]	X[9]	X[4]	X[4]	X[4]	X[4]
Mr. Anatoly Tikhonov	X	X	X	X	X	X	A	X	X	A	X	X	X	X
Mr. Ivan Glasenberg	X	X	X[10]	T	X[11]	X[11]	X[11]	X[11]	X	X	X	X	X	X
Mr. Alexander Popov (resigned on 24 November 2011)	X	X	X	X	X[6]	X[6]	X[6]	X[6]	A	X[6]	X[6]	N/A	N/A	N/A
Mr. Dmitry Razumov	X	X	X	X[12]	X	X[12]	X	X	X[12]	X[12]	X	X	X	X[13]
Mr. Dmitry Troshenkov (appointed as a non-executive Director on 24 November 2011)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	X	X	X
Mr. Artem Volynets	X	X	X	X	X	X	X	X	X[2]	X	X	X	X[15]	X
Mr. Petr Sinshinov***	T	X	X	T	X[2]	X[2]	X	X[2]	X[2]	X	X[2]	A	X[14]	X[15]
Independent Non-Executive Directors														
Mr. Barry Cheung Chun-yuen	T	X	X	X	T	X	X	X	X	A	T	X	X	X
Dr. Peter Nigel Kenny	X	X	X	X	X	X	X	X	X	X[17]	X	X	A	A
Mr. Philip Lader	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Ms. Elsie Leung Oi-sie	X	X	X[16]	X	T	X	A	X	X	X	X	X	X	X

Note:
X Present
A Absent
T by telephone
* Resigned on 16 March 2012.
** Resigned as Chairman on 12 March 2012 and resigned as a non-executive director with effect from 16 March 2012.
*** Executive director from 26 January 2009 to 10 November 2011, re-designated as a non-executive director on 11 November 2011 and re-designated as an executive director with effect from 17 March 2012.

1 Teleconference
2 Represented by Mr. Vladislav Soloviev as alternate director
3 Represented by Mr. E. Kornilov as alternate director
4 Represented by Mr. Maksim Goldman as alternate director
5 Represented by Mr. V. Kuznetsov as alternate director
6 Represented by Mr. Artem Volynets as alternate director
7 Represented by Mrs. Tatiana Soina as alternate director
8 Represented by Mr. Alex Genin as alternate director
9 Represented by Mr. D. Polyakov as alternate director
10 Represented by Mr. D. Goldberg as alternate director
11 Represented by Mr. G. Fegel as alternate director
12 Represented by Mr. Christophe Francois Charlier as alternate director
13 Represented by Mr. V. Senko as alternate director
14 Represented by Ms. Vera Kurochkina as alternate director
15 Represented by Mr. Dmitry Troshenkov as alternate director
16 Represented by Mr. Barry Cheung as alternate director
17 Represented by Mr. Philip Lader, as alternate director

Biographical details of the above Directors are set out in the section headed Profiles of Directors and Senior Management on pages 51 to 69 of this Annual Report.

B. TERM OF APPOINTMENT OF DIRECTORS

Paragraph A.4.1 of the CG Code provides that non-executive Directors should be appointed for a specific term, subject to re-election. Paragraph A.4.2 of the CG Code provides that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least every three years. Each of the non-executive Directors signed an appointment letter with the Company with no fixed term agreed. However, the Company has substantially addressed these requirements by enshrining a term in its Articles of Association. Article 24.2 of the Articles of Association provides that if any Director has at the start of the annual general meeting been in office for three years or more since his last appointment or re-appointment, he shall retire at the annual general meeting. As such, it is possible that a director may be in office for more than three years depending upon the timing for calling the annual general meeting.

C. BOARD MEETINGS

During 2011, 14 Board meetings were held.

At the Board meeting held on 16 March 2012, the Directors approved, among other things, the annual results of the Company for the year ended 31 December 2011.

The schedule for Board meetings is approved on an annual basis. The Directors are then also provided on a timely basis with the relevant documents and copies of the draft resolutions to be approved at that particular meeting. All Directors are given an opportunity to include matters in the agenda for the Board meeting and have access to the secretary of the Company to ensure that all Board procedures and all applicable rules are followed. The Board also enables the Directors to seek independent professional advice at the Company's expense in appropriate circumstances. The Board secretary is responsible for keeping minutes of the Board meetings and the secretary of the Company is responsible for the safe keeping of minutes and resolutions of the Board at the registered office of the Company.

D. BOARD FUNCTIONS AND DUTIES

The Board is collectively responsible for the management and operations of the Company. The principal functions and duties conferred on the Board include:

- responsibility for the approval and monitoring of the overall development strategies, annual budgets, business plans and material investment plans relating to the Company's business;
- monitoring and evaluating the performance of the Company in respect of its strategies, budgets and plans;
- approving and supervising the management;
- giving an account of the Company's activities to the parties to whom an account is properly due; and
- ensuring the maintenance of accounting records in compliance with the legal obligations of the Company.

The Board has delegated the day-to-day operation of the Company to executive Directors and the executive committee to ensure effectiveness and appropriateness of functions. The Board has formally approved the terms of reference for the executive committee.

The primary role of the executive committee is to assist the Chief Executive Officer and senior management with the day-to-day management of the Group and to assist the Board in formulating and implementing the strategy of the Group and monitoring its performance.

Additional duties and responsibilities of the executive committee include, but are not limited to, developing Group strategy for Board approval and implementing such strategy once approved, reviewing and opining on any matter involving expenditure of more than USD75 million before referring such matter to the Board, and overseeing and monitoring the financial performance of the Group. In addition, the executive committee is empowered to establish committees comprising of its members, as well as other managers from time to time.

The executive committee meets as frequently as necessary, but not less than twice per month. The executive committee operates as the management board of the Company's subsidiary, RUSAL Global Management B.V. The Chief Executive Officer, or failing him, the first Deputy Chief Executive Officer, formally reports the decisions and actions of the executive committee to the Board at meetings of the Board.

E. BOARD POWERS TO ISSUE AND REPURCHASE SHARES

The Board has been given authority by the Company's shareholders to issue and repurchase the Shares. These mandates are described on pages 71 and 72 of this Annual Report.

F. RELATIONSHIPS AMONG MEMBERS OF THE BOARD

Please refer to the profiles of Directors and Senior Management for more information about the relationships among members of the Board.

Shareholders' Agreements

The Shareholders' Agreement with the Company and the Shareholders' Agreement between Major Shareholders, were both entered into on 22 January 2010 and are still in force. For brief details of these shareholders' agreements, please see Appendix A and Appendix B.

Shareholder Options

Glencore has granted En+ and SUAL Partners the Glencore Call Option to acquire all Shares held by Glencore on the date of exercise of the Glencore Call Option that were also (i) held by Glencore on 26 March 2007 or (ii) issued to Glencore by the Company after 26 March 2007 but before the exercise of the Glencore Call Option. The Glencore Call Option may only be exercised by En+ but, following exercise, SUAL Partners has the right to participate in proportion to their holding of Shares at that time vis-à-vis En+. The Glencore Call Option is exercisable until 26 March 2017.

The exercise price of the option will be determined by an investment bank as 120% of the higher of (i) the market value of Glencore's option securities, which is determined by reference to the enterprise value of the Group on the relevant option exercise date or after an initial public offering, the volume weighted average price of a Share over the preceding five trading days; and (ii) a valuation calculated by reference to the cumulative aggregate EBITDA of the Group for the preceding 12 quarters and the discounted enterprise value/ EBITDA multiple at which certain of the Group's competitors trade.

G. A.1.8 OF THE CG CODE

Due to the size and nature of the Board, physical meetings are scheduled approximately every month where significant business is discussed and decided upon and, in particular, efforts are made at each meeting to include, discuss and resolve upon connected transactions and transactions in which Directors may be interested due to their affiliation with Major Shareholders. However, the Company transacts on a regular, and usually daily, basis with affiliated entities of certain of its Major Shareholders and, accordingly, requires the Board to make decisions on certain matters before a next scheduled physical meeting of the Board. In order to continue its business, the Company needs to continue to regularly transact with its Major Shareholders and entities affiliated to them and certain Directors may have corresponding interests by virtue of their directorships and/or beneficial ownership in those Major Shareholders. If all decisions on such transactions were dealt with by physical meetings of the Board, the Company would struggle to continue to operate which would be detrimental to the Group and the shareholders as a whole. As a result, in 2011, there were eight instances where written Board and Board committee resolutions were circulated involving business in which Directors or substantial shareholders had disclosed interests.

Where written resolutions have been passed during the financial year, the Company has sought to comply with the spirit of A.1.8 of the CG Code by adopting the following procedures: Directors have declared interests by having them noted in written resolutions and either (a) pursuant to the Articles, where their interests (i) have been determined by the Board, acting by the independent non-executive Directors, to be not material (in other words, not to be expected to materially conflict with the interests of the Company), or (ii) fall within the exceptions set out in articles 27.4.1 to 27.4.5 of the Articles of Association (which are equivalent to those exceptions permitted in 2011 which were set out in Note 1 to Appendix 3 of the Listing Rules), those interested Directors have not been prohibited from voting on the resolution(s) and forming the quorum in relation to the resolution(s) (and circulation of the written resolution(s) in such a situation would comply with the strict wording of A.1.8 of the CG Code); or (b) where the Board, acting by the independent non-executive Directors, has not determined that a particular interest is not material or the interest does not fall within the exceptions set out in articles 27.4.1 to 27.4.5 of the Articles of Association, the Company has sought to ensure that interested Directors do not sign the written resolution and that, if they do (by error or otherwise), their signature (if any) is not counted in the majority necessary to pass that resolution. This is possible because the Articles of Association allow the Board to pass resolutions in writing by a majority of Directors signing the resolution and therefore materially interested Directors can be excluded from the decision-making process.

The Company has therefore endeavoured to follow the spirit of A.1.8 of the CG Code, whilst having regard to not limiting the operational effectiveness of the Board, by seeking to ensure that, where written resolutions are passed by the Board, Directors who have interests which the Board considers may materially conflict with the interests of the Company are excluded from the decision-making process. The Company intends to continue to monitor its compliance with the CG Code, in this and every area, and will strive to make improvements to its corporate governance practices where it believes improvements are necessary.

4. Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are segregated. Mr. Victor Vekselberg was the Chairman until his resignation on 12 March 2012 and was chiefly responsible for maintaining the effective operation of the Board. The Chairman is also responsible for chairing Board meetings, briefing Board members on issues discussed at Board meetings and ensuring good corporate governance practices and procedures are established. Mr. Oleg Deripaska is the Chief Executive Officer and his role is primarily concerned with the supervision of the execution of the policies determined by the Board.

The Company has approved a policy statement setting out those responsibilities to be undertaken by the Chairman and those to be undertaken by the Chief Executive Officer. The Chairman is responsible for leadership of the Board and for creating the conditions necessary to allow the Board and individual Directors to operate effectively. The Chief Executive Officer is responsible for the day to day management of the Company's business and ensuring that the strategic decisions made by the Board are implemented.

5. Independent non-executive Directors

The Company has appointed four independent non-executive Directors.

The Board considers that all independent non-executive Directors have appropriate and sufficient industry or finance experience and qualifications to carry out their duties so as to protect the interests of shareholders of the Company. One of the independent non-executive Directors, Dr. Peter Nigel Kenny, started his career at PriceWaterhouse and is a Chartered Accountant.

Each of the independent non-executive Directors has undertaken to inform the Hong Kong Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect their independence. The Company has also received a written confirmation from each of the independent non-executive Directors in respect of their independence. The Board considers that all independent non-executive Directors are independent by reference to the factors stated in the Listing Rules.

The attendance of the independent non-executive Directors at each of the Board meetings held during 2011 is indicated on page 106 of this Annual Report. At each Board meeting, the independent non-executive Directors present provided independent judgment on the issues discussed. Out of the written resolutions of the Board passed during the Review Period, the majority of the independent non-executive Directors had signed most of the resolutions (for instance, as at the date of the printing of this Annual Report, Mr. Lader had signed 20, Dr. Kenny had signed 27, Ms. Leung had signed 16 and Mr. Cheung had signed 27 of the 31 written resolutions proposed during the Review Period).

6. Nomination of directors

The Company established a corporate governance and nomination committee with written terms of reference in compliance with the CG Code.

The primary functions of the Corporate Governance and Nomination Committee are, among other things, to develop, recommend and annually review corporate governance guidelines, policies and practices for the Company and its consolidated subsidiaries, to oversee corporate governance matters and to make recommendations to the Board, including those in relation to the appointment and removal of Directors. The Corporate Governance and Nomination Committee is provided with sufficient resources to discharge its duties and its terms of reference also permit it to obtain access to a legal adviser.

In recommending a candidate for appointment to the Board, the Corporate Governance and Nomination Committee is required to determine criteria, objectives and procedures for selecting Board members, including factors such as independence (in the case of independent non-executive directors), diversity, age, future succession planning, integrity, skills, expertise, breadth of experience, knowledge about the Company's business and industry, and willingness to devote adequate time and effort to Board responsibilities. In identifying suitable candidates the Corporate Governance and Nomination Committee is required to use open advertising or the services of external advisers to facilitate the search, consider candidates from a wide range of backgrounds and consider candidates on merit against objective criteria, taking care that appointees have enough time to devote to the position.

The Corporate Governance and Nomination Committee consists of a majority of independent non-executive Directors. The members are as follows: three independent non-executive Directors, Mr. Philip Lader (chairman), Dr. Peter Nigel Kenny and Mr. Barry Cheung, and two non-executive Directors, Mr. Ivan Glasenberg and Mr. Artem Volynets. The Corporate Governance and Nomination Committee has held three meetings during the Review Period. At these meetings, the Corporate Governance and Nomination Committee considered, amongst other things, (i) the annual and extraordinary general meetings materials, (ii) the recommendation of qualified individuals to the Board, including Mr. Troshenkov, (iii) changes to the composition of the Board committees, (iv) the internal policy for telephone and video conferences meetings, and (v) the terms of reference of the Standing Committee.

The members of the Corporate Governance and Nomination Committee have regularly attended and actively participated in meetings. The following is the attendance record of the meetings held by the Corporate Governance and Nomination Committee during the Review Period:

Member	11/02/2011	30/03/2011	11/05/2011
Mr. Philip Lader	X	X	X
Dr. Peter Nigel Kenny	X	X	X
Mr. Ivan Glasenberg	X	T	A
Mr. Barry Cheung Chun-yuen	T	X	T
Mr. Artem Volynets	X	X	X

Note:
X Present
A Absent
T By telephone

According to the Articles of Association, at every annual general meeting, one-third of the Directors or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office; but if any Director has at the start of the annual general meeting been in office for three years or more since his last appointment or reappointment, he shall retire at the annual general meeting. The Directors to retire by rotation shall be, first, those who wish to retire and not be re-appointed to office and, second, those who have been longest in office since their last appointment or re-appointment. As between persons who became or were last re-appointed directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. The details of the Directors who will retire and offer themselves for re-election at the forthcoming annual general meeting will be set out in the relevant circular to be issued by the Company.

7. Information relating to the Directors' remuneration policy and the work of the Remuneration Committee

The Company has established a remuneration committee with written terms of reference in compliance with the CG Code. The primary function of the Remuneration Committee is, on among other things, to make recommendations to the Board on the remuneration package of the Directors and senior management, and to assist the Board in overseeing the administration of the Company's compensation and benefits plans. Remuneration policies are determined on the basis of an employee's qualifications and performance, as well as the complexity of his or her job. Wages for each employee are generally reviewed annually and revised in accordance with a performance assessment and local labour market conditions. The Remuneration Committee consists of a majority of independent non-executive Directors. The members are as follows: three independent non-executive Directors, Mr. Philip Lader (chairman), Dr. Peter Nigel Kenny and Mr. Barry Cheung and two non-executive Directors, Mr. Len Blavatnik and Mr. Artem Volynets.

The Remuneration Committee has held two (as per the table below) meetings during the Review Period. At those meetings, the Remuneration Committee discussed and recommended the Board to approve the remuneration of the CEO for the year 2010, management incentive compensation plan, long-term incentive plan and implementation rules for the long-term incentive plan. For details of the Company's emolument policy, including in respect of the LTIP, please refer to section 19 of the Directors' Report. The members of the Remuneration Committee have regularly attended and actively participated in meetings. The following is the attendance record of the meetings held by the Remuneration Committee during 2011.

Attendance at meetings

Member	25/03/2011	11/05/2011
Mr. Philip Lader	X	X
Dr. Peter Nigel Kenny	X	X
Mr. Barry Cheung Chun-yuen	X	X
Mr. Len Blavatnik	X	X[1]
Mr. Artem Volynets	X	X

Note:
X Present
A Absent

The total remuneration, including the basic salary, performance-linked salary, incentive-linked salary and discretionary bonus of the Directors in 2011 amounted to approximately USD27 million. All other non-executive Directors are entitled to receive Director's fees and additional fees for being a member of a Board committee or chairing a Board committee. The Director's remuneration is detailed in note 10 to the consolidated financial statements for the year ended 31 December 2011 as disclosed in this Annual Report.

8. Audit Committee work and composition

The Company established an audit committee with written terms of reference in compliance with the CG Code.

The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Company's financial reporting process, internal control and risk management systems, to oversee the audit process and to perform other duties and responsibilities as are assigned to the Audit Committee by the Board. The Audit Committee is assisted by the Company's internal audit function which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Audit Committee consists of a majority of independent non-executive Directors. The members are as follows: three independent non-executive Directors, Dr. Peter Nigel Kenny (chairman), Mr. Philip Lader, Ms. Elsie Leung Oi-sie, and two non-executive Directors, Mr. Dmitry Troshenkov (who replaced Mr. Alexander Popov from 24 November 2011 onwards) and Mr. Dmitry Razumov. Dr. Peter Nigel Kenny holds relevant professional qualifications and knowledge related to accounting and financial management.

During the Review Period, the Audit Committee has held eleven meetings. The Company's external auditors are regularly invited to attend meetings of the Audit Committee. At the meeting on 30 March 2011, members of the Audit Committee reviewed the consolidated financial statements for the year ended 31 December 2010 and at a meeting on 16 March 2012, members of the Audit Committee reviewed the consolidated financial statements for the year ended 31 December 2011. The Audit Committee is of the opinion that such consolidated financial statements have complied with the applicable accounting standards, the Listing Rules, other legal requirements and that adequate disclosures have been made. Minutes of Audit Committee meetings are taken, recorded and stored.

The Audit Committee reviews the Company's financial and accounting policies and practices, meets the external auditors on a regular basis, and reviews all related party transactions before the Board's consideration. The Audit Committee also reviews the Company's financial controls, internal control and risk management system.

The members of the Audit Committee have regularly attended and actively participated in meetings. The following is the attendance record of meetings held by the Audit Committee during 2011:

1 Represented by Mr. Alex Genin as alternate director

	Attendance										
Member	11/02/2011	21/03/2011[1]	30/03/2011	11/05/2011	23/06/2011	26/08/2011[1]	22/09/2011[1]	10/10/2011[1]	11/11/2011	06/12/2011[1]	16/12/2011[1]
Dr. Peter Nigel Kenny	X	X	X	X	X	X	X	X	X	X	X
Mr. Philip Lader	X	X	X	X	X	X	A	X	X	X	A
Mr. Dmitry Razumov	X	A	A	X	X[2]	A	X	X	X	X	X
Mr. Alexander Popov	X	X	X	A	X[3]	A	A	A	X[3]		
Ms. Elsie Leung Oi-sie	X	X	X	X	X	A	X	X	X	X	X
Mr. Dmitry Troshenkov										X	X

Note:
X Present
A Absent

9. Auditors' remuneration in respect of audit and non-audit services

For the year ended 31 December 2011, the total fees paid or payable in respect of audit and non-audit services provided by the Group's external auditors, KPMG and ZAO KPMG, are set out below:

	For the year ended 31 December 2011 USD'000
Audit services	
Annual audit services	9,600
Annual non-audit services	250

The Audit Committee is responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the external auditors, which is subject to the approval by the Board and at annual general meetings of the Company by its shareholders.

10. Directors' Responsibility for the Consolidated Financial Statements

The Directors acknowledge that it is their responsibility to prepare the consolidated financial statements for the year ended 31 December 2011, in accordance with applicable law and IFRS, and that these consolidated financial statements must give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period.

The Companies (Jersey) Law 1991 requires the Directors to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Company and its subsidiaries and of the profit or loss of the Company and its subsidiaries for that period. In preparing these consolidated financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the consolidated financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Chief Financial Officer of the Group is required to regularly present and explain to the Audit Committee and the Board reports on the Group's financial position

1 Teleconference
2 Represented by Mr. Christophe Francois Charlier as alternate director
3 Represented by Mr. Artem Volynets as alternate director

and operating results, and report other matters that may have a material impact upon the financial performance and operations in order that the Audit Committee and the Board may make informed decisions.

The consolidated financial statements have been prepared in accordance with IFRS. The reporting responsibility of the external auditors of the Company on the financial statements of the Group are set out in the independent auditors' report on pages 115 and 116 of this Annual Report.

11. Internal Control

The Company's internal control system has been designed to safeguard the assets of the Company, maintain proper accounting records, ensure execution with appropriate authority and compliance with relevant laws and regulations.

The Board is responsible for maintaining and reviewing the effectiveness of the Company's internal control system. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established a risk management group within its Directorate for control, internal audit and business coordination (hereinafter referred to as the Directorate for control), which is responsible for developing and monitoring the Company's risk management policies. The Directorate for control reports regularly to the Board on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by the Company's internal audit function, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The internal control capability is regularly improved and enhanced.

The following activities were implemented in 2011:

1. The current control capability was introduced in the form of regular assessment of the operating activities of the Company's functions and their performance vs. the key KPIs.
2. The Directorate for control performs functions of control over purchasing for material, services (transportation, construction, etc.) and sales prices for by-products, including commercial activity controls. Following necessity of transparent decision making in commercial activities, the Directorate for control established and developed Institute of the Company's Tender Committees for choosing the suppliers/consumers offering the best conditions (evaluating quality, prices, conditions). The Directorate for control is a constant member of all the Company's Tender Committees appraising commercial conditions of the deal, price levels conformation to world market trends, etc. The Directorate for control brings the value to the Company by decreasing purchasing prices and providing ways of sales price increases.
3. Pursuant to the international internal audit standards, internal control undergoes independent audits in order to receive an estimate of its functioning efficiency.

   In a follow-up to the last audit (2010, E&Y) the following changes were made:
   - Internal audit was separated from internal control in terms of the organisational structure.
   - A methodology was designed for business process audits focused on risk control.
   - Audit planning process is linked to risk charts in operational areas. The priorities include focusing on identification of material risks, assessment of the existing key parameters of the business processes and issuing recommendations for improving the internal control system.
   - A system was put in place to monitor recommendations issued as follow-up to audits. It is structured as a single register of corrective actions with their statuses.
   - A practice was introduced to set individual goals and link them with positive and negative motivation programmes during and after the audits.
   - A methodology was created defining roles for each level of management in the risk management process.

   For the year ended 31 December 2011, the Audit Committee conducted regular reviews on the effectiveness of the Group's internal control system, as well as regular risk assessments. In particular, at the meeting on 10 February 2012, the Audit Committee reviewed its risk assessment for 2011 and budget and resources of the Group's internal control and audit function. For the year ended 31 December 2011, the Directors consider that the Group's internal control system complied with the CG Code.

12. Relevant Officers' Securities Transactions

The Company has also adopted a code for Securities Transactions by Relevant Officers of the Company (the "**Relevant Officers Code**") . The Relevant Officers Code was based on Appendix 10 to the Listing Rules but it was made more exacting. It was also based on the provisions of articles L.451-2-1, L.465-2, L.621-18-2 of the French Monetary and Financial Code, Chapters II and III of Title II of Book II of the General Regulation of the AMF and Titles II and III of Book VI of the General Regulation of the AMF with respect to insider dealing and market misconduct. It applies to any employee of the Company or a director or employee of a subsidiary of the Company who, because of such office or employment, is likely to be in possession of unpublished price sensitive information in relation to the Company or its securities. The Relevant Officers Code was adopted by the Board on 9 April 2010.

The Company has not been notified of any transaction by any Relevant Officer in application of article L.621-18-2 of the French monetary and financial code and articles 223-22 A to 223-25 of the General Regulations of the AMF.

13. Going Concern

As of 31 December 2011, there are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

14. Investor Relations

The Company has established a designated department for investor relations, which is responsible for matters concerning investor relations and has developed its own systems and process for communications with investors. The Company's management also maintains close communication with investors, analysts and the media.

Independent Auditors' Report

Independent auditors' report to the members of United Company RUSAL Plc

(Incorporated in Jersey with limited liability)

We have audited the accompanying consolidated financial statements of United Company RUSAL Plc ("the Company") and its subsidiaries (the "Group"), which comprise the Consolidated and Company Statements of Financial Position as at 31 December 2011, the Consolidated Statement of Income, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report or for the opinions we have formed.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

As explained more fully in the Statement of Directors' Responsibilities set out on page 112, the directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with applicable law, International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for being satisfied that the consolidated financial statements give a true and fair view.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with the relevant legal and regulatory requirements and International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

BASIS FOR QUALIFIED OPINION

As explained in Note 17 to the consolidated financial statements, the Group has estimated its share of profit and other comprehensive income of its associate, OJSC MMC Norilsk Nickel ("Norilsk Nickel"), for the year ended 31 December 2011 based on the latest publicly available information reported by Norilsk Nickel adjusted by the Group to account for Norilsk Nickel's performance in the remaining part of the reporting period. As a result of the consolidated financial statements of Norilsk Nickel for the year ended 31 December 2011 not being available, we were unable to obtain sufficient appropriate audit evidence in relation to the Group's estimate of the Group's share of profits and losses relating to investment in Norilsk Nickel recognised in profit and loss and other comprehensive income of USD336 million and USD193 million, respectively, and the related taxation, for the year ended 31 December 2011, and the carrying value of the Group's investment in Norilsk Nickel of USD9,247 million as at 31 December 2011 and the summary financial information of associates disclosed in Note 17. As a result, we were unable to determine whether adjustments might have been found to be necessary in respect of interests in associates, and the elements making up the Consolidated Statement of Income, the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Changes in Equity.

QUALIFIED OPINION

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and of the Group's net profit and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991 and the disclosure requirements of the Hong Kong Companies Ordinance.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Other than the matter described in the Basis for Qualified Opinion, we have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company; or
- the financial statements of the Company are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Andrei Shvetsov
For and on behalf of ZAO KPMG
Member of Chamber of Auditors of Russia
and Recognized Auditor

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Moscow 123317
Russia

KPMG
Certified Public Accountants

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

16 March 2012

Consolidated Statement Of Income

For the year ended 31 December 2011

USD million	Note	Year ended 31 December 2011 USD million	2010 USD million
REVENUE	5	12,291	10,979
Cost of sales		(8,786)	(7,495)
Gross profit		**3,505**	**3,484**
Distribution expenses		(610)	(553)
Administrative expenses		(759)	(762)
Loss on disposal of property, plant and equipment		–	(19)
Impairment of non-current assets		(245)	(49)
Other operating expenses	6	(142)	(70)
Results from operating activities		**1,749**	**2,031**
Finance income	7	521	42
Finance expenses	7	(1,336)	(1,472)
Share of (losses)/profits of associates	17	(349)	2,435
Share of profits/(losses) of jointly controlled entities	18	25	(25)
Profit before taxation		**610**	**3,011**
Income tax	8	(373)	(144)
Net profit for the year		**237**	2,867
Attributable to:			
Shareholders of the Company		**237**	**2,867**
NET PROFIT FOR THE YEAR		**237**	**2,867**
Earnings per share			
Basic and diluted earnings per share (USD)	14	0.02	0.19

The consolidated statement of income is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 125 to 192.

Consolidated Statement Of Comprehensive Income

For the year ended 31 December 2011

USD million	Note	Year ended 31 December 2011 USD million	2010 USD million
Net profit for the year		**237**	**2,867**
Other comprehensive income			
Actuarial losses on post retirement benefit plans	27(a)	(4)	(6)
Share of other comprehensive income of associates	17	(193)	20
Change in fair value of cash flow hedges	26	(42)	–
Foreign currency translation differences for foreign operations		(921)	(50)
		(1,160)	**(36)**
Total comprehensive income for the year		**(923)**	**2,831**
Attributable to:			
Shareholders of the Company		(923)	2,831
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(923)**	2,831

There was no tax effect relating to each component of other comprehensive income.

The consolidated statement of comprehensive income is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 125 to 192.

Consolidated Statement Of Financial Position

As at 31 December 2011

USD million	Note	31 December 2011 USD million	31 December 2010 USD million
ASSETS			
Non-current assets			
Property, plant and equipment	15	5,746	5,875
Intangible assets	16	3,905	4,085
Interests in associates	17	9,714	11,151
Interests in jointly controlled entities	18	1,102	1,136
Deferred tax assets	20	66	85
Derivative financial assets	28	21	111
Other non-current assets		98	104
Total non-current assets		**20,652**	**22,547**
Current assets			
Inventories	21	3,002	2,429
Trade and other receivables	22	1,032	1,058
Derivative financial assets	28	13	–
Cash and cash equivalents	23	646	491
Total current assets		**4,693**	**3,978**
TOTAL ASSETS		**25,345**	26,525

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 125 to 192.

USD million	Note	31 December 2011 USD million	31 December 2010 USD million
EQUITY AND LIABILITIES			
Equity	24		
Share capital		152	152
Share premium		15,788	15,782
Other reserves		2,856	3,095
Currency translation reserve		(4,498)	(3,577)
Accumulated losses		(3,759)	(3,996)
Total equity		**10,539**	**11,456**
Non-current liabilities			
Loans and borrowings	25	10,134	10,602
Bonds	26	932	–
Provisions	27	484	402
Deferred tax liabilities	20	595	415
Derivative financial liabilities	28	159	660
Other non-current liabilities		46	22
Total non-current liabilities		**12,350**	**12,101**
Current liabilities			
Loans and borrowings	25	629	1,361
Current taxation	20(e)	16	40
Trade and other payables	29	1,667	1,365
Derivative financial liabilities	28	39	78
Provisions	27	105	124
Total current liabilities		**2,456**	**2,968**
Total liabilities		**14,806**	**15,069**
Total equity and liabilities		**25,345**	**26,525**
Net current assets		**2,237**	**1,010**
TOTAL ASSETS LESS CURRENT LIABILITIES		**22,889**	23,557

Approved and authorised for issue by the board of directors on 16 March 2012.

OLEG V. DERIPASKA
CHIEF EXECUTIVE OFFICER

EVGENY D. KORNILOV
CHIEF FINANCIAL OFFICER

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 125 to 192.

Statement Of Financial Position Of The Company

As at 31 December 2011

USD million	Note	31 December 2011 USD million	31 December 2010 USD million
ASSETS			
Non-current assets			
Investments in subsidiaries	19	17,813	18,915
Loans to group companies		–	17
Other non-current assets		–	12
Total non-current assets		**17,813**	**18,944**
Current assets			
Loans to group companies		510	1,815
Other receivables	22	29	29
Cash and cash equivalents	23	13	–
Total current assets		**552**	**1,844**
Total assets		**18,365**	20,788
EQUITY AND LIABILITIES			
Equity	24		
Share capital		152	152
Reserves		5,949	8,760
Total equity		**6,101**	**8,912**
Non-current liabilities			
Loans and borrowings	25	9,523	8,671
Other non-current liabilities	33(c)	1,383	1,578
Total non-current liabilities		**10,906**	**10,249**
Current liabilities			
Loans and borrowings	25	555	855
Trade and other payables	29	803	772
Total current liabilities		**1,358**	**1,627**
Total liabilities		**12,264**	**11,876**
Total equity and liabilities		**18,365**	**20,788**
Net current (liabilities)/assets		**(806)**	**217**
TOTAL ASSETS LESS CURRENT LIABILITIES		**17,007**	19,161

Approved and authorised for issue by the board of directors on 16 March 2012.

OLEG V. DERIPASKA
CHIEF EXECUTIVE OFFICER

EVGENY D. KORNILOV
CHIEF FINANCIAL OFFICER

The statement of financial position of the Company is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 125 to 192.

Consolidated Statement Of Changes In Equity

As at 31 December 2011

USD million	Note	Share capital USD million	Share premium USD million	Other reserves USD million	Currency translation reserve USD million	Accumulated losses USD million	Total equity USD million
Balance at 1 January 2010		–	13,641	3,081	(3,527)	(6,863)	6,332
Changes in equity for 2010:							
Net profit for the year		–	–	–	–	2,867	2,867
Other comprehensive income for the year		–	–	14	(50)	–	(36)
Total comprehensive income		–	–	**14**	**(50)**	**2,867**	**2,831**
Capitalisation issuanceof shares	24(a)	135	(135)	–	–	–	–
Shares issued upon GlobalOffering, net of related expenses	24(a)	16	2,172	–	–	–	2,188
Shares issued on conversion of Fee Warrants	24(a)	–	36	–	–	–	36
Issuance of shares in lieu of share-based compensation to management	24(a)	1	68	–	–	–	69
Balance at 31 December 2010		152	15,782	3,095	(3,577)	(3,996)	11,456
Balance at 1 January 2011		**152**	**15,782**	**3,095**	**(3,577)**	**(3,996)**	**11,456**
Changes in equity for 2011:							
Profit for the year		–	–	–	–	237	237
Other comprehensive income for the year		–	–	(239)	(921)	–	(1,160)
Total comprehensive income		–	–	**(239)**	**(921)**	**237**	**(923)**
Share-based compensation	24(b)	–	6	–	–	–	6
Balance at 31 December 2011		**152**	**15,788**	**2,856**	**(4,498)**	**(3,759)**	**10,539**

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 125 to 192.

Consolidated Statement Of Cash Flows

For the year ended 31 December 2011

USD million	Note	Year ended 31 December 2011 USD million	2010 USD million
OPERATING ACTIVITIES			
Net profit for the year		**237**	**2,867**
Adjustments for:			
Depreciation	9(b)	501	481
Amortisation	9(b)	17	17
Impairment of non-current assets		245	49
Loss on disposal of financial investments	7	–	12
Share-based compensation		6	69
Impairment of trade and other receivables	6	18	18
Impairment of inventories	21	33	27
Provision for legal claims	6	10	15
Tax provision/(reversal of tax provision)	6	17	(46)
Site restoration provision		8	15
Reversal of pension provision		(23)	(7)
Change in fair value of derivative financial instruments	7	(416)	189
Foreign exchange gains		(65)	(67)
Loss on disposal of property, plant and equipment		–	19
Loss on disposal of intangible assets		–	1
Interest expense		1,336	1,250
Interest income		(47)	(17)
Income tax expense		373	144
Share of losses/(profits) of associates	17	349	(2,435)
Share of (profits)/losses of jointly controlled entities	18	(25)	25
Cash from operating activities before changes in working capital and provisions		**2,574**	**2,626**
Increase in inventories		(579)	(282)
Increase in trade and other receivables		(20)	(4)
Decrease in prepaid expenses and other assets		11	93
Decrease in trade and other payables		(22)	(480)
Decrease in provisions		(34)	(44)
Cash generated from operations before income tax paid		**1,930**	**1,909**
Income taxes paid		(149)	(171)
Net cash generated from operating activities		**1,781**	**1,738**
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		20	10
Interest received		7	7
Acquisition of property, plant and equipment		(608)	(361)
Dividends from associates		279	295
Dividends from jointly controlled entities	18	48	28
Acquisition of intangible assets	16	(14)	(6)
Acquisition of jointly controlled operations	34(b)	(46)	–
Effect on cash from disposal of subsidiaries		45	–
Contributions to jointly controlled entities	18	(2)	(431)
Changes in restricted cash	23	(28)	16
Net cash used in investing activities		**(299)**	**(442)**

USD million	Note	Year ended 31 December 2011 USD million	2010 USD million
FINANCING ACTIVITIES			
Proceeds from borrowings		5,867	4,798
Repayment of borrowings		(7,548)	(7,116)
Restructuring fees		(177)	(84)
Listing related expenses		–	(82)
Interest paid		(551)	(623)
Repayment of Fee Warrants		–	(153)
Proceeds from the Global Offering		–	2,236
Proceeds from issuance of Rouble bonds		1,063	–
Net cash used in financing activities		**(1,346)**	**(1,024)**
Net increase in cash and cash equivalents		**136**	272
Cash and cash equivalents at beginning of the year	23	486	215
Effect of exchange rate fluctuations on cash and cash equivalents		(9)	(1)
Cash and cash equivalents at the end of the year	23	**613**	486

Restricted cash amounted to USD33 million and USD5 million at 31 December 2011 and 31 December 2010, respectively.

Major non-cash transactions:

(i) On 27 January 2010 fee warrants ("Fee Warrants") with a carrying value of USD36 million were converted into 26,070,806 ordinary shares of the Company (refer to note 24(a)).

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 125 to 192.

1. Background

A. ORGANISATION

United Company RUSAL Plc (the "Company" or "UC RUSAL") was established by the controlling shareholder of RUSAL Limited ("RUSAL") as a limited liability company under the laws of Jersey on 26 October 2006. On 27 January 2010, the Company has successfully completed a dual placing on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") and the Professional Segment of NYSE Euronext Paris ("Euronext Paris") (the "Global Offering") and changed its legal form from a limited liability company to a public limited company.

The Company's registered office is Ogier House, The Esplanade, St. Helier, Jersey, JE4 9WG, Channel Islands.

The Company directly or through its wholly owned subsidiaries controls a number of production and trading entities (refer to note 34) engaged in the aluminium business and other entities, which together with the Company are referred to as "the Group".

Upon successful completion of the Global Offering, the Company issued 1,636,363,646 new shares in the form of shares listed on the Stock Exchange, and in the form of global depositary shares ("GDS") listed on Euronext Paris representing 10.81% of the Company's issued and outstanding shares, immediately prior to the Global Offering.

The shareholding structure of the Company as at 31 December 2011 and 31 December 2010 was as follows:

	31 December 2011	31 December 2010
En+ Group Limited ("En+")	47.41%	47.41%
Onexim Holdings Limited ("Onexim")	17.02%	17.02%
SUAL Partners Limited ("SUAL Partners")	15.80%	15.80%
Amokenga Holdings Limited ("Amokenga Holdings")	8.75%	8.75%
Publicly held	11.02%	11.02%
Total	**100%**	**100%**

En+ is controlled by Mr. Oleg Deripaska. Onexim is controlled by Mr. Mikhail Prokhorov. SUAL Partners is controlled by Mr. Victor Vekselberg and Mr. Len Blavatnik together. Amokenga Holdings is a wholly owned subsidiary of Glencore International Plc ("Glencore").

Related party transactions and controlling parties are disclosed in notes 33 and 35 respectively.

B. OPERATIONS

The Group operates in the aluminium industry primarily in the Russian Federation, Ukraine, Guinea, Jamaica, Ireland, Italy, Nigeria and Sweden and is principally engaged in the mining and refining of bauxite and nepheline ore into alumina, the smelting of primary aluminium from alumina and the fabrication of aluminium and aluminium alloys into semi-fabricated and finished products. The Group sells its products primarily in Europe, Russia, other countries of the Commonwealth of Independent States ("CIS"), Asia and North America.

C. BUSINESS ENVIRONMENT IN EMERGING ECONOMIES

The Russian Federation, Ukraine, Jamaica, Nigeria and Guinea have been experiencing political and economic changes that have affected, and may continue to affect, the activities of enterprises operating in these environments. Consequently, operations in these countries involve risks that typically do not exist in other markets, including reconsideration of privatisation terms in certain countries where the Group operates following changes in governing political powers.

The consolidated financial statements reflect management's assessment of the impact of the Russian, Ukrainian, Jamaican, Nigerian and Guinean business environments on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

2. Basis of preparation

A. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes all International Accounting Standards and related interpretations, promulgated by the International Accounting Standards Board ("IASB").

The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing these consolidated financial statements, the Group has adopted all these new and revised IFRSs (refer to note 2(e)), except for any new standards or interpretations that are not yet effective as at 31 December 2011. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on 1 January 2011 are set out in note 38.

B. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared in accordance with the historical cost basis except as set out in the significant accounting policy in note 3(c) below.

C. FUNCTIONAL AND PRESENTATION CURRENCY

The Company's functional currency is the United States Dollar ("USD") because it reflects the economic substance of the underlying events and circumstances of the Company. The functional currencies of the Group's significant subsidiaries are the currencies of the primary economic environment and key business processes of these subsidiaries and include USD, Russian Roubles ("RUB"), Ukrainian Hryvna and Euros ("EUR"). The consolidated financial statements are presented in USD, rounded to the nearest million, except as otherwise stated herein.

D. USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported revenue and costs during the relevant period.

Management bases its judgements and estimates on historical experience and various other factors that are believed to be appropriate and reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 37.

E. CHANGES IN ACCOUNTING POLICIES AND PRESENTATION

The accounting policies and judgements applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2010, except for the following developments:

- IAS 24 (revised 2009), *Related party disclosures*
- Improvements to IFRSs (2010)
- IFRIC 19, *Extinguishing financial liabilities with equity instruments*
- Amendments to IFRIC 14, IAS 19 – *The limit on a defined benefit asset, minimum funding requirements and their interaction – Prepayments of a minimum funding requirement*

The amendments to IFRIC 14 and IAS 19 have had no material impact on the Group's financial statements as they were consistent with policies already adopted by the Group. IFRIC 19 has not yet had a material impact on the Group's financial statements as these changes will first be effective as and when the Group enters a relevant transaction.

The remaining developments related primarily to clarification of certain disclosure requirements applicable to the Group's consolidated financial statements. These developments have had no material impact on the contents of these consolidated financial statements. Certain insignificant comparative amounts have been reclassified to conform with the current year's presentation.

3. Significant accounting policies

The following significant accounting policies have been applied in the preparation of the consolidated financial statements. These accounting policies have been consistently applied to all periods presented in these consolidated financial statements, except as explained in note 2(e), which addresses changes in accounting policies.

A. BASIS OF CONSOLIDATION

(i) ***Subsidiaries and non-controlling interests***
Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The consolidated financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of income and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling-interests whithin consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in the statement of income. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (refer to note 3(c)) or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity (refer to note 3(a)(iv)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses.

(ii) ***Acquisitions of non-controlling interests***
The acquisition of an additional non-controlling interest in an existing subsidiary after control has been obtained is accounted for as an equity transaction with any difference between the cost of the additional investment and the carrying amount of the net assets acquired at the date of exchange recognised directly in equity.

(iii) ***Acquisitions from entities under common control***
Business combinations arising from transfers of interests in entities that are under the common control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of the equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of additional paid-in capital.

(iv) ***Associates and jointly controlled entities (equity accounted investees)***
Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20

and 50 percent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and which require unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The Group's investment also includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to, or has made payments on behalf of, the investee.

When the Group ceases to have significant influence over an associate or joint control over a jointly controlled entity, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in the statement of income. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (refer to note 3(c)), or, when appropriate for jointly controlled entities, the cost on initial recognition of an investment in an associate.

When an associate sells equity interests in its subsidaires to its non-controlling shareholders in an equity transaction, this represents a dilution of the Group's indirect interest in the subsidiary of the associate and therefore gives rise to the recognition of a gain or loss in the Group's consolidated financial statements.

(v) ***Jointly controlled assets and operations***

The Group has certain contractual arrangements with other participants to engage in joint activities that do not in substance give rise to a jointly controlled entity. These arrangements involve the joint ownership of assets dedicated to the purposes of each venture. These contractual arrangements do not create a jointly controlled entity due to the fact that the joint venture operates under the policies of the venturers that directly derive the benefits of operation of their jointly owned assets, rather than deriving returns from an interest in a separate entity.

The consolidated financial statements include the Group's share of the assets in such joint ventures, together with the liabilities, revenues and expenses arising jointly or otherwise from those operations. All such amounts are measured in accordance with the terms of each arrangement, which are usually in proportion to the Group's interest in the jointly controlled assets or operations.

(vi) ***Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

B. FOREIGN CURRENCIES

(i) ***Foreign currency transactions***

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary items in a foreign currency are measured based on historical cost are translated using the exchange rate at the date of transaction. Foreign currency differences arising on retranslation are recognised in the statement of income, except for differences arising on the retranslation of qualifying cash flow hedges to the extent the hedge is effective, which is recognised in the statement of comprehensive income.

(ii) ***Foreign operations***

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated from their functional currencies to USD at the exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to USD at exchange rates approximating exchange rates at the dates of the transactions.

Foreign currency differences arising on translation are recognised in the statement of comprehensive income and presented in the currency translation reserve in equity. For the purposes of foreign currency translation, the net investment in a foreign operation includes foreign currency intra-group balances for which settlement is neither planned nor likely in the foreseeable future and foreign currency differences arising from such a monetary item are recognised in the statement of comprehensive income.

When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount of the currency translation reserve is transferred to the statement of income as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the statement of income.

C. FINANCIAL INSTRUMENTS

(i) ***Non-derivative financial instruments***

Non-derivative financial instruments comprise investments in securities, trade and other receivables (exclude prepayments), cash and cash equivalents, loans and borrowings and trade and other payables (excluding advances received).

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Held-to-maturity investments

If the Group has the positive intent and ability to hold securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses (refer to note 3(h)(i)).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities at initial recognition of three months or less that are subject to insignificant risk of changes in their fair values, and are used by the Group in the management of its short-term commitments.

Others

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses (refer to note 3(h)(i)). Investments in equity securities that are not quoted on a stock exchange and where fair value cannot be estimated on a reasonable basis by other means are stated at cost less impairment losses (refer to note 3(h)(i)).

Non-derivative financial liabilities

The Group's non-derivative financial liabilities, subsequent to initial recognition, are measured at amortised cost using the effective interest method.

(ii) ***Derivative financial instruments, including hedge accounting***

The Group enters, from time to time, into various derivative financial instruments to manage its exposure to commodity price risk, foreign currency risk and interest rate risk.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80% - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variation in cash flows that ultimately could affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of income when incurred. Subsequent to initial recognition, derivatives are measured at fair value.

The measurement of fair value of derivative financial instruments, including embedded derivatives, is based on quoted market prices. Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, fair value is estimated based on the Group's views on relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. Changes in the fair value therein are accounted for as described below.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in statement of comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of a derivative is recognised in the statement of income.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to the statement of income in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to the statement of income.

Changes in the fair value of separated embedded derivatives and derivative financial instruments not designated for hedge accounting are recognised immediately in the statement of income.

D. PROPERTY, PLANT AND EQUIPMENT

(i) ***Recognition and measurement***

Items of property, plant and equipment, are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 January 2004, the date of transition to IFRSs, was determined by reference to its fair value at that date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs (refer to note 3(n)). Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of periodic relining of electrolysers is capitalised and depreciated over the expected production period.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within gain/(loss) on disposal of property, plant and equipment in the statement of income.

(ii) ***Subsequent costs***

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of income as incurred.

(iii) ***Exploration and evaluation assets***

Exploration and evaluation activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activities include:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Administration costs that are not directly attributable to a specific exploration area are charged to the statement of income.

License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Exploration and evaluation expenditure is capitalised as exploration and evaluation assets when it is expected that expenditure related to an area of interest will be recouped by future exploitation, sale, or, at the reporting date, the exploration and evaluation activities have not reached a stage that permits a reasonable assessment of the existence of commercially recoverable ore reserves. Capitalised exploration and evaluation expenditure is recorded as a component of property, plant and equipment at cost less impairment losses. As the asset is not available for use, it is not depreciated. All capitalised exploration and evaluation expenditure is monitored for indications of impairment. Where there are indicators of potential impairment, an assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash-generating unit) to which the exploration is attributed. Exploration areas at which reserves have been discovered but which require major capital expenditure before production can begin are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway or planned. To the extent that capitalised expenditure is not expected to be recovered it is charged to the statement of income.

Exploration and evaluation assets are transferred to mining property, plant and equipment or intangible assets when development is sanctioned.

(iv) ***Stripping costs***

Expenditure relating to the stripping of overburden layers of ore, including estimated site restoration costs, is included in the cost of production in the period in which it is incurred.

(v) ***Mining assets***

Mining assets are recorded as construction in progress and transferred to mining property, plant and equipment when a new mine reaches commercial production.

Mining assets include expenditure incurred for:

- Acquiring mineral and development rights;
- Developing new mining operations.

Mining assets include interest capitalised during the construction period, when financed by borrowings.

(vi) ***Depreciation***

The carrying amounts of property, plant and equipment (including initial and any subsequent capital expenditure) are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned, or the estimated life of the associated mine or mineral lease, if shorter. Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated.

The property, plant and equipment is depreciated on a straight-line or units of production basis over the respective estimated useful lives as follows:

Buildings	30 to 50 years
Plant, machinery and equipment	5 to 40 years
Electrolysers	4 to 15 years
Mining assets	units of production on proven and probable reserves
Other (except for exploration and evaluation assets)	1 to 20 years

E. INTANGIBLE ASSETS

(i) ***Goodwill***

On the acquisition of a subsidiary, an interest in a jointly controlled entity or an associate or an interest in a joint arrangement that comprises a business, the identifiable assets, liabilities and contingent liabilities of the acquired business (or interest in a business) are recognised at their fair values unless the fair values cannot be measured reliably. Where the fair values of assumed contingent liabilities cannot be measured reliably, no liability is recognised but the contingent liability is disclosed in the same manner as for other contingent liabilities.

Goodwill arises when the cost of acquisition exceeds the fair value of the Group's interest in the net fair value of identifiable net assets acquired. Goodwill is not amortised but is tested for impairment annually. For this purpose, goodwill arising on a business combination is allocated to the cash-generating units expected to benefit from the acquisition and any impairment loss recognised is not reversed even where circumstances indicate a recovery in value.

In respect of associates or jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the interest in the associate and jointly controlled entity and the investment as a whole is tested for impairment whenever there is objective evidence of impairment. Any impairment loss is allocated to the carrying amount of the interest in the associate and jointly controlled entity.

When the fair value of the Group's share of identifiable net assets acquired exceeds the cost of acquisition, the difference is recognised immediately in the statement of income.

(ii) ***Research and development***

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statement of income when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use and capitalised borrowing costs. Other development expenditure is recognised in the statement of income when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses (refer to note 3(h)(ii)).

(iii) ***Other intangible assets***

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses (refer to note 3(h)(ii)).

(iv) ***Subsequent expenditure***

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of income when incurred.

(v) ***Amortisation***

Amortisation is recognised in the statement of income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are as follows:

software	5 years
contracts, acquired in business combinations	2-8 years

The amortisation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

F. LEASED ASSETS

Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

The corresponding finance lease obligation is included within interest bearing liabilities. The interest element is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period.

Assets held under other leases (operating leases) are not recognised in the statement of financial position. Payments made under the lease are charged to the statement of income in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the statement of income as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the statement of income in the accounting period in which they are incurred.

G. INVENTORIES

Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is determined under the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

The production costs include mining and concentrating costs, smelting, treatment and refining costs, other cash costs and depreciation and amortisation of operating assets.

H. IMPAIRMENT

(i) *Financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset occurred after the initial recognition of that asset and the impact can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

An impairment loss in respect of an investment in an associate or jointly controlled entity is calculated as the difference between its carrying amount after application of the equity method of accounting (refer to note 3(a)(iv)) and its recoverable amount. The recoverable amount of such investment is the greater of its value in use and its fair value less cost to sell. In determining the value in use of the investment the Group estimates: (a) its share of the present value of the estimated future cash flows expected to be generated by the investee, including the cash flows from the operations of the investee and the proceeds on the ultimate disposal of the investment; or (b) the present value of the estimated future cash flows expected to arise from the dividends to be received from the investee and from its ultimate disposal depending on which available information with respect to each investee is more reliable. An impairment loss is reversed to the extent that the recoverable amount of the investment subsequently increases and the resulting carrying amount does not exceed the carrying amount that would have been determined, after application of the equity method, had no impairment loss previously been recognised.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the statement of income.

Impairment losses for trade receivables included within trade and other receivables whose recovery is considered doubtful but not remote are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the statement of income.

(ii) ***Non-financial assets***

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other asset groups. Impairment losses are recognised in the statement of income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate or a jointly controlled entity is not recognised separately and, therefore, is not tested for impairment separately. Instead, the entire amount of the investment is tested for impairment as a single asset when there is objective evidence that the investment in an associate or a jointly controlled entity may be impaired.

I. INSURANCE CONTRACTS

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies, controlled by the beneficial shareholder of the Group, the Group considers these to be insurance arrangements and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

J. EMPLOYEE BENEFITS

(i) ***Salaries, annual bonuses, paid annual leave and cost of non-monetary benefits***

Salaries, annual bonuses, paid annual leave and cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) ***Defined benefit pension and other post-retirement plans***

The Group's net obligation in respect of defined benefit pension and other post-retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Where there is a change in actuarial assumptions, the resulting actuarial gains and losses are recognised directly in the statement of comprehensive income.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the statement of income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately.

(iii) ***State pension fund***

The Group makes contributions for the benefit of employees to Russia's and the Ukrainian State's pension funds. The contributions are expensed as incurred.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and past service costs that had not previously been recognised.

K. PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

(i) ***Site restoration***

The mining, refining and smelting activities of the Group can give rise to obligations for site restoration and rehabilitation. Restoration and rehabilitation works can include facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation, and site restoration. The extent of work required and the associated costs are dependent on the requirements of law and the interpretations of the relevant authorities.

Provisions for the cost of each restoration and rehabilitation program are recognised at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass obligated and reasonably estimable restoration and rehabilitation activities expected to occur progressively over the life of the operation and at the time of closure in connection with disturbances at the reporting date. Routine operating costs that may impact the ultimate restoration and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

Restoration and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each operation. Discount rates used are specific to the country in which the operation is located. Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements.

When provisions for restoration and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of restoration and rehabilitation activities is amortised over the estimated economic life of the operation on a units of production or straight-line basis. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense recognised as part of finance expenses.

Restoration and rehabilitation provisions are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the unamortised capitalised cost, in which case the capitalised cost is reduced to nil and the remaining adjustment is recognised in the statement of income. Changes to the capitalised cost result in an adjustment to future amortisation charges. Adjustments to the estimated amount and timing of future restoration and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing those changes include revisions to estimated reserves, resources and lives of operations; developments in technology; regulatory requirements and environmental management strategies; changes in the estimated costs of anticipated activities, including the effects of inflation and movements in foreign exchange rates; and movements in general interest rates affecting the discount rate applied.

(ii) ***Restructuring***

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

L. REVENUE

Goods sold

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods. This is generally when title passes.

In the majority of sales, sales agreements specify that title passes on the bill of lading date, which is the date the commodity is delivered to the shipping agent. Revenue is recognised on the bill of lading date.

Revenue is not reduced for royalties or other taxes payable from production.

M. OTHER EXPENSES

Social expenditure

To the extent that the Group's contributions to social programs benefit the community at large and are not restricted to the Group's employees, they are recognised in the statement of income as incurred.

N. FINANCE INCOME AND EXPENSES

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses and changes in the fair value of financial assets at fair value through profit or loss. All borrowing costs are recognised in the statement of income using the effective interest method, except for borrowing costs related to the acquisition, construction and production of qualifying assets which are recognised as part of the cost of such assets.

Foreign currency gains and losses are reported on a net basis.

O. INCOME TAX EXPENSE

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liability. Such changes to tax liabilities will impact tax expenses in the period that such a determination is made. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividends is recognised.

P. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups comprising assets and liabilities), that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRSs. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that has been abandoned may also qualify.

Q. SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance and for which discrete consolidated financial statements are available.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

R. RELATED PARTIES

(a) A person, or a close member of that person's family, is related to the Group if that person:
    - (i) has control or joint control over the Group;
    - (ii) has significant influence over the Group; or
    - (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:
    - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
    - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
    - (iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. Segment reporting

A. REPORTABLE SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. These business units are managed separately and the results of their operations are reviewed by the CEO on a regular basis.

Aluminium. The Aluminium segment is involved in the production and sale of primary aluminium and related products.

Alumina. The Alumina segment is involved in the mining and refining of bauxite into alumina and the sale of alumina.

Energy. The Energy segment includes the group companies and projects engaged in the mining and sale of coal and the generation and transmission of electricity produced from various sources. Where the generating facility is solely a part of an alumina or aluminium production facility it is included in the respective reportable segment.

Mining and Metals. The Mining and Metals segment includes the equity investment in Norilsk Nickel.

Other operations include manufacturing of semi-finished products from primary aluminium for the transportation, packaging, building and construction, consumer goods and technology industries; and the activities of the Group's administrative centres. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2011 and 2010.

The Aluminium and Alumina segments are vertically integrated whereby the Alumina segment supplies alumina to the Aluminium segment for further refining and smelting with limited sales of alumina outside the Group. Integration between the Aluminium, Alumina and Energy segments also includes shared servicing and distribution.

B. SEGMENT RESULTS, ASSETS AND LIABILITIES

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of income tax assets and corporate assets. Segment liabilities include trade and other payables attributable to the production and sales activities of the individual segments. Loans and borrowings are not allocated to individual segments as they are centrally managed by the head office.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment results is the statement of income before income tax adjusted for items not specifically attributed to individual segments, such as finance income, costs of loans and borrowings and other head office or corporate administration costs. The segment profit or loss is included in the internal management reports that are reviewed by the Group's CEO. Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

In addition to receiving segment information concerning segment results, management is provided with segment information concerning revenue (including inter-segment revenue), the carrying value of investments and share of profits/(losses) of associates and jointly controlled entities, depreciation, amortisation, impairment and additions of non-current segment assets used by the segments in their operations. Inter-segment pricing is determined on a consistent basis using market benchmarks.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

(i) Reportable segments

Year ended 31 December 2011

USD million	Aluminium USD million	Alumina USD million	Energy USD million	Mining and Metals USD million	Total segment result USD million
Revenue from external customers	10,414	676	159	–	11,249
Inter-segment revenue	186	1,768	–	–	1,954
Total segment revenue	10,600	2,444	159	–	13,203
Segment profit/(loss)	2,072	(24)	87	(336)	1,799
Impairment of non-current assets	(37)	(208)	–	–	(245)
Share of losses of associates	–	(13)	–	–	(13)
Share of profits of jointly controlled entities	–	–	25	–	25
Depreciation/amortisation	(400)	(100)	(5)	–	(505)
Non-cash expense other than depreciation	(35)	(44)	–	–	(79)
Additions to non-current segment assets during the year	416	223	3	–	642
Non-cash additions to non-current segment assets related to site restoration	18	112	–	–	130
Segment assets	11,945	2,157	35	9,247	23,384
Interests in associates	–	458	–	–	458
Interests in jointly controlled entities	–	–	1,102	–	1,102
Total segment assets					24,944
Segment liabilities	(2,040)	(777)	(36)	–	(2,853)
Total segment liabilities					(2,853)

Year ended 31 December 2010

USD million	Aluminium USD million	Alumina USD million	Energy USD million	Mining and Metals USD million	Total segment result USD million
Revenue from external customers	9,208	611	209	–	10,028
Inter-segment revenue	153	1,372	–	–	1,525
Total segment revenue	9,361	1,983	209	–	11,553
Segment profit	1,929	151	48	2,451	4,579
Impairment of non-current assets	(20)	(29)	–	–	(49)
Share of losses of associates	–	(16)	–	–	(16)
Share of losses of jointly controlled entities	–	–	(25)	–	(25)
Depreciation/amortisation	(394)	(86)	(7)	–	(487)
Non-cash income/(expenses) other than depreciation	37	(31)	–	–	6
Additions to non-current segment assets during the year	234	115	3	–	352
Segment assets	11,635	2,232	110	10,671	24,648
Interests in associates	–	471	–	–	471
Interests in jointly controlled entities	–	–	1,136	–	1,136
Total segment assets					26,255
Segment liabilities	(2,462)	(363)	(18)	–	(2,843)
Total segment liabilities					(2,843)

(ii) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

USD million	Year ended 31 December 2011 USD million	2010 USD million
Revenue		
Reportable segment revenue	**13,203**	11,553
Elimination of inter-segment revenue	**(1,954)**	(1,525)
Unallocated revenue	**1,042**	951
Consolidated revenue	**12,291**	10,979

USD million	Year ended 31 December 2011 USD million	2010 USD million
Profit		
Reportable segment profit	**1,799**	4,579
Impairment of non-current assets	**(245)**	(49)
Share of losses of associates	**(13)**	(16)
Share of profits/(losses) of jointly controlled entities	**25**	(25)
Finance income	**521**	42
Finance expenses	**(1,336)**	(1,472)
Unallocated expenses	**(141)**	(48)
Consolidated profit before taxation	**610**	3,011

USD million	31 December 2011 USD million	31 December 2010 USD million
Assets		
Reportable segment assets	**24,944**	26,255
Elimination of inter-segment receivables	**(516)**	(463)
Unallocated assets	**917**	733
Consolidated total assets	**25,345**	26,525

USD million	31 December 2011 USD million	31 December 2010 USD million
Liabilities		
Reportable segment liabilities	**(2,853)**	(2,843)
Elimination of inter-segment payables	**516**	463
Unallocated liabilities	**(12,469)**	(12,689)
Consolidated total liabilities	**(14,806)**	(15,069)

(iii) Geographic information

The Group's operating segments are managed on a worldwide basis, but operate in four principal geographical areas: the CIS, Europe, Africa and the Americas. In the CIS, production facilities operate in Russia and Ukraine. In Europe, production facilities are located in Italy, Ireland and Sweden. African production facilities are represented by bauxite mines and an alumina refinery in Guinea and an aluminium plant in Nigeria. In the Americas the Group operates two production facilities in Jamaica, one in Guyana and a trading subsidiary in the United States of America.

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets and interests in associates and jointly controlled entities ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset. Unallocated specified non-current assets comprise mainly goodwill and interests in associates and jointly controlled entities.

USD million	Revenue from external customers Year ended 31 December 2011 USD million	2010 USD million
Netherlands	2,839	2,770
Russia	2,585	2,283
Turkey	1,171	867
Japan	782	663
USA	739	626
South Korea	710	427
Norway	431	605
Italy	326	266
Sweden	269	204
Greece	241	250
Germany	218	139
United Kingdom	179	181
Other countries	1,801	1,698
	12,291	**10,979**

USD million	Specified non-current assets 31 December 2011 USD million	31 December 2010 USD million
Russia	4,682	4,754
Ireland	320	312
Ukraine	274	270
Guinea	199	210
Sweden	138	147
Armenia	61	65
Guyana	49	28
Unallocated	14,929	16,761
	20,652	**22,547**

5. Revenue

USD million	Year ended 31 December 2011 USD million	2010 USD million
Sales of primary aluminium and alloys	**10,414**	9,208
Third parties	***6,359***	*4,798*
Related parties – companies capable of exerting significant influence	***3,745***	*4,117*
Related parties – companies under common control	***310***	*293*
Sales of alumina and bauxite	**676**	611
Third parties	***495***	*363*
Related parties – companies capable of exerting significant influence	***177***	*241*
Related parties – companies under common control	***4***	*7*
Sales of foil	**309**	293
Third parties	***300***	*283*
Related parties – companies under common control	***9***	*10*
Other revenue including energy and transportation services	**892**	867
Third parties	***642***	*589*
Related parties – companies capable of exerting significant influence	***16***	*15*
Related parties – companies under common control	***34***	*22*
Related parties – associates	***200***	*241*
	12,291	10,979

6. Other operating expenses

USD million	Year ended 31 December 2011 USD million	2010 USD million
Impairment loss on trade and other receivables	**(18)**	(18)
Provision for legal claims	**(10)**	(15)
(Tax provision)/reversal of tax provision	**(17)**	46
Charitable donations	**(15)**	(9)
Other operating expenses	**(82)**	(74)
	(142)	(70)

7. Finance income and expenses

USD million	Year ended 31 December 2011 USD million	2010 USD million
Finance income		
Interest income on third party loans and deposits	**3**	4
Interest income on loans to related parties - *companies under common control*	**4**	3
Foreign exchange gain	**58**	25
Change in fair value of derivative financial instruments (refer to notes 28,30(c)(i))	**416**	–
Interest income on provisions	**40**	10
	521	42
Finance expenses		
Interest expense on bank loans wholly repayable within 5 years, bonds and other bank charges [b]	**(1,227)**	(1,157)
Change in fair value of derivative financial instruments (refer to notes 28,30(c)(i))	**–**	(189)
Interest expense on company loans from related parties - *companies capable of exerting significant influence* [b]	**(92)**	(73)
Listing and restructuring related expenses	**–**	(21)
Loss on disposal of financial investments [a]	**–**	(12)
Interest expense on provisions	**(17)**	(20)
	(1,336)	(1,472)

[a] In September 2010 USD105 million of VAT recoverable for the Group's subsidiaries domiciled in Ukraine was converted at nominal value into 5-year Ukrainian government bonds with a yield of 5.5%. In November 2010 these bonds were sold in two tranches with a discount of 11.55%-11.9%, respectively, resulting in a loss on disposal of USD12 million.

[b] During the year ended 31 December 2011, the Group has completed the refinancing of its outstanding debts and the excess of effective interest rate charges over nominal interest rate charges on restructured debt of USD560 million has been recognised directly as finance expenses, including USD320 million recognised as at the date of refinancing.

8. Income tax

USD million	Year ended 31 December 2011 USD million	2010 USD million
Current tax - overseas		
Current tax for the year	**179**	200
Over-provision in respect of prior years	**(13)**	(15)
Deferred tax		
Origination and reversal of temporary differences	**207**	(41)
Actual tax expense	**373**	144

The Company is a tax resident of Cyprus with an applicable corporate tax rate of 10%. Subsidiaries pay income taxes in accordance with the legislative requirements of their respective tax jurisdictions. For subsidiaries domiciled in Russia, the applicable tax rate is 20%; in Ukraine of 23% (31 December 2010 - 25%); Guinea of 0%; China of 25%; Kazakhstan of 20%; Australia of 31.3%; Jamaica of 33.3%; Ireland of 12.5% (31 December 2010 - 10 %); Sweden of 26.3% and Italy of 37.25%. For the Group's subsidiaries domiciled in Switzerland, the applicable tax rate for the year is the corporate income tax rate in the Canton of Zug, Switzerland, which differs depending on the company's tax status. The rate consists of a federal income tax and a cantonal/communal income and capital taxes. The latter includes a base rate and a multiplier, which may change from year to year. Applicable income tax rates for 2011 were 9.4% and 15.40% for different subsidiaries (31 December 2010: 9.92% and 15.65%). For a number of the Group's holding subsidiaries domiciled in Cyprus, the applicable tax rate is 10%. For the Group's significant trading companies, the applicable tax rate is 0%. The applicable tax rates for the year ended 31 December 2011 were the same as for the year ended 31 December 2010 except as noted above.

	Year ended 31 December			
	2011		2010	
	USD million	%	USD million	%
Profit before taxation	**610**	**100%**	3,011	100%
Income tax at tax rate applicable to the tax residence of the Company	**61**	**10.0%**	301	10.0%
Financial expenses non-deductable for tax purposes	**127**	**20.8%**	93	3.1%
Other non-deductible expenses	**3**	**0.5%**	2	0.1%
Effect of changes in investment in Norilsk Nickel	**131**	**21.5%**	(193)	(6.4%)
Change in unrecognised deferred tax assets	**32**	**5.2%**	(20)	(0.7%)
Over-provision in prior years	**(13)**	**(2.1%)**	(15)	(0.5%)
Effect of different income tax rates	**32**	**5.2%**	(24)	(0.7%)
Actual tax expense	**373**	**61%**	144	5%

9. Profit for the year

Profit for the year is arrived at after charging/(crediting):

A. PERSONNEL COSTS

	Year ended 31 December	
USD million	2011 USD million	2010 USD million
Contributions to defined contribution retirement plans	205	116
Contributions to defined benefit retirement plans	12	10
Total retirement costs	217	126
Wages and salaries	980	990
Share-based compensation (refer to note 24(b))	9	–
	1,206	1,116

The employees of the Group are members of retirement schemes operated by local authorities. The Group is required to contribute a certain percentage of their payroll to these schemes to fund the benefits.

The Group's total contribution to those schemes charged to the statement of income during the years presented is shown above.

B. OTHER ITEMS

	Year ended 31 December	
USD million	2011 USD million	2010 USD million
Amortisation of intangible assets	**17**	17
Depreciation (net of amount included in inventories)	**501**	481
Impairment losses/(reversal of impairment losses) in respect of:		
– property, plant and equipment	**250**	37
– interests in associates	**–**	(1,399)
Mineral restoration tax	**27**	21
Increase/(decrease) in provisions (including provisions for legal claims)	**120**	(11)
Auditors' remuneration	**10**	11
Operating lease charges in respect of property	**11**	8
Cost of inventories (refer to note 21)	**8,279**	7,125

10. Directors' remuneration

Directors' remuneration disclosed pursuant to the disclosure requirements of section 161 of the Hong Kong Companies Ordinance is as follows:

	Year ended 31 December 2011		
USD thousand	Directors' fees USD thousand	Salaries, allowances, benefits in kind and discretionary bonuses USD thousand	Total USD thousand
Executive Directors [d]			
Oleg Deripaska	–	8,091	8,091
Vladislav Soloviev	–	6,921	6,921
Petr Sinshinov [a]	–	3,231	3,231
Tatiana Soina	–	2,937	2,937
Vera Kurochkina	–	1,342	1,342
Alexander Livshits	–	1,001	1,001
Non-executive Directors			
Victor Vekselberg (Chairman)	432	–	432
Dmitry Afanasiev	209	–	209
Len Blavatnik	209	–	209
Ivan Glasenberg	242	–	242
Alexander Popov [b]	191	–	191
Dmitry Troshenkov [c]	17	–	17
Dmitry Razumov	241	–	241
Anatoly Tikhonov	193	–	193
Artem Volynets	261	–	261
Petr Sinshinov [a]	47	–	47
Independent Non-executive Director			
Peter Nigel Kenny	271	–	271
Philip Lader	354	–	354
Elsie Leung Oi-Sie	209	–	209
Barry Cheung Chun-Yuen	287	–	287
	3,163	**23,523**	**26,686**

[a] Petr Sinshinov resigned as the Company's Deputy CEO's position in September 2011 which has resulted in him becoming a Non-executive Director of the Company from that date.
[b] Alexander Popov resigned from his position as a member of the Board of Directors in November 2011.
[c] Dmitry Troshenkov was appointed as a member of the Board of Directors in November 2011.
[d] Compensation of Executive Directors in the form of shares of the Company relates to a share-based long-term incentive plan (hereinafter LTIP) (refer to note 24(b)). The fair value of the share-based compensation was recognised as an employee expense during the vesting period. The fair value is determined at the grant date by reference to the quoted share price on that date.

	Number of shares awarded	Number of shares vested on 21 November 2011	Value of share-based compensation vested USD thousand
Oleg Deripaska	2,503,597	834,532	727
Vladislav Soloviev	1,311,629	262,326	228
Petr Sinshinov	815,474	163,095	142
Tatiana Soina	703,274	140,655	122
Vera Kurochkina	354,346	70,869	62
Alexander Livshits	340,506	68,101	59

	Year ended 31 December 2010		
USD thousand	Directors' fees USD thousand	Salaries, allowances, benefits in kind and discretionary bonuses USD thousand	Total USD thousand
Executive Directors			
Oleg Deripaska (note h)	–	69,837	69,837
Vladislav Soloviev (note (a))	–	4,070	4,070
Petr Sinshinov	–	6,097	6,097
Tatiana Soina (note (h))	–	3,676	3,676
Vera Kurochkina (notes (b) and (h))	–	343	343
Alexander Livshits (note (b))	–	189	189
Non-executive Directors			
Victor Vekselberg (Chairman)	834	–	834
Dmitry Afanasiev	203	–	203
Len Blavatnik	201	–	201
Ivan Glasenberg	232	–	232
Vladimir Kiryukhin (note (c))	153	–	153
Alexander Popov	199	–	199
Dmitry Razumov	232	–	232
Jivko Savov (note (d))	91	–	91
Vladislav Soloviev (note (a))	74	–	74
Anatoly Tikhonov	184	–	184
Igor Ermilin (note (e))	138	–	138
Artem Volynets (note (f))	110	–	110
Independent Non-executive Directors			
Peter Nigel Kenny	345	–	345
Philip Lader	400	–	400
Elsie Leung Oi-Sie	199	–	199
Barry Cheung Chun-Yuen (note (g))	218	–	218
	3,813	84,212	88,025

(a) Vladislav Soloviev was re-designated from a Non-executive Director of the Company to an Executive Director of the Company with effect from 9 April 2010. He was appointed as First Deputy Chief Executive Officer of the Company and a member of the Executive Committee of the Company on the same date.

(b) Vera Kurochkina, PR Director of the Company, and Alexander Livshits, Director for international and special projects, were appointed as members of the Board of Directors in November 2010.

(c) Vladimir Kiryukhin resigned from his position as a member of the Board of Directors in November 2010.

(d) Jivko Savov resigned from his position as a member of the Board of Directors in June 2010.

(e) Igor Ermilin was appointed as a member of the Board of Directors in January 2010 and resigned in November 2010.

(f) Artem Volynets was appointed as a Non-executive Director of the Company in June 2010 and received fees for his services as disclosed above. Prior to that date, Mr. Volynets held a managerial position and was responsible for corporate strategy and business development of the Company.

(g) Barry Cheung Chun-Yuen was appointed as an Independent Non-executive Director of the Company in January 2010.

(h) Compensation of Executive Directors in the form of shares of the Company relates to services performed in connection with the Global Offering. The amounts were determined by reference to the market price per share of USD1.21 on the date of the Board of Directors' approval of the share issue and are as follows:

	Number of shares	USD thousand
Oleg Deripaska	50,625,000	61,320
Vera Kurochkina	215,993	262
Tatiana Soina	172,794	209

The remuneration of the executive directors disclosed above includes compensation received starting from the date of the appointment and/or for the period until their termination as a member of the Board of Directors.

Retirement scheme contributions for the directors, who are members of management, are not disclosed as the amount is considered not significant for either year presented. There are no retirement scheme contributions for non-executive directors.

11. Individuals with highest emoluments

Of the five individuals with the highest emoluments, two and two were directors during the years ended 31 December 2011 and 2010, respectively, whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the other individuals are as follows:

	Year ended 31 December	
USD thousand	2011 USD thousand	2010 USD thousand
Salaries and bonuses(*)	**20,976**	24,241

(*) Included in salaries and bonuses is remuneration in the form of shares of the Company for the year ended 31 December 2011 in relation to a share-based long-term incentive plan (hereinafter LTIP) (refer to note 24(b)). For the year ended 31 December 2010 the amount included remuneration for services performed in connection with the Global Offering. Such bonus amounted to approximately USD5,384 thousand.

The emoluments of the other individuals with the highest emoluments are within the following bands:

	Year ended 31 December	
Number of individuals	2011 Number of individuals	2010 Number of individuals
HK$45,000,001-HK$50,000,000 (US$ 5,800,001 - US$ 6,400,000)	–	1
HK$50,000,001-HK$55,000,000 (US$ 6,400,001 - US$ 7,100,000)	**1**	–
HK$55,000,001-HK$60,000,000 (US$ 7,100,001 - US$ 7,700,000)	**2**	1
HK$80,000,001-HK$85,000,000 (US$ 10,300,001 - US$ 10,900,000)	–	1

No emoluments have been paid to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years presented.

Retirement scheme contributions to individuals with highest emoluments are not dislcosed as the amount is considered not significant for either year presented.

12. Dividends

No dividends were declared and paid by the Company during the years ended 31 December 2011 and 2010.

The Company is subject to external capital requirements as described in note 36.

13. (Loss)/profit attributable to equity shareholders of the Company

The (loss)/profit attributable to equity shareholders of the Company includes a loss of USD2,754 million for the year ended 31 December 2011 (2010: a profit of USD996 million) which relates to the financial statements of the Company.

14. Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of shares in issue during the years ended 31 December 2011 and 31 December 2010.

Weighted average number of shares:

	Year ended 31 December	
	2011	2010
Issued ordinary shares at beginning of the year	**15,193,014,862**	1,237,000
Effect of capitalisation issue (refer to note 24(a))	–	13,498,763,000
Issuance of shares on the Global Offering (refer to note 24(a))	–	1,491,175,287
Issuance of shares on warrant conversion (refer to note 24(a))	–	24,213,707
Effect of shares issued as compensation to management	–	52,460,578
Weighted average number of shares at end of the year	**15,193,014,862**	15,067,849,572
Net profit for the year (USD million)	**237**	2,867
Earnings per share (USD)	**0.02**	0.19

There were no outstanding dilutive instruments during the years ended 31 December 2011 and 2010.

On 27 January 2010 the Company issued 1,610,292,840 ordinary shares upon the Global Offering and 26,070,806 ordinary shares on conversion of Fee Warrants (refer to note 24(a)).

The weighted average number of shares for the year ended 31 December 2010 includes the effect of the shares issued as compensation (refer to note 24(a)) from the date of Global Offering, 27 January 2010. Approval of the Group's lenders and the actual issuance of shares to the Group's management and the CEO took place in April 2010.

15. Property, plant and equipment

USD million	Land and buildings	Machinery and equipment	Electro-lysers	Other	Mining assets	Construct-ion in progress	Total
Cost/Deemed cost							
Balance at 1 January 2010	3,607	5,597	1,519	121	656	1,247	12,747
Additions	1	2	140	3	–	215	361
Disposals	(25)	(16)	(2)	(3)	–	(2)	(48)
Transfers	39	135	23	–	16	(213)	–
Transfers to intangible assets	–	–	–	–	–	(3)	(3)
Foreign currency translation	(15)	10	(3)	–	(4)	(4)	(16)
Balance at 31 December 2010	3,607	5,728	1,677	121	668	1,240	13,041
Balance at 1 January 2011	3,607	5,728	1,677	121	668	1,240	13,041
Additions	131	47	181	1	–	424	784
Disposals	(20)	(89)	–	(2)	–	(5)	(116)
Transfers	34	216	7	(11)	3	(249)	–
Foreign currency translation	(69)	(56)	(26)	(3)	(29)	(25)	(208)
Balance at 31 December 2011	**3,683**	**5,846**	**1,839**	**106**	**642**	**1,385**	**13,501**
Accumulated depreciation and impairment losses							
Balance at 1 January 2010	1,413	3,194	1,015	50	638	349	6,659
Depreciation charge	94	240	159	12	–	–	505
Impairment loss (note (a))	6	2	–	–	–	29	37
Disposals	(2)	(14)	–	(2)	–	(1)	(19)
Transfers	3	21	–	–	8	(32)	–
Foreign currency translation	(12)	1	(2)	(1)	(4)	2	(16)
Balance at 31 December 2010	1,502	3,444	1,172	59	642	347	7,166
Balance at 1 January 2011	1,502	3,444	1,172	59	642	347	7,166
Depreciation charge	97	258	166	11	1	–	533
Impairment loss (note (a))	125	62	–	–	4	59	250
Disposals	(6)	(44)	–	(1)	–	–	(51)
Foreign currency translation	(43)	(36)	(18)	–	(28)	(18)	(143)
Balance at 31 December 2011	**1,675**	**3,684**	**1,320**	**69**	**619**	**388**	**7,755**
Net book value							
At 31 December 2010	2,105	2,284	505	62	26	893	5,875
At 31 December 2011	**2,008**	**2,162**	**519**	**37**	**23**	**997**	**5,746**

Depreciation expense of USD492 million (2010: USD473 million) has been charged to cost of goods sold, USD5 million (2010: USD6 million) to distribution expenses and USD21 million (2010: USD20 million) to administrative expenses.

During the years ended 31 December 2011 and 2010, no interest cost was capitalised due to postponement of construction projects as a result of the economic environment.

Included into construction in progress at 31 December 2011 and 2010 are advances to suppliers of property, plant and equipment of USD105 million and USD112 million, respectively.

A. IMPAIRMENT

At 31 December 2011, management analysed changes in the economic environment and developments in the aluminium industry and the Group's operations since 31 December 2010 and considered it necessary to carry out impairment tests for a number of cash-generating units of the Group, which were partially impaired in the previous years.

Based on results of impairment testing, management has concluded that no impairment or reversal of previously recorded impairment should be recorded in these consolidated financial statements, except for impairment of specific items relating to assets that are no longer in use and therefore considered not recoverable amounting to USD250 million and USD37 million at 31 December 2011 and 31 December 2010, respectively.

B. SECURITY

The carrying value of property, plant and equipment subject to lien under loan agreements was USD316 million as at 31 December 2011 (31 December 2010: USD1,393 million), refer to note 25.

C. THE ANALYSIS OF THE NET BOOK VALUE OF PROPERTIES IS AS FOLLOWS:

The Group

USD million	31 December 2011 USD million	31 December 2010 USD million
Owned properties		
In the Russian Federation	**1,799**	1,882
Outside the Russian Federation	**209**	223
	2,008	2,105
Representing		
Land and buildings	**2,008**	2,105

16. Intangible assets

USD million	Goodwill USD million	Other intangible assets USD million	Total USD million
Cost			
Balance at 1 January 2010	4,011	514	4,525
Additions	–	6	6
Disposals	–	(1)	(1)
Transfers from property, plant and equipment	–	3	3
Foreign currency translation	(18)	–	(18)
Balance at 31 December 2010	3,993	522	4,515
Balance at 1 January 2011	3,993	522	4,515
Additions	–	14	14
Disposals	(3)	(49)	(52)
Foreign currency translation	(125)	–	(125)
Balance at 31 December 2011	**3,865**	**487**	**4,352**
Amortisation and impairment losses			
Balance at 1 January 2010	(67)	(346)	(413)
Amortisation charge	–	(17)	(17)
Balance at 31 December 2010	(67)	(363)	(430)
Balance at 1 January 2011	(67)	(363)	(430)
Amortisation charge	–	(17)	(17)
Balance at 31 December 2011	**(67)**	**(380)**	**(447)**
Net book value			
At 31 December 2010	3,926	159	4,085
At 31 December 2011	**3,798**	**107**	**3,905**

A. AMORTISATION CHARGE

The amortisation charge is included in cost of sales in the consolidated statement of income.

B. GOODWILL

Goodwill recognised in these consolidated financial statements principally arose on the formation of the Group in 2000 and the acquisition of a 25% additional interest in the Group by its controlling shareholder in 2003. The amount of goodwill was increased in 2007 as a result of the acquisition of certain businesses of SUAL Partners and Glencore.

C. IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE ASSETS

For the purposes of impairment testing, the entire amount of goodwill is allocated to the aluminium segment of the Group's operations. The aluminium segment represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The recoverable amount represents value in use as determined by discounting the future cash flows generated from the continuing use of the plants within the Group's aluminium segment.

At 31 December 2011, management analysed changes in the economic environment and developments in the aluminium industry and the Group's operations since 31 December 2010 and performed an impairment test for goodwill at 31 December 2011 using the following assumptions to determine the recoverable amount of the segment:

- Total production was estimated based on average sustainable production levels of 4.2 million metric tonnes of primary aluminium, of 7.7 million metric tonnes of alumina and of 13.3 million metric tonnes of bauxite. Bauxite and alumina will be used primarily internally for production of primary aluminium;
- Sales prices were based on the long-term aluminium price outlook derived from available industry and market sources at USD2,240 per tonne for primary aluminium in 2012, USD2,483 in 2013, USD2,540 for 2014, USD2,576 for 2015, USD2,600 for 2016, USD2,662 for 2017, USD2,748 for 2018 and USD2,809 for 2019 and thereafter. Operating costs were projected based on the historical performance of each cash generating unit;
- Nominal foreign currency exchange rates applied to convert operating costs of the Group denominated in RUB into USD were RUB30.0 for one USD in 2012, RUB30.1 in 2013 and 2014, RUB29.6 in 2015, RUB28.8 in 2016, RUB29.5 in 2017, RUB30.3 in 2018 and RUB 31.1 in 2019 and thereafter. Inflation of 4.8% - 5.9% in RUB and 2.2% in USD was assumed in determining recoverable amounts;
- The post-tax discount rate was estimated in nominal terms based on the weighted average cost of capital basis and was 11%;
- A terminal value was derived following the forecast period assuming a 2.2% annual growth rate.

Values assigned to key assumptions and estimates used to measure the units' recoverable amounts were consistent with external sources of information and historic data for each cash-generating unit. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results were particularly sensitive to the following key assumptions:

- A 5% reduction in the projected aluminium price level would have resulted in a decrease in the recoverable amount by 33% and would lead to an impairment of USD3,423 million;
- A 5% increase in the projected level of electricity and alumina costs in the aluminium production would have resulted in a 15% decrease in the recoverable amount and would lead to an impairment of USD1,506 million;
- A 1% increase in the discount rate would have resulted in a 11% change in the recoverable amount and would not lead to impairment.

Based on results of impairment testing, management concluded that no impairment should be recorded in the consolidated financial statements as at 31 December 2011.

At 31 December 2010, management analysed changes in the economic environment and developments in the aluminium industry and the Group's operations since 31 December 2009 and performed an impairment test for goodwill at 31 December 2010 using the following assumptions to determine the recoverable amount of the segment:

- Total production was estimated based on adjusted sustainable production levels of 4.2 million metric tonnes of primary aluminium, of 7.7 million metric tonnes of alumina and of 13.7 million metric tonnes of bauxite. Bauxite and alumina will be used primarily internally for production of primary aluminium;
- Sales prices were based on the long-term aluminium price outlook derived from available industry and market sources at USD2,502 per tonne for primary aluminium in 2011, USD2,583 in 2012, USD2,520 for 2013, USD2,483 for 2014, USD2,553 for 2015, USD2,657 for 2016, USD2,732 for 2017 and USD2,808 for 2018 and thereafter. Operating costs were projected based on the historical performance of each cash generating unit and adjusted for planned cost reductions and estimated increases in certain costs, particularly electricity;
- Nominal foreign currency exchange rates applied to convert operating costs of the Group denominated in RUB into USD were RUB30.5 for one USD in 2011, RUB30.4 in 2012, RUB30.1 in 2013, RUB30.0 in 2014, RUB29.6 in 2015, RUB30.4 in 2016, RUB31.3 in 2017 and RUB32.2 in 2018 and thereafter. Inflation of 5.7% - 8.3% in RUB and 2.8% in USD was assumed in determining recoverable amounts;

– The post-tax discount rate was estimated in nominal terms based on the weighted average cost of capital basis and was 11.4%;
– A terminal value was derived following the forecast period assuming a 2.8% annual growth rate.

Values assigned to key assumptions and estimates used to measure the units' recoverable amounts were consistent with external sources of information and historic data for each cash-generating unit. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results were particularly sensitive to the following key assumptions:

– A 5% reduction in the projected aluminium price level would have resulted in a decrease in the recoverable amount by 33% and would not lead to an impairment;
– A 5% increase in the projected level of operating costs would have resulted in a 34% decrease in the recoverable amount and would not lead to an impairment;
– A 1% increase in the discount rate would have resulted in a 9% change in the recoverable amount and would not lead to impairment.

Based on results of impairment testing, management concluded that no impairment should be recorded in the consolidated financial statements as at 31 December 2010.

17. Interests in associates

USD million	31 December 2011 USD million	2010 USD million
Balance at the beginning of the year	**11,151**	8,968
Group's share of (losses)/profits and other gains and losses attributable to associates	**(349)**	2,435
Dividends	**(306)**	(295)
Group's share of other comprehensive income	**(193)**	20
Foreign currency translation	**(589)**	23
Balance at the end of the year	**9,714**	**11,151**
Goodwill included in interests in associates	**5,315**	5,602

The following list contains only the particulars of associates, all of which are corporate entities, which principally affected the results or assets of the Group.

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Group's nominal interest	Principal activity
OJSC MMC Norilsk Nickel	Incorporated	Russian Federation	190,627,747 shares, RUB1 par value	30.28%	25.13%	Nickel and other metals production
Queensland Alumina Limited	Incorporated	Australia	2,212,000 shares, AUD2 par value	20%	20%	Production of alumina under a tolling agreement

The summary of the consolidated financial statements of associates is presented below:

USD million	Assets USD million	Liabilities USD million	Revenues USD million	Profit USD million
31 December 2011				
100 per cent	**21,766**	**9,809**	**15,406**	**4,198**
Group's effective interest including post acquisition adjustments	**13,445**	**3,249**	**4,085**	**(349)**
31 December 2010				
100 per cent	24,893	6,759	13,596	3,298
Group's effective interest including post acquisition adjustments	13,711	2,086	3,497	1,036

A. OJSC MMC NORILSK NICKEL

The carrying value and market value of the Group's investment in Norilsk Nickel as at 31 December 2011 and 31 December 2010 were as follows:

USD million	31 December 2011 USD million	31 December 2010 USD million
Carrying value	**9,247**	10,671
Market value (a)	**7,365**	11,186

(a) Market value is determined by multiplying the quoted bid price per share on the Moscow Interbank Currency Exchange on the year-end date by the number of shares held by the Group.

The market value of the Group's investment in Norilsk Nickel recovered in the first quarter of 2012 and amounted to USD9,341 million as at 12 March 2012.

The carrying value of the investment in Norilsk Nickel is affected by the entity's sales and purchases of its own shares.

The impact of changes in the net assets of Norilsk Nickel, following a series of transactions with treasury shares, as well as the estimation of the recoverable amount of the investment is that the Group has recognised a loss of USD 1,431 million (a gain of USD 161 million in 2010) in addition to the Group's share of the associate's profit for the year.

The recoverable amount of the investment at 31 December 2011 was determined based on the underlying value in use of its businesses based on the following significant assumptions.

– The long term commodity price forecasts for nickel, copper and other by-products, are management's estimates based on their experience of the specific commodities markets as at the date of the impairment test, and are within the range of external market forecasts. The prices used were as follows:

Metal	Units	2011	2012	2013	2014	2015	2016	2017
Nickel	USD/tonne	22,987	19,543	19,613	19,535	19,385	19,811	20,247
Copper	USD/tonne	8,871	8,190	8,191	8,113	8,022	8,198	8,379
Platinum	USD/oz	1,721	1,530	1,540	1,574	1,609	1,644	1,680
Palladium	USD/oz	733	657	670	685	700	716	731

– Total production volume was based on existing production levels for 2010 adjusted for a growth rate of 1.5-3.0% per year.

– The nominal foreign currency exchange rates applied to convert operating costs denominated in RUB into USD were RUB31.1 for one USD in 2011, RUB32.5 for one USD in 2012, RUB33.8 for one USD in 2013, RUB34.7 for one USD in 2014, RUB35.6 for one USD in 2015, RUB36.6 for one USD in 2016 and RUB37.6 for one USD in 2017 and thereafter. Inflation of 5.0% - 6.9% in RUB and 2.2% in USD was assumed in determining recoverable amounts

The post-tax discount rate was estimated in nominal terms based on the weighted average cost of capital and was 11.8%.

Management concluded that no further impairment is required to be recognised as a result of impairment testing. Values assigned to key assumptions and estimates used to measure the units' recoverable amounts were consistent with external sources of information and historic data. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results were particularly sensitive to the following key assumptions:

– A 5% reduction in the projected price level of main metals for a five-year period would have resulted in a decrease in the recoverable amount by 8% and would result in impairment of USD367 million;

– A 1% increase in the discount rate would have resulted in a 13% change in the recoverable amount and would result in impairment of USD982 million.

In 2010 the Group fully reversed remaining amount of previously recognised impairment and recorded a gain of USD1,399 million.

On the date these consolidated financial statements were issued, the Group was unable to obtain the consolidated financial statements of Norilsk Nickel as at 31 December 2011. Consequently the Group has estimated its share in the losses and other comprehensive income of Norilsk Nickel for the year ended 31 December 2011 based on publicly available information reported by Norilsk Nickel. The information used as a basis for these estimates is incomplete in many aspects. Once the consolidated financial statements for Norilsk Nickel become available, the financial information will be compared to management's estimates. If there are significant differences, adjustments may be required to restate the Group's share of profit, other comprehensive income and the carrying value of the investment in Norilsk Nickel which are reported in these financial statements.

18. Interests in jointly controlled entities

The Group has the following movements in investments in jointly controlled entities:

USD million	31 December 2011 USD million	31 December 2010 USD million
Balance at the beginning of the year	**1,136**	778
Acquisitions	**32**	–
Contributions to jointly controlled entities	**2**	441
Group's share of profits/(losses)	**25**	(25)
Dividends	**(48)**	(28)
Foreign currency t ranslation	**(45)**	(30)
Balance at the end of the year	**1,102**	1,136

Details of the Group's interest in the jointly controlled entities are as follows:

Name of jointly controlled entity	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Group's nominal interest	Principal activity
LLP Bogatyr Komir and its trading companies	Incorporated	Russian Federation/ Kazakhstan	18,150 shares, EUR1	50%	50%	Coal mining
BEMO project	Incorporated	Russian Federation	BOGES Limited - 10,000 shares EUR1.71 BALP Limited - 10,000 shares EUR1.71	50%	50%	Energy/Aluminium production - construction in progress
Mega Business & Alliances B.V. and its companies	Incorporated	Netherlands/ Russian Federation/ Kazakhstan	18,000 shares, EUR1	50%	50%	Transportation business

Summary of the consolidated financial statements of jointly controlled entities - Group's effective interest is presented below:

USD million	31 December 2011 USD million	31 December 2010 USD million
Non-current assets	**1,413**	1,183
Current assets	**101**	99
Non-current liabilities	**(323)**	(73)
Current liabilities	**(89)**	(73)
Net assets	**1,102**	1,136
Income	**455**	377
Expenses	**(430)**	(402)
Profits/(losses) for the year	**25**	(25)
Foreign currency translation differences for foreign operations	**(45)**	(30)

As a result of obtaining project financing at the end of 2010, the BEMO project companies utilised the project financing proceeds to make necessary contributions to the ongoing construction projects and do not require contributions from the joint venture partners at this time.

On 28 September 2011 the Group sold a 50% interest in several wholly owned subsidiaries engaged in the transportation business in Kazakhstan and Russia to an unrelated party for USD47 million. The transaction resulted in a gain of USD15 million and the recognition of an investment in a jointly controlled entity of USD32 million. The consideration related to the sale agreement was received on 4 October 2011 in full.

19. Investments in subsidiaries

The Company

USD million	31 December 2011 USD million	31 December 2010 USD million
Unlisted shares, at cost	**26,248**	25,821
Less: impairment	**(8,435)**	(6,906)
	17,813	18,915

Details of the principal subsidiaries are set out in note 34 to the consolidated finan?ial statements. The decrease in the amount of impairment loss relates to partial reversal of previously recorded impairment of the Company's investments in subsidiaries.

20. Deferred tax assets and liabilities

A. RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following temporary differences:

USD million	Assets 31 December 2011	Assets 31 December 2010	Liabilities 31 December 2011	Liabilities 31 December 2010	Net 31 December 2011	Net 31 December 2010
Property, plant and equipment	**61**	50	**(597)**	(599)	**(536)**	(549)
Inventories	**20**	25	**(5)**	(3)	**15**	22
Trade and other receivables	**6**	8	**(2)**	(5)	**4**	3
Derivative financial liabilities	**4**	147	**(5)**	–	**(1)**	147
Others	**126**	102	**(137)**	(55)	**(11)**	47
Deferred tax assets/(liabilities)	**217**	332	**(746)**	(662)	**(529)**	(330)
Set off of deferred taxation	**(151)**	(247)	**151**	247	**–**	–
Net deferred tax assets/(liabilities)	**66**	85	**(595)**	(415)	**(529)**	(330)

B. MOVEMENT IN DEFERRED TAX ASSETS/(LIABILITIES) DURING THE YEAR

USD million	1 January 2010	Recognised in the statementof income	Foreign currency translation	31 December 2010
Property, plant and equipment	(532)	(17)	–	(549)
Inventories	9	13	–	22
Trade and other receivables	4	(1)	–	3
Derivative financial liabilities	114	33	–	147
Other items	37	13	(3)	47
Total	(368)	41	(3)	(330)

USD million	1 January 2011	Recognised in the statement of income	Foreign currency translation	31 December 2011
Property, plant and equipment	**(549)**	**13**	**–**	**(536)**
Inventories	**22**	**(7)**	**–**	**15**
Trade and other receivables	**3**	**1**	**–**	**4**
Derivative financial liabilities	**147**	**(148)**	**–**	**(1)**
Other items	**47**	**(66)**	**8**	**(11)**
Total	**(330)**	**(207)**	**8**	**(529)**

C. UNRECOGNISED DEFERRED TAX ASSETS

Deferred tax assets have not been recognised in respect of the following items:

USD million	31 December 2011 USD million	31 December 2010 USD million
Deductible temporary differences	**241**	369
Tax loss carry-forwards	**513**	353
	754	722

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom. Tax losses expire in the following years:

Year of expiry	31 December 2011 USD million	31 December 2010 USD million
Without expiry	**378**	292
2021	**21**	–
2020	**20**	3
2019	**12**	9
2018	**41**	13
2017	**13**	3
2016	**8**	2
2015	**5**	22
2014	**7**	7
2013	**6**	–
2012	**2**	2
	513	353

D. UNRECOGNISED DEFERRED TAX LIABILITIES

Retained earnings of the Group's subsidiaries where dividend distributions are subject to taxation included USD4,975 million and USD3,952 million as at 31 December 2011 and 31 December 2010, respectively, for which deferred taxation has not been provided because remittance of the earnings has been indefinitely postponed through reinvestment and, as a result, such amounts are considered to be permanently invested. It was not practicable to determine the amount of temporary differences relating to investments in subsidiaries where the Group is able to control the timing of reversal of the difference. Reversal is not expected in the foreseeable future. For other subsidiaries in the group, including the significant trading companies, the distribution of dividends does not give rise to taxes.

E. CURRENT TAXATION IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION REPRESENTS:

USD million	31 December 2011 USD million	31 December 2010 USD million
Net income tax payable at the begining of the year	**20**	29
Income tax for the year	**166**	185
Income tax paid	**(176)**	(171)
Translation difference	**(31)**	(23)
	(21)	20
Represented by:		
Income tax payable	**16**	40
Prepaid income tax (note 22)	**(37)**	(20)
Net income tax (recoverable)/payable	**(21)**	20

21. Inventories

The Group

USD million	31 December 2011 USD million	31 December 2010 USD million
Raw materials and consumables	**1,333**	1,099
Work in progress	**797**	690
Finished goods and goods held for resale	**1,033**	768
	3,163	2,557
Provision for inventory obsolescence	**(161)**	(128)
	3,002	2,429

Inventories at 31 December 2011 and 31 December 2010 are stated at cost.

Inventories with a carrying value of USD545 million were pledged as collateral for secured bank loans at 31 December 2010. This pledge was released during the year ended 31 December 2011 upon the refinancing of certain loans (refer to note 25).

The analysis of the amount of inventories recognised as an expense is as follows:

	Year ended 31 December	
USD million	2011 USD million	2010 USD million
Carrying amount of inventories sold	**8,246**	7,098
Write-down of inventories	**33**	27
	8,279	7,125

22. Trade and other receivables

The Group

USD million	31 December 2011 USD million	31 December 2010 USD million
Trade receivables from third parties	**200**	241
Impairment loss on trade receivables	**(41)**	(63)
Net trade receivables from third parties	**159**	178
Trade receivables from related parties, including:	**40**	35
Companies capable of exerting significant influence	*32*	*35*
Impairment loss	*(8)*	*(10)*
Net trade receivables from companies capable of exerting significant influence	*24*	*25*
Companies under common control	*8*	*7*
Related parties – associates	*8*	*3*
VAT recoverable	**529**	474
Impairment loss on VAT recoverable	**(56)**	(49)
Net VAT recoverable	**473**	425
Advances paid to third parties	102	185
Impairment loss on advances paid	(4)	(6)
Net advances paid to third parties	**98**	179
Advances paid to related parties, including:	**68**	66
Related parties – companies capable of exerting significant influence	–	*1*
Related parties – companies under common control	–	*2*
Related parties – associates	*68*	*63*
Prepaid expenses	**42**	20
Prepaid income tax	**37**	20
Prepaid other taxes	**14**	17
Other receivables from third parties	100	101
Impairment loss on other receivables	(24)	(19)
Net other receivables from third parties	**76**	82
Other receivables from related parties, including:	**25**	36
Related parties – companies capable of exerting significant influence	*1*	*1*
Related parties – companies under common control	*11*	*19*
Related parties – associates	*13*	*16*
	1,032	1,058

All of the trade and other receivables are expected to be settled or recognised as an expense within one year or are repayable on demand.

The specific allowance for doubtful trade and other receivables and the uncollectible amount of trade and other receivables written off during the year ended 31 December 2011 amounted USD18 million and USD32 million respectively (31 December 2010: USD18 million and nil).

As at 31 December 2010, USD51 million of VAT recoverable of a Group subsidiary domiciled in Ukraine was reclassified from current to non-current assets as the Group did not expect to recover those amounts within the next 12 months. Impairment of the related carrying value of the outstanding VAT recoverable of USD12 million is included in the impairment of non-current assets in the consolidated statement of income.

A. AGEING ANALYSIS

Included in trade and other receivables are trade receivables (net of allowance for doubtful debts) with the following ageing analysis as of the reporting dates:

USD million	31 December 2011 USD million	31 December 2010 USD million
Current	**137**	183
Past due 0-90 days	**52**	22
Past due 91-365 days	**8**	6
Past due over 365 days	**2**	2
Amounts past due	**62**	30
	199	213

Trade receivables are on average due within 60 days from the date of billing. The receivables that are neither past due nor impaired (i.e. current) relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. Further details of the Group's credit policy are set out in note 30(e).

B. IMPAIRMENT OF TRADE RECEIVABLES

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

USD million	Year ended 31 December 2011 USD million	Year ended 31 December 2010 USD million
Balance at the beginning of the year	**(73)**	(56)
Impairment loss recognised	**(2)**	(17)
Uncollectible amounts written off	**26**	–
Balance at the end of the year	**(49)**	(73)

As at 31 December 2011 and 31 December 2010, the Group's trade receivables of USD49 million and USD73 million respectively were individually determined to be impaired. Management assessed that the receivables were not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised.

The Group does not hold any collateral over these balances.

The Company

USD million	31 December 2011 USD million	31 December 2010 USD million
Other receivables	**29**	29

23. Cash and cash equivalents

The Group

USD million	31 December 2011 USD million	31 December 2010 USD million
Bank balances, USD	**292**	329
Bank balances, RUB	**39**	106
Bank balances, other currencies	**49**	36
Cash in transit	**3**	–
Short-term bank deposits	**230**	15
Cash and cash equivalents in the consolidated statement of cash flows	**613**	486
Restricted cash	**33**	5
Cash and cash equivalents in the statement of financial position	**646**	491

As at 31 December 2011 and 31 December 2010 included in cash and cash equivalents was restricted cash of USD33 million and USD5 million, respectively, for letters of credit pledged with the banks.

The Company

USD million	31 December 2011 USD million	31 December 2010 USD million
Restricted cash	**13**	–
Cash and cash equivalents in the statement of financial position	**13**	–

Cash and cash equivalents as at 31 December 2011 represented cash pledged under a Swiss Law Pledged Agreement with BNP Paribas (Suisse) SA and Banca Nazionale Del Lavoro S.p.A .

24. Equity

A. SHARE CAPITAL

	31 December 2011		31 December 2010	
	USD	Number of shares	USD	Number of shares
Ordinary shares at the end of the year, authorised	**200 million**	**20 billion**	200 million	20 billion
Ordinary shares at 1 January	**151,930,148**	**15,193,014,862**	12,370	1,237,000
Effect of capitalisation issue	–	–	134,987,630	13,498,763,000
Issuance of ordinary shares on the Global Offering	–	–	16,102,928	1,610,292,840
Issuance of shares on conversion of Fee Warrants	–	–	260,708	26,070,806
Issuance of shares as compensation to management	–	–	566,512	56,651,216
Ordinary shares at the end of the year of USD0.01 each, issued and paid	**151,930,148**	**15,193,014,862**	151,930,148	15,193,014,862

On 27 January 2010, the Company successfully completed the Global Offering (refer to note 1). On completion of the placing the Company issued 1,636,363,646 new shares representing approximately 11% of the Company's issued and outstanding shares (the Company's issued share capital was increased to 13,500,000,000 shares immediately prior to the placing as a result of the capitalisation issue). The Company raised approximately USD2,188 million, net of related expenses of USD48 million, from the Global Offering of which USD2,143 million was used to repay principal debt owed by the Company to its international and Russian lenders (excluding the State Corporation Bank for Development and Foreign Economic Affairs, referred further as "VEB") and Onexim. In addition to USD48 million directly related to the placement of the newly issued shares and recorded in equity, listing expenses of USD34 million were charged directly to the statement of income as these expenses related to the admission of the Company's entire share capital to trading on The Stock Exchange of Hong Kong Limited and Euronext Paris rather than placement of the new shares which resulted in additional equity. UC RUSAL also has paid fees to its

international lenders and to Onexim in connection with the debt restructuring.

On 27 January 2010, 26,070,806 Fee Warrants with a carrying value of USD36 million were converted into the Company's ordinary shares and 110,292,840 Fee Warrants with a carrying value of USD153 million were settled by cash.

On 6 April 2010 the Company received consent from its international lenders in respect of the issuance of share-based compensation to its management and the CEO in connection with the Global Offering which took place in January 2010. The issue of shares was ratified by the Board on 13 April 2010. The Company issued 56,651,216 shares, representing 0.4% of its issued and outstanding share capital as compensation to its management and the CEO.

In December 2010 the Company's Russian Depository Receipts ("RDRs") were listed on two leading stock exchanges of Russia, the Moscow Interbank Currency Exchange ("MICEX") and the Russian Trading System ("RTS"). RDRs are issued on common shares of the Company, admitted for trading on The Stock Exchange of Hong Kong Limited. Each RDR represents a right of its holder to receive 10 common shares. RDRs do not have any nominal value. There is no time limit on the issue of RDRs within the RDR programme. The Company's shareholders will be able to receive RDRs against the deposit of shares and, vice versa, RDR holders will be able to receive shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

B. SHARE-BASED COMPENSATION

On 11 May 2011 the Board of Directors of the Company approved a share-based long-term incentive plan (hereinafter "LTIP") that regulates share-based compensation for eligible employees of the Group. On an annual basis, the Board of Directors considers and approves eligible employees for participation in the LTIP. The number of awarded shares is determined by the Company and approved by the Board of Directors on the grant date. The vesting period for the currently approved eligible employees is as follows:

– CEO: awarded shares vest over a 3-year period in equal installments
– Other eligible employees: awarded shares vest over a 5-year period in equal installments.

The vesting period started in November 2010.

During 2011, some 14,603,764 shares were granted under the plan with a fair value of USD11 million, of which 3,254,566 shares vested in November 2011 with a corresponding value of USD5 million.

C. OTHER RESERVES

The acquisition of RUSAL Limited by the Company has been accounted for as a non-substantive acquisition. The consolidated share capital and share premium represent only the share capital and share premium of the Company and the share capital and other paid in capital of RUSAL Limited prior to the acquisition has been included in other reserves. In addition other reserves include the cumulative unrealised actuarial gains and losses on the Group's defined post retirement benefit plans, the effective portion of the accumulative net change in fair value of cash flow hedges and the Group's share of other comprehensive income.

D. DISTRIBUTIONS

In accordance with the Companies (Jersey) Law 1991 (the "Law"), the Company may make distributions at any time in such amounts as are determined by the Company out of the assets of the Company other than the capital redemption reserves and nominal capital accounts, provided that the directors of the Company make a solvency statement in accordance with that Law of Jersey at the time the distributions are proposed. Dividend pay-outs are restricted in accordance with the credit facility agreements.

E. CURRENCY TRANSLATION RESERVE

The currency translation reserve comprises all foreign exchange differences arising from the translation of the consolidated financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3(b).

F. MOVEMENT IN COMPONENTS OF EQUITY WITHIN THE COMPANY

USD million	Share capital	Reserves	Total
Balance at 1 January 2010	–	5,433	5,433
Profit and total comprehensive income for the year	–	996	996
Capitalisation issuance of shares	135	(135)	–
Shares issued upon Global Offering, net of related expenses	16	2,172	2,188
Shares issued on conversion of Fee Warrants	–	36	36
Issuance of shares as compensation to management	1	68	69
Other changes resulting from transactions under common control	–	190	190
Balance at 31 December 2010	152	8,760	8,912
Balance at 1 January 2011	152	8,760	8,912
Loss and total comprehensive income for the year	–	(2,754)	(2,754)
Other changes resulting from transactions under common control	–	(57)	(57)
Balance at 31 December 2011	**152**	**5,949**	**6,101**

25. Loans and borrowings

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk refer to notes 30(c)(ii) and 30(c)(iii), respectively.

USD million	31 December 2011 USD million	31 December 2010 USD million
Non-current liabilities		
Secured bank loans	**9,505**	10,071
Unsecured bank loans	**629**	–
Unsecured company loans	**–**	531
	10,134	10,602
Current liabilities		
Secured bank loans	**574**	1,228
Unsecured company loans	**–**	102
Accrued interest	**55**	31
	629	1,361

Terms and debt repayment schedule as at 31 December 2011

USD million	TOTAL USD million	2012 USD million	2013 USD million	2014 USD million	2015 USD million	2016 USD million	Later years USD million
Secured bank loans							
Variable							
USD – Libor + 1.6%	66	33	33	–	–	–	–
USD – 3M Libor + 2.6%	3,658	481	793	793	793	798	–
USD – 3M Libor + 3.85%	975	–	–	–	–	–	975
USD – 1Y Libor + 4.5%	4,944	–	–	–	–	4,944	–
RUB – refinancing rate of RCB + 2.5%	436	60	376	–	–	–	–
	10,079	574	1,202	793	793	5,742	975
Unsecured bank loans							
Variable							
USD – 3M Libor + 4.5%	450	–	90	120	120	120	–
EURO – 3M Libor + 4.5%	179	–	36	48	48	47	–
Total	**629**	**–**	**126**	**168**	**168**	**167**	**–**
Accrued interest	55	55	–	–	–	–	–
Total	**10,763**	**629**	**1,328**	**961**	**961**	**5,909**	**975**

The secured bank loans are secured by pledges of shares of the following Group companies:

Company names	
Rusal Novokuznetsk	25% + 1
SUAL	36% + 1
Rusal Sayanogorsk	25% + 1
Rusal Bratsk	25% + 1
Rusal Krasnoyarsk	25% + 1
Albaco	100%

The secured bank loans are also secured by pledges of shares of associate:

Company names	
Norilsk Nickel	25% + 1

The secured bank loans are also secured by the following:

Properties, plant and equipment with a carrying amount of USD316 million.

As at 31 December 2011 rights, including all monies and claims, arising out of certain sales contracts between the Group's trading subsidiaries and ultimate customers, were assigned to secure the new facility agreement.

The nominal value of the Group's loans and borrowings was USD10,928 million at 31 December 2011 (31 December 2010: USD12,566 million).

Debt refinancing during the year ended 31 December 2011

On 23 September 2011, the Group and Sberbank of Russia signed an amendment to the USD4.58 billion loan agreement effective immediately. This amendment includes extension of the maturity of the loan until September 2016, change of the interest rate to one year LIBOR + 4.5% and the cancellation of the Vnesheconombank (VEB) guarantee and the relevant release from pledge of 5% of the Company's shares.

On 29 September 2011, the Group entered into a new facility agreement with Russian and international lenders up to USD4.75 billion. The facility proceeds were used to refinance the outstanding debt under the International Override Agreement and Onexim liabilities on 5 October 2011.

According to the agreement the facility will be provided in two tranches:

– Tranche A amounting to USD3.75 billion is to be repaid in equal quarterly instalments starting from the 15th month after the first drawdown and with a final maturity falling 60 months after the first drawdown with USD500 million to be repaid during the first 12 months from the date of the first drawdown. Loans under tranche A will bear interest at the rate of 3-month LIBOR plus margin based on Total Net Debt/EBIDTA ratio which is revised quarterly.

Total Net Debt/EBITDA	Tranche A Margin
Greater than 4:1	2.85 per cent. per annum
Greater than 3.5:1 but less than or equal to 4:1	2.60 per cent. per annum
Greater than 3:1 but less than or equal to 3.5:1	2.35 per cent. per annum
Greater than 2.5:1 but less than or equal to 3:1	2.10 per cent. per annum
Less than or equal to 2.5:1	1.75 per cent. per annum

– Tranche B amounting to USD1 billion to be repaid in equal quarterly instalments starting from the 63rd month after the first drawdown with a final maturity date falling 84 months after the date of the facility documentation. Loans under tranche B will bear interest at the rate of 3-month LIBOR plus 3.85% per annum.

In addition, the Group has completed the refinancing of Sberbank of Russia loans of USD453 million with a five year maturity and 1-year LIBOR plus 4.5% interest rate and signed an agreement with Gazprombank on a new loan facility up to USD455 million and EURO140 million with a five year maturity and a 3-month LIBOR plus 4.5% interest rate.

On 1 December 2011 the Group signed an agreement with Sberbank of Russia on a new loan facility up to RUB18.3 billion with a five year maturity and 9.7% interest rate (refer to note 36).

The refinancing agreements have imposed certain obligations on the Group, including standard financial covenants and restrictions on dividend distributions.

In the end of 2011, the Group has entered into an interest rate swap to convert the floating 1Y Libor rate into a fixed rate of 2.4795% on a portion of USD4.58 billion facility with Sberbank of Russia. The notional amount of facility subject to this swap is USD3.3 billion and the swap is effective from 30 September 2012 until the maturity of the underlying loans.

In December 2011 the Group commenced negotiations with its International and Russian lenders to obtain an optional 12-month covenant holiday starting from any quarter in 2012. In case the covenant holiday option is exercised the extended margin grid will be applied. The option was approved by lenders in January 2012 (refer to note 36).

Terms and debt repayment schedule as at 31 December 2010 (*)

USD million	TOTAL USD million	2011 USD million	2012 USD million	2013 USD million
Secured bank loans				
Variable				
USD – Libor + 1.6%	99	33	33	33
USD – Libor + 4.5%	4,988	825	1,006	3,157
USD – Libor + 5%	4,516	–	–	4,516
EUR – EURIBOR + 4.5%	51	9	11	31
RUB – refinancing rate of RCB + 3%	540	103	112	325
Fixed				
USD – fixed at 7%	7	1	2	4
USD – fixed at 8%	578	116	123	339
USD – fixed at 8.35%	19	4	4	11
USD – fixed at 8.5%	354	107	114	133
EUR – fixed at 8.5%	147	30	32	85
	11,299	1,228	1,437	8,634
Unsecured company loans				
Variable				
USD – Libor + 4.5%	633	102	126	405
Total	**11,932**	**1,330**	**1,563**	**9,039**
Accrued interest	31	31	–	–
Total	**11,963**	**1,361**	**1,563**	**9,039**

(*) The debt repayment schedule presented in the table above was based on the expected repayments forecast by the Company using the Group's financial model which considered the cash sweep mechanism stipulated in the international override agreement. These repayments exceed minimum repayment targets established in the international override agreement.

The secured bank loans were secured by pledges of shares of the following Group companies:

Company names	
Albaco;	100%
Khakas Aluminium Smelter;	100%
Tameko;	100%
Noirieux	100%

5% of the Company's shares by the Company's four major shareholders pro rata to their shareholdings in the Company.

Company names	
Bauxite & Alumina Mining Ventures Limited	100%
Limerick Alumina Refining Limited	100%
Auginish Alumina Limited	100%
Eurallumina SpA	100%
UC Rusal Jamaica Limited	100%
UC Rusal Jamaica II Limited	100%
UC RUSAL Energy Limited	100%
UC RUSAL BOAZ Limited	100%
Kubal	100%
RUSAL Armenal	100%
Bauxite Company of Guyana Inc	90%
Rusal Achinsk	36% + 1
Rusal Novokuznetsk	36% + 1
SUAL	36% + 1
Rusal Sayanogorsk	32.85% + 1
Rusal Bratsk	25% +1
Rusal Krasnoyarsk	25% +1

The secured bank loans were also secured by pledges of shares of associates:

Company names	
Norilsk Nickel	25% + 1

The secured bank loans were also secured by the following:

Properties, plant and equipment with a carrying amount of USD1,393 million;
Inventories with a carrying amount of USD545 million.

As at 31 December 2010 rights, including all monies and claims, arising out of certain intra-group sales and tolling contracts between the Group's trading subsidiaries and smelters, were assigned to secure restructured international debt in case of occurrence of an event of default.

The debt restructuring agreements restrict the Company's ability to pay dividends. In particular, dividends may not be paid until the Group's ratio of net debt to EBITDA is no more than 3 to 1 and its debts (excluding debt owed to VEB) have been repaid by at least USD5 billion. Further, there should be no outstanding default under the international override agreement and the Group should be able to demonstrate that it has sufficient cash to pay the proposed dividends. If and when dividends become payable, they are limited to no more than 50% of the Group's annual net profit (excluding earnings, but including dividends, of Norilsk Nickel) in any one year.

The Company

USD million	31 December 2011 USD million	2010 USD million
Non-current liabilities		
Secured bank loans	**9,096**	8,140
Unsecured company loans	**–**	531
Unsecured loans from related parties	**427**	–
	9,523	8,671
Current liabilities		
Secured bank loans	**481**	713
Unsecured company loans	**–**	102
Unsecured loans from related parties	**15**	15
Accrued interest	**59**	25
	555	855

Terms and debt repayment schedule as at 31 December 2011

USD million	TOTAL USD million	2012 USD million	2013 USD million	2014 USD million	2015 USD million	2016 USD million	Later years USD million
Secured bank loans							
Variable							
USD – 1Y Libor + 4.5%	**4,944**	**–**	**–**	**–**	**–**	**4,944**	**–**
USD – 3M Libor + 2.6%	**3,658**	**481**	**793**	**793**	**793**	**798**	**–**
USD – 3M Libor + 3.85%	**975**	**–**	**–**	**–**	**–**	**–**	**975**
	9,577	**481**	**793**	**793**	**793**	**5,742**	**975**
Unsecured loans from related parties							
Interest free	**15**	**15**	**–**	**–**	**–**	**–**	**–**
RUB – fixed 8.31%–8.51%	**427**	**–**	**–**	**427**	**–**	**–**	**–**
	10,019	**496**	**793**	**1,220**	**793**	**5,742**	**975**
Accrued interest	**59**	**59**	**–**	**–**	**–**	**–**	**–**
Total	**10,078**	**555**	**793**	**1,220**	**793**	**5,742**	**975**

The secured bank loans are secured by pledges of shares of the following Group companies:

Company names	
Rusal Bratsk	25% + 1
Rusal Krasnoyarsk	25% + 1
Rusal Sayanogorsk	25% + 1
Novokuznetsk	25% + 1
SUAL	25% + 1

The secured bank loans are also secured by pledges of shares of associate:

Company names	
Norilsk Nickel	25% + 1

Terms and debt repayment schedule as at 31 December 2010

USD million	TOTAL USD million	2011 USD million	2012 USD million	2013 USD million
Secured bank loans				
Variable				
USD - Libor + 4.5%	4,337	713	873	2,751
USD - Libor + 5%	4,516	–	–	4,516
	8,853	713	873	7,267
Unsecured company loans				
Variable				
USD - Libor + 4.5%	633	102	126	405
Total	9,486	815	999	7,672
Unsecured loans from related parties				
Interest free	15	15	–	–
	9,501	830	999	7,672
Accrued interest	25	25	–	–
Total	9,526	855	999	7,672

The secured bank loans are secured by pledges of shares of the following Group companies:

5% of the Company's shares by the Company's four major shareholders pro rata to their shareholdings in the Company

The secured bank loans are also secured by pledges of shares of associate:

Company names	
Norilsk Nickel	25% + 1

In accordance with the international override agreement the loans are secured by pledges of shares of the Group's subsidiaries as described above.

26. Bonds

On 3 March and 18 April 2011, one of the Group's subsidiaries issued two tranches of rouble denominated bonds, each including 15 million bonds, with a par value of 1,000 roubles each on MICEX. Maturity of the first tranche is seven years subject to a put option exercisable in three years. Maturity of the second tranche is ten years subject to a put option exercisable in four years.

Simultaneously, the Group entered into cross-currency swaps with an unrelated financial institution in relation to each tranche whereby the first tranche with semi-annual coupon payments of 8.3% p.a. was transformed into a USD obligation with a matching maturity of USD530 million bearing interest at 5.13% per annum and the second tranche with semi-annual coupon payments of 8.5% p.a. was transformed into a USD obligation with a matching maturity of USD533 million bearing interest at 5.09% per annum. The proceeds of the bond issues were used for repayment of part of the Group's outstanding debts. The closing market price at 31 December 2011 was 934.2 roubles and 898.0 roubles per bond for the first and second tranches respectively.

27. Provisions

USD million	Pension liabilities	Site restoration	Provisions for legal claims	Tax provisions	Total
Balance at 1 January 2010	138	313	59	76	586
Provisions made during the year	20	22	17	2	61
Provisions reversed during the year	(14)	(8)	(2)	(48)	(72)
Actuarial loss	6	–	–	–	6
Provisions utilised during the year	(15)	–	(34)	–	(49)
Foreign currency translation	(1)	(5)	–	–	(6)
Balance at 31 December 2010	134	322	40	30	526
Balance at 1 January 2011	134	322	40	30	526
Provisions made during the year	17	138	12	44	211
Provisions reversed during the year	(30)	(32)	(2)	(27)	(91)
Actuarial loss	4	–	–	–	4
Provisions utilised during the year	(15)	(5)	(14)	–	(34)
Foreign currency translation	(5)	(22)	–	–	(27)
Balance at 31 December 2011	**105**	**401**	**36**	**47**	**589**
Non-current	91	393	–	–	484
Current	14	8	36	47	105
	105	**401**	**36**	**47**	**589**

A. PENSION LIABILITIES

Group subsidiaries in the Russian Federation and Ukraine

The Group voluntarily offers a number of pension and employee benefit programs to employees at its Russian production facilities, including:

- Occupational pension programs under which retirees are entitled to a whole-life regular (old age or disability) pension from the Group. Future pension levels for some of the programs are independent of salary levels and are either fixed monetary amounts or are dependent on past service of an employee;
- Regular whole-life pensions to its veterans of World War II;
- Long-term and post-employment benefits to its employees including death-in-service, lump sum upon retirement, material support for pensioners and death-in-pension benefits.

Due to legal requirements, the Ukrainian subsidiaries are responsible for partial financing of the State hardship pensions for those of its employees who worked, or still work, under severe and hazardous labour conditions (hardship early retirement pensions). These pensions are paid until the recipient reaches the age of entitlement to the State old age pension (55 years for female and 60 years for male employees). In Ukraine, the Group also voluntarily provides long-term and post-employment benefits to its employees including death-in-service, lump sum benefits upon retirement and death-in-pension benefits.

All the above pension and employee benefit programs are of a defined benefit nature. The Group finances these programs on an unfunded pay-as-you-go basis.

The number of employees eligible for the plans as at 31 December 2011 and 2010 was 64,861 and 63,451, respectively. The number of pensioners as at 31 December 2011 and 2010 was 34,933 and 30,270, respectively.

Group subsidiaries outside the Russian Federation and Ukraine

In Jamaica, the Group provided employees with a defined benefit pension plan and post-retirement medical benefits.

In Ireland, the Group offers employees a final pay pension plan, with a pension equal to 1/60th of pensionable salary, adjusted for social security and shift earnings, for each year of service. Apart from that the Group offers long-term and post-employment benefits to its employees including death-in-service, lump sum upon retirement and death-in-pension benefits. The plans in Ireland and Jamaica are funded plans.

In Sweden, the Group provides defined benefit lifelong and temporary pension benefits. The lifelong benefits are dependent on the past service and average salary level of the employee, with an accrual rate that depends on the salary bracket the employee is in. The liability relates only to benefits accrued before 1 January 2004. These plans are unfunded.

In several other subsidiaries, the Group provides lump sum benefits upon retirement which are financed on an unfunded pay-as-you-go basis.

The following tables summarise the components of the benefit expense recognised in the consolidated statement of income and the amounts recognised in the consolidated statement of financial position and in the consolidated statement of comprehensive income in relation to the plans. The amounts recognised in the consolidated statement of income are as follows:

USD million	31 December 2011 USD million	31 December 2010 USD million
Current service cost	8	7
Past service costs recognised during the year	4	3
Interest cost	17	20
Actuarial expected return on plan assets	(8)	(10)
Curtailment/settlement	(33)	(14)
Net (expense)/income recognised in the statement of income	**(12)**	6

The reconciliations of the present value of the defined benefit obligation to the liabilities recognised in the consolidated statement of financial position is as follows:

USD million	31 December 2011 USD million	31 December 2010 USD million
Present value of defined benefit obligations	**243**	272
Fair value of plan assets	**(136)**	(132)
Present value of obligations	**107**	140
Unrecognised past service cost	**(2)**	(6)
Net liability in the statement of financial position	**105**	134

Changes in the present value of the net liability are as follows:

USD million	31 December 2011 USD million	31 December 2010 USD million
Net liability at beginning of the year	**134**	138
Net expense recognised in the statement of income	**(12)**	6
Contributions paid into the plan by the employers	**(15)**	(15)
Actuarial losses charged directly to equity	**4**	6
Foreign currency translation	**(6)**	(1)
Net liability at end of the year	**105**	134

The change of the present value of the defined benefit obligations ("DBO") is as follows:

USD million	31 December 2011 USD million	31 December 2010 USD million
Present value of defined benefit obligations at beginning of the year	**272**	315
Service cost	**8**	7
Interest cost	**17**	20
Actuarial (gains)/losses	**(4)**	11
Currency exchange losses	**(9)**	(11)
Contributions by employees	**3**	3
Benefits paid	**(12)**	(13)
Translation difference	**1**	(1)
Settlement and curtailment gain	**(33)**	(59)
Present value of defined benefit obligations at the end of the year	**243**	272

Movement in fair value of plan assets:

USD million	31 December 2011 USD million	31 December 2010 USD million
Fair value of plan assets at the beginning of the year	**132**	189
Actuarial expected return on plan assets	**8**	10
Contributions paid into the plans by the employers	**15**	15
Contributions paid into the plans by the employees	**3**	3
Benefits paid by the plan	**(12)**	(13)
Settlements	**–**	(66)
Investment gains	**(6)**	5
Currency exchange losses	**(4)**	(11)
Fair value of plan assets at the end of the year	**136**	132

Actuarial gains and losses recognised in the consolidated statement of comprehensive income:

USD million	Year ended 31 December 2011 USD million	Year ended 31 December 2010 USD million
Cumulative amount at beginning of the year	**19**	25
Recognised during the year	**(4)**	(6)
Cumulative amount at the end of the year	**15**	19

At 31 December 2011 the fair value of plan assets comprised investments in different asset categories as follows:

Asset class	USD million	%
Equity	**44**	32
Fixed income	**76**	56
Real estate	**–**	–
Cash equivalents	**16**	12
Total plan assets	**136**	100

The Group expects to pay the defined benefit retirement plans an amount of USD14 million during the 12 month period beginning on 1 January 2012.

Actuarial valuation of pension liabilities

The actuarial valuation of the Group and the portion of the Group funds specifically designated for the Group's employees were completed by a qualified actuary, Robert van Leeuwen AAG, as at 31 December 2011, using the projected unit credit method as stipulated by IAS 19.

The key actuarial assumptions (weighted average, weighted by DBO) are as follows:

	31 December 2011 % per annum	31 December 2010 % per annum
Discount rate	**6.3**	6.5
Expected return on plan assets	**4.9**	5.5
Future salary increases	**5.1**	6.1
Future pension increases	**0.6**	2.2
Staff turnover	**4.0**	3.0
Mortality	**USSR population table for 1985, Ukrainian population table for 2000**	USSR population table for 1985, Ukrainian population table for 2000
Disability	**70% Munich Re for Russia; 40% of death probability for Ukraine**	70% Munich Re for Russia; 40% of death probability for Ukraine

The market value of plan assets as at the date of their valuation is as follows:

USD million	31 December 2011 USD million	31 December 2010 USD million
Present value of defined benefit obligations	**243**	272
Fair value of plan assets	**(136)**	(132)
Deficit in plan	**107**	140

The actuarial valuation shows that the Group's obligations are 56 % covered by the plan assets held as at 31 December 2011 (31 December 2010: 49%). As noted above, the Ukrainian, Russian and some minor overseas plans are completely unfunded, whereas the Irish overseas plan is partially funded.

B. SITE RESTORATION

The Group provides for site restoration obligations when there is a specific legal or constructive obligation for mine reclamation, landfill closure (primarily comprising red mud basin disposal sites) or specific lease restoration requirements. The Group does not record any obligations with respect to decommissioning of its refining or smelting facilities and restoration and rehabilitation of the surrounding areas unless there is a specific plan to discontinue operations at a facility. This is because any significant costs in connection with decommissioning of refining or smelting facilities and restoration and rehabilitation of the surrounding areas would be incurred no earlier than when the facility is closed and the facilities are currently expected to operate over a term in excess of 50-100 years due to the perpetual nature of the refineries and smelters and continuous maintenance and upgrade programs resulting in the fair values of any such liabilities being negligible.

The site restoration provision recorded in these consolidated financial statements relates primarily to mine reclamation and red mud basin disposal sites at alumina refineries and is estimated by discounting the risk-adjusted expected expenditure to its present value based on the following key assumptions:

	31 December 2011	31 December 2010
Timing of cash outflows	**2012: USD8 million**	2011: USD38 million
	2013-2017: USD150 million	2012-2016: USD153 million
	2018-2028: USD280 million	2017-2027: USD73 million
	2029-2095: USD170 million	2028-2095: USD342 million
Risk free discount rate before adjusting for inflation (a)	**2.95%**	2.06%

(a) the risk free rate for the year 2011 represents an effective rate, which comprises rates differentiated by years of obligation settlement and by currencies in which the provisions was calculated

At each reporting date the Directors have assessed the provisions for site restoration and environmental matters and concluded that the provisions and disclosures are adequate.

As at 31 December 2011, management reassessed the timing and extent of site restoration and dismantling activities at Eurallumina and RUSAL Bratsk and recalculated the related asset retirement obligation. The resulting increase in impairment of non-current assets of USD130 million including USD112 related to Eurallumina was recorded in the statement of income. The amount of provision is estimated by discounting the expected expenditures to their present value based on risk free discount rate of 2.87% over 10 year period for Eurallumina and on risk free discount rate of 2.11% over 4 year period for RUSAL Bratsk.

C. PROVISIONS FOR LEGAL CLAIMS

The Group's subsidiaries are subject to a variety of lawsuits and claims in the ordinary course of its business. As at 31 December 2011, there were several claims filed against the Group's subsidiaries contesting breaches of contract terms and non-payment of existing obligations. Management has reviewed the circumstances and estimated that the amount of probable outflow related to these claims should not exceed USD36 million (31 December 2010: USD40 million). The amount of claims, where management assesses outflow as possible approximates USD164 million (31 December 2010: USD18 million).

At each reporting date the Directors have assessed the provisions for litigation and claims and concluded that the provisions and disclosures are adequate.

D. TAX PROVISIONS

As at 31 December 2011, management of the Group reassessed certain tax claims with high probability of outflow and increased the provision by USD44 million relating to excise tax obligation at Eurallumina which was partially set-off by the reversal of a provision of USD27 million related to thin capitalisation rules. At each reporting date the Directors have assessed the provisions for taxation and concluded that the provisions and disclosures are adequate.

28. Derivative financial assets/liabilities

	31 December 2011 USD million		31 December 2010 USD million	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Cross-currency swaps	**–**	**164**	–	–
Petroleum coke supply contracts and other raw materials	**25**	**16**	–	–
Interest rate swaps	**–**	**9**	–	–
Structured investment	**9**	**–**	111	–
Electricity contracts	**–**	**9**	–	738
Total	**34**	**198**	111	738

A. CROSS-CURRENCY SWAPS

During the year ended 31 December 2011, the Group entered into cross-currency swaps to transform the two tranches of its rouble bonds into USD obligations of USD530 million and USD533 million respectively (refer to note 26). The terms of the swaps are 3 and 4 year respectively. The forward exchange rate applied to value the swaps is 33.05 in 2012, 34.79 in 2013, 36.57 in 2014 and 38.29 in 2015.

B. PETROLEUM COKE SUPPLY CONTRACTS AND OTHER RAW MATERIALS

In May and September 2011, the Group entered into long-term petroleum coke supply contracts where the price of coke is determined with reference to the LME aluminium price and the Brent oil price. The strike price for aluminium is set at USD2,403.45 per tonne and USD2,497.72 per tonne respectively, while the strike price for oil is set at USD61.10 per barrel and USD111.89 per barrel respectively.

The forward price of aluminium as LME Al cash and oil as Platt's FOB Brent used for derivative measurement are as follows:

	2012	2013	2014	2015	2016
LME Al Cash, USD per tonne	2,048	2,150	2,260	2,346	2,402
Platt's FOB Brent, USD per barrel	106	101	97	94	93

C. INTEREST RATE SWAP

During the year ended 31 December 2011, the Group has entered into an interest rate swap to convert the floating 1Y Libor rate into a fixed rate of 2.4795% on a portion of USD4.58 billion facility with Sberbank of Russia. The notional amount of facility subject to this swap is USD3.3 billion and the swap is effective from 30 September 2012 until the maturity of the underlying loans (refer to note 25(a)). The forward one year LIBOR rate applied to value the swap is 0.68% in 2012, 0.7% in 2013, 0.77% in 2014, 0.94% in 2015 and 1.13% in 2016.

D. STRUCTURED INVESTMENT

The structured investement is a derivative financial instrument linked to the share price of Norilsk Nickel which expires in 2012.

E. ELECTRICITY CONTRACTS

In November 2009, the Group entered into long-term electricity contracts for 9 to 11 years for electricity and power supply with related parties controlled by the immediate parent company of the Group. The long-term contracts set forth maximum amounts of electricity and power to be supplied each year that represent expected volumes to be consumed by certain production companies of the Group which are parties to these contracts. The fair value of the embedded derivatives during 2010 was valued using Monte-Carlo and Black Scholes models.

In the beginning of 2011, the rules and regulations of the wholesale electricity and capacity market in the Russian Federation were significantly modified. In particular and amongst other changes, the regulators obligated electricity generating companies to provide electricity to the retail sector on a subsidised basis. Further, a guaranteed capacity supply concept was introduced for generating companies that do not qualify in competitive bidding whereby the customers are obligated to pay a higher tariff to compensate such generating companies. In addition to this all participants of wholesale market are now required to participate in guaranteed capacity supply through Agreements on Provision of Capacity. All these initiatives resulted in a partial replacement of capacity purchases that were previously supplied to the Company under other agreements, including long-term electricity and capacity supply contracts.

As a result of the changes in the regulatory environment in the electricity and capacity market, the Company and its related companies reassessed their approach to purchases and sales of electricity and capacity. Starting from January 2011 companies have to submit and register notifications for purchase and sale of electricity and capacity under the long-term electricity and capacity supply contracts with the administrator of trading system ("ATS") on a monthly or quarterly basis. The Company believes that at this time these long-term contracts represent an intention to purchase electricity and capacity of up to a stated volume at a pre-agreed price.

As a result, the Company revalued the embedded derivatives based on the contractually committed volumes of electricity and capacity stated in the notices submitted to the ATS and recognised a gain of USD501 million and a related tax effect of USD146 million at 31 December 2011.

29. Trade and other payables

USD million	31 December 2011 USD million	31 December 2010 USD million
Accounts payable to third parties	**537**	399
Accounts payable to related parties, including:	**87**	37
Related parties – companies capable of exerting significant influence	***53***	*19*
Related parties – companies under common control	***29***	*15*
Related parties – associates	***5***	*3*
Advances received	**262**	236
Advances received from related parties, including:	**453**	356
Related parties – companies capable of exerting significant influence	***394***	*292*
Related parties – companies under common control	***57***	*55*
Related parties – associates	***2***	*9*
Other payables and accrued liabilities	**168**	180
Other payable and accrued liabilities related parties, including:	**5**	23
Related parties – companies capable of exerting significant influence	–	*18*
Related parties – associates	*5*	5
Other taxes payable	**153**	134
Non-trade payables to third parties	**2**	–
	1,667	1,365

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

Included in trade and other payables are trade payables with the following ageing analysis as at the reporting date.

USD million	31 December 2011 USD million	31 December 2010 USDmillion
Due within twelve months or on demand	**624**	436

The Company

USD million	31 December 2011 USD million	31 December 2010 USD million
Trade and other payables	**803**	772

30. Financial risk management and fair values

A. FAIR VALUES

Management believes that the fair values of financial assets and liabilities approximate their carrying amounts.

The methods used to estimate the fair values of the financial instruments are as follows:

Trade and other receivables, cash and cash equivalents, current loans and borrowings and trade and other payables: the carrying amounts approximate fair value because of the short maturity period of the instruments.

Long-term loans and borrowings, other non-current liabilities: the fair values of other non-current liabilities are based on the present value of the anticipated cash flows and approximate carrying value, other than bonds issued. Fair value of bonds issued at 31 December 2011 was USD854 million.

Derivatives: the fair value of derivative financial instruments, including embedded derivatives, is based on quoted market prices. Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, fair value is estimated based on the Group's views on relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. Option-based derivatives are valued using Black-Scholes models and Monte-Carlo simulations. The derivative financial instruments are recorded at their fair value at each reporting date.

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in IFRS 7, *Financial Instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

As at 31 December 2011
The Group

USD million	Level 1 USD million	Level 2 USD million	Level 3 USD million	Total USD million
Assets				
Derivative financial assets	–	–	**34**	**34**
	–	–	**34**	**34**
Liabilities				
Derivative financial liabilities	–	–	**198**	**198**
	–	–	**198**	**198**

As at 31 December 2010
The Group

	Level 1 USD million	Level 2 USD million	Level 3 USD million	Total USD million
Assets				
Derivative financial assets	–	–	111	111
	–	–	111	111
Liabilities				
Derivative financial liabilities	–	–	738	738
	–	–	738	738

The movement in the balance of Level 3 fair value measurements is as follows:

Derivative financial instruments:	USD million
At 1 January 2010	516
Changes in fair value estimation recognised during the year	183
Realised portion of electricity contracts recognised in cost of sales	(75)
Foreign exchange loss	3
Balance at 31 December 2010/1 January 2011	627
Changes in fair value estimation recognised during the year	(224)
Realised portion of electricity, coke and raw materials contracts recognised in cost of sales	(239)
Balance at 31 December 2011	164

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans and trade payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established a risk management group within its Department of Internal Control, which is responsible for developing and monitoring the Group's risk management policies. The Department reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by the Group's Internal Audit function which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

C. MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

(i) Commodity price risk

During the years ended 31 December 2011 and 2010, the Group has entered into certain long term electricity contracts and other commodity derivatives contracts in order to manage its exposure of commodity price risks. Details of the contracts are disclosed in note 28.

(ii) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates (refer to note 25). The Group's policy is to manage its interest costs by monitoring changes in interest rates with respect to its borrowings.

The following table details the interest rate profile of the Group's and the Company's borrowings at the reporting date.

	31 December 2011		31 December 2010	
The Group	Effective interest rate %	USD million	Effective interest rate %	USD million
Fixed rate loans and borrowings				
Loans and borrowings	**5.09%-5.8%**	**4,301**	7%-8.5%	1,105
		4,301		1,105
Variable rate loans and borrowings				
Loans and borrowings	**1.88%-10.5%**	**7,470**	1.9%-10.75%	10,827
		7,470		10,827
		11,771		11,932

The Company

	31 December 2011		31 December 2010	
	Effective interest rate %	USD million	Effective interest rate %	USD million
Fixed rate loans and borrowings				
Loans and borrowings	**0%-8.51%**	**442**	0%	15
		442		15
Variable rate loans and borrowings				
Loans and borrowings	**3.53%-5.8%**	**9,577**	4.8%-5.78%	9,486
		9,577		9,486
		10,019		9,501

The Group's fixed rate loans and borrowings for the year ended 31 December 2011 include a USD obligation of USD530 million bearing interest at 5.13% per annum and a USD obligation of USD533 million bearing interest at 5.09% per annum. These obligations represent the hedged amount of rouble bonds (for detailed information, refer to note 26). Also, it includes a USD3.3 billion of credit facility, which is hedged with an interest rate swap.

The following table demonstrates the sensitivity to cash flows from interest rate risk arising from floating rate non-derivative instruments held by the Group at the reporting date in respect of a reasonably possible change in interest rates, with all other variables held constant. The impact on the Group's profit before taxation and equity and retained profits/accumulated losses is estimated as an annualised input on interest expense or income of such a change in interest rates. The analysis has been performed on the same basis for all years presented.

The Group

	Increase/decrease in basis points	Effect on profit before taxation for the year USD million	Effect on equity for the year USD million
As at 31 December 2011			
Basis percentage points	**+24**	**(18)**	**15**
Basis percentage points	**-24**	**18**	**(15)**
As at 31 December 2010			
Basis percentage points	+20	(22)	–
Basis percentage points	-20	22	–

(iii) Foreign currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of group entities, primarily USD but also the Russian Rouble, Ukrainian Hryvna and Euros. The currencies in which these transactions primarily are denominated are RUB, USD and Euros.

Borrowings are primarily denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily USD but also RUB and Euros. This provides an economic hedge.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances or entering into currency swap arrangements.

The Group's exposure at the reporting date to foreign currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate is set out in the table below. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are ignored.

As at 31 December	USD-denominated vs. RUB functional currency 2011 USD million	2010 USD million	RUB-denominated vs. USD functional currency 2011 USD million	2010 USD million	EUR-denominated vs. USD functional currency 2011 USD million	2010 USD million	Denominated in other currencies vs. USD functional currency 2011 USD million	2010 USD million
Non-current assets	**–**	–	**2**	11	**–**	12	**48**	39
Trade and other receivables	**–**	–	**392**	364	**109**	110	**78**	74
Cash and cash equivalents	**–**	6	**165**	98	**29**	15	**14**	12
Derivative financial assets	**–**	–	**25**	–	**–**	–	**–**	–
Loans and borrowings	**(227)**	(573)	**(327)**	(405)	**(179)**	(163)	**–**	–
Provisions	**–**	–	**(102)**	(140)	**(40)**	(29)	**(18)**	(28)
Derivative financial liabilities	**–**	–	**(24)**	(535)	**–**	–	**–**	–
Non-current liabilities	**–**	(2)	**(1)**	–	**–**	(2)	**–**	–
Income taxation	**–**	–	**(6)**	(8)	**(1)**	(1)	**(6)**	(8)
Trade and other payables	**(1)**	(2)	**(380)**	(287)	**(43)**	(36)	**(85)**	(72)
Net exposure arising from recognised assets and liabilities	**(228)**	(571)	**(256)**	(902)	**(125)**	(94)	**31**	17

Foreign currency sensitivity analysis

The following tables indicate the instantaneous change in the Group's profit before taxation (and accumulated losses) and other comprehensive income that could arise if foreign exchange rates to which the Group has significant exposure at the reporting date had changed at that date, assuming all other risk variables remained constant.

Year ended 31 December 2011	Change in exchange rates	USD million Effect on profit before taxation for the year	USD million Effect on equity for the year
Depreciation of USD vs. RUB	**5%**	**(1)**	**(4)**
Depreciation of USD vs. EUR	**5%**	**(6)**	**–**
Depreciation of USD vs. other currencies	**5%**	**2**	**–**

Year ended 31 December 2010	Change in exchange rates	USD million Gain/(loss)
Depreciation of USD vs. RUB	5%	(17)
Depreciation of USD vs. EUR	5%	(5)
Depreciation of USD vs. other currencies	5%	1

Results of the analysis as presented in the above tables represent an aggregation of the instantaneous effects on the Group entities' profit before taxation and other comprehensive income measured in the respective functional currencies, translated into USD at the exchange rates ruling at the reporting date for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the reporting date. The analysis excludes differences that would result from the translation of other financial statements of foreign operations into the Group's presentation currency. The analysis has been performed on the same basis for all years presented.

D. LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The group policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its operating and financial commitments.

The following tables show the remaining contractual maturities at the reporting date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cashflows (including interest payment computed using contractual rates, or if floating, based on rates current at the reporting date) and the earliest the Group can be required to pay.

The Group

	31 December 2011 Contractual undiscounted cash outflow					
	Within 1 year or on demand USD million	More than 1 year but less than 2 years USD million	More than 2 years but less than 5 years USD million	More than 5 years USD million	TOTAL USD million	Carrying amount USD million
Trade and other payables to third parties	707	–	–	–	707	707
Trade and other payables to related parties	92	–	–	–	92	92
Bonds	54	54	1,102	–	1,210	932
Loans and borrowings	1,157	1,874	9,153	1,048	13,232	10,763
	2,010	**1,928**	**10,255**	**1,048**	**15,241**	**12,494**

	31 December 2010 Contractual undiscounted cash outflow					
	Within 1 year or on demand USD million	More than 1 year but less than 2 years USD million	More than 2 years but less than 5 years USD million	More than 5 years USD million	TOTAL USD million	Carrying amount USD million
Trade and other payables to third parties	579	–	–	–	579	579
Trade and other payables to related parties	60	–	–	–	60	60
Derivative financial liabilities	78	73	285	302	738	738
Loans and borrowings	2,340	2,436	9,887	–	14,663	11,963
	3,057	**2,509**	**10,172**	**302**	**16,040**	**13,340**

The Company

	31 December 2011					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand USD million	More than 1 year but less than 2 years USD million	More than 2 years but less than 5 years USD million	More than 5 years USD million	TOTAL USD million	Carrying amount USD million
Trade and other payables to third parties	2	–	–	–	2	2
Trade and other payables to related parties	801	–	–	–	801	801
Loans and borrowings, including interest payable	1,038	1,303	9,039	1,048	12,428	10,078
	1,841	**1,303**	**9,039**	**1,048**	**13,231**	**10,881**

	31 December 2010					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand USD million	More than 1 year but less than 2 years USD million	More than 2 years but less than 5 years USD million	More than 5 years USD million	TOTAL USD million	Carrying amount USD million
Trade and other payables to third parties	4	–	–	–	4	4
Trade and other payables to related parties	768	–	–	–	768	768
Loans and borrowings, including interest payable	1,657	1,726	8,349	–	11,732	9,526
	2,429	**1,726**	**8,349**	**–**	**12,504**	**10,298**

E. CREDIT RISK

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The majority of the Group's third party trade receivables represent balances with the world's leading international corporations operating in the metals industry. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Goods are normally sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables. The details of impairment of trade and other receivables are disclosed in note 22. The extent of the Group's credit exposure is represented by the aggregate balance of financial assets and financial guarantees given. Information on financial guarantees is disclosed in note 31(f).

At 31 December 2011 and 2010, the Group has certain concentrations of credit risk as 0.1% and 3.8% of the total trade receivables were due from the Group's largest customer and 16.1% and 4.8% of the total trade receivables were due from the Group's five largest customers, respectively.

With respect to credit risk arising from guarantees, the Group's policy is to provide financial guarantees only to wholly-owned subsidiaries and associates. The details of the guarantees outstanding are disclosed in note 31(f).

F. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholdersў¦ equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries were subject to externally imposed capital requirements in the both years presented within this report.

31. Commitments

A. CAPITAL COMMITMENTS

In May 2006, the Group signed a Co-operation agreement with OJSC HydroOGK and RAO UES. Under this Co-operation agreement OJSC HydroOGK and the Group have jointly committed to finance the construction and future operation of Boguchansk hydropower station ("BoGES") and an aluminium plant, the planned main customer of the hydropower station, together referred to as the "BEMO project". The parties established two joint companies with 50:50 ownership, into which the Group is committed to invest USD1,946 million by the end of 2015 (31 December 2010: USD2,051 million). As at 31 December 2011 the outstanding commitment of the Group for construction of the aluminium plant was approximately USD738 million to be committed by the end of 2015 (31 December 2010: USD856 million) and the outstanding commitment for the hydropower station construction was USD12 million to be committed by the end of 2012 (31 December 2010: USD279 million).

The Group has entered into contracts that result in contractual obligations primarily relating to various construction and capital repair works. The commitments at 31 December 2011 and 2010 approximated USD388 million and USD524 million, respectively. These commitments are due over a number of years.

B. PURCHASE COMMITMENTS

Commitments with third parties for purchases of alumina in 2012-2016 under supply agreements are estimated from USD3,012 million to USD3,088 million at 31 December 2011 (31 December 2010: USD3,782 million to USD3,905 million) depending on the actual purchase volumes and applicable prices.

Commitments with related parties for purchases of alumina, bauxite and other raw materials in 2012-2016 under supply agreements are estimated from USD339 million to USD393 million at 31 December 2011 (31 December 2010: USD30 million). These commitments will be settled at the market price at the date of delivery. Commitments with third parties for the purchase of transportation services in 2012 under long-term agreements are estimated from USD8 million to USD12 million at 31 December 2011 (31 December 2010: from USD192 million to USD218 million).

C. SALE COMMITMENTS

Commitments with third parties for sales of alumina, bauxite and other raw materials in 2012 - 2014 are estimated from USD1,738 million to USD2,021 million at 31 December 2011 (31 December 2010: from USD1,348 million to USD1,581 million) and will be settled at market prices at the date of delivery. Commitments with related parties for sales of alumina, bauxite and other raw materials in 2012 approximated USD115 million at 31 December 2011 (31 December 2010: from USD305 million to USD306 million).

Commitments with related parties for sales of primary aluminium in 2012 - 2016 are estimated to range from USD4,208 million to USD4,935 million at 31 December 2011 (31 December 2010: from USD4,730 million to USD6,056 million). Commitments with third parties for sales of primary aluminium in 2012 are estimated to range from USD220 million to USD269 million at 31 December 2011 (31 December 2010: from USD1,210 million to USD1,478 million). These commitments will be settled at market price at the date of delivery.

D. OPERATING LEASE COMMITMENTS

Non-cancellable operating lease rentals are payable as follows:

	31 December 2011 USD million	31 December 2010 USD million
Less than one year	**5**	3
Between one and five years	**15**	18
	20	21

E. SOCIAL COMMITMENTS

The Group contributes to the maintenance and upkeep of the local infrastructure and the welfare of its employees, including contributions toward the development and maintenance of housing, hospitals, transport services, recreation and other social needs of the regions of the Russian Federation where the Group's production entities are located. The funding of such assistance is periodically determined by management and is appropriately capitalised or expensed as incurred.

F. GUARANTEES

At 31 December 2010 the Group was a guarantor of indebtedness of several non-Group controlling shareholder related entities and had guaranteed promissory notes payable of USD34 million. The guarantee was released as at 31 December 2011.

32. Contingencies

A. TAXATION

Russian tax, currency and customs legislation is subject to varying interpretations and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activities of the Group may be challenged by the relevant local, regional and federal authorities. Notably recent developments in the Russian environment suggest that the authorities in this country are becoming more active in seeking to enforce, through the Russian court system, interpretations of the tax legislation, in particular in relation to the use of certain commercial trading structures, which may be selective for particular tax payers and different to the authorities' previous interpretations or practices. Different and selective interpretations of tax regulations by various government authorities and inconsistent enforcement create further uncertainties in the taxation environment in the Russian Federation.

Tax declarations, together with related documentation, are subject to review and investigation by a number of authorities, each of which may impose fines, penalties and interest charges. Fiscal periods remain open to review by the authorities for three calendar years preceding the year of review (one year in the case of customs). Under certain circumstances reviews may cover longer periods. In addition, in some instances, new tax regulations effectively have been given retroactive effect. Additional taxes, penalties and interest which may be material to the financial position of the taxpayers may be assessed in the Russian Federation as a result of such reviews.

In addition to the amounts of income tax the Group has provided (refer to note 27), there are certain tax positions taken by the Group where it is reasonably possible (though less than 50% likely) that additional tax may be payable upon examination by the tax authorities or in connection with ongoing disputes with tax authorities. The Group's best estimate of the aggregate maximum of additional amounts that it is reasonably possible may become payable if these tax positions were not sustained at 31 December 2011 and 2010 is USD278 million and USD403 million respectively.

The Group's major trading companies are incorporated in low tax jurisdictions outside Russia and a significant portion of the Group's profit is realised by these companies. Management believes that these trading companies are not subject to taxes outside their countries of incorporation and that the commercial terms of transactions between them and other group companies are acceptable to the relevant tax authorities. These consolidated financial statements have been prepared on this basis. However, as these companies are involved in a significant level of cross border activities, there is a risk that Russian or other tax authorities may challenge the treatment of cross-border activities and assess additional tax charges. It is not possible to quantify the financial exposure resulting from this risk.

Estimating additional tax which may become payable is inherently imprecise. It is, therefore, possible that the amount ultimately payable may exceed the Group's best estimate of the maximum reasonably possible liability; however, the Group considers that the likelihood that this will be the case is remote.

B. ENVIRONMENTAL CONTINGENCIES

The Group and its predecessor entities have operated in the Russian Federation, Ukraine, Jamaica, Guyana, the Republic of Guinea and the European Union for many years and certain environmental problems have developed. Governmental authorities are continually considering environmental regulations and their enforcement and the Group periodically evaluates its obligations related thereto. As obligations are determined, they are recognised immediately. The outcome of environmental liabilities under proposed or any future legislation, or as a result of stricter enforcement of existing legislation, cannot reasonably be estimated. Under current levels of enforcement of existing legislation, management believes there are no possible liabilities, which will have a material adverse effect on the financial position or the operating results of the Group. However, the Group anticipates undertaking significant capital projects to improve its future environmental performance and to bring it into full compliance with current legislation.

C. LEGAL CONTINGENCIES

The Group's business activities expose it to a variety of lawsuits and claims which are monitored, assessed and contested on the ongoing basis. Where management believes that a lawsuit or another claim would result in the outflow of the economic benefits for the Group, a best estimate of such outflow is included in provisions in the consolidated financial statements (refer to note 27(c)).

In May 2009, the Government of the Republic of Guinea filed a claim against one of the Group's subsidiaries of USD1,000 million contesting the terms of privatisation of the Group's subsidiaries in Guinea. Subsequent to 31 December 2009, the Group received a decision from the Appeal Court of Conakry overruling the previous court's decision regarding the jurisdiction of the local court to consider this claim in Guinea. Management continues to believe that the claim has no merit and the risk of any cash outflow in connection with this claim is low and therefore no provision has been recorded in this regard in these consolidated financial statements.

On 24 November 2006 a claim was issued on behalf of Mr. Michael Cherney ("Mr. Cherney") against Mr. Oleg V. Deripaska ("Mr. Deripaska"), the controlling shareholder of En+. Neither the Company nor any of its subsidiaries is a party to this dispute which is entirely between two individuals, Mr. Cherney and Mr. Deripaska. The Company has not had access to non-public information about the case and is not privy to the litigation strategy of either party or the prospects of settlement. The claim relates to the alleged breach or repudiation by Mr. Deripaska of certain alleged contractual commitments to sell for Mr. Cherney's benefit 20% of Russian Aluminium ("RA"), an entity that the claim does not formally identify, but which may be Rusal Limited, now a wholly-owned direct subsidiary of the Company.

Proceedings with respect to the merits of the claim have not yet commenced. At present, there is considerable uncertainty as to the possible scope and the potential outcomes in the case and how, if at all, the Company and/or its subsidiaries and/or its or their respective assets might be affected by any decision against Mr. Oleg V. Deripaska. However since neither the Company nor any of its subsidiaries or investees, nor any direct shareholders in the Company, is currently a party in this case and Mr. Oleg V. Deripaska has informed the Company that he strongly denies and will vigorously resist Mr. Cherney's claim, the Company believes that the risk of outflow of any significant economic benefits or any significant adverse impact on the Group's financial position or results of its operations as a result of this claim is low.

D. RISKS AND CONCENTRATIONS

A description of the Group's major products and its principal markets, as well as exposure to foreign currency risks are provided in note 1 "Background" and note 3 "Significant accounting policies". The price at which the Group can sell its products is one of the primary drivers of the Group's revenue. The Group's prices are largely determined by prices set in the international market. The Group's future profitability and overall performance is strongly affected by the price of primary aluminium that is set in the international market.

E. INSURANCE

The insurance industry in the Russian Federation is in a developing stage and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its plant facilities, business interruption or third party liability in respect of property or environmental damage arising from accidents on Group properties or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

33. Related party transactions

A. TRANSACTIONS WITH MANAGEMENT AND CLOSE FAMILY MEMBERS

Management remuneration

Key management received the following remuneration, which is included in personnel costs (refer to note 9(a)):

	Year ended 31 December	
	2011 USD million	2010 USD million
Salaries and bonuses	**81**	73
Share-based compensation	**8**	–
Share-based and cash compensation to management in connection with the Global Offering	**–**	72
	89	145

B. TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES

Sales to associates are disclosed in note 5, trade receivables from associates are disclosed in note 22 and accounts payable to associates are disclosed in note 29.

C. TRANSACTIONS WITH OTHER RELATED PARTIES

The Group

The Group transacts with other related parties, the majority of which are entities under common control with the Group or under the control of SUAL Partners Limited or its controlling shareholders or Glencore International Plc or entities under its control or Onexim Holdings Limited or its controlling shareholders.

Sales to related parties for the year are disclosed in note 5, trade receivables from related parties are disclosed in note 22, cash and cash equivalents are disclosed in note 23, accounts payable to related parties are disclosed in note 29, commitments with related parties are disclosed in note 31 and other transactions with shareholders are disclosed in note 24.

Purchases of raw materials and services from related parties and interest income and expense are recurring and for the year were as follows:

	Year ended 31 December	
	2011 USD million	2010 USD million
Purchases of raw materials – companies under common control	**135**	165
Purchases of alumina, bauxite and other raw materials – companies capable of exerting significant influence	**246**	142
Purchases of raw materials – associates	**29**	13
Energy costs – companies under common control	**782**	520
Energy costs – companies capable of exerting significant influence	**190**	153
Other costs – companies under common control	**9**	6
Other costs – associates	**191**	141
Distribution expenses – companies under common control	**3**	–
	1,585	1,140

Electricity contracts

The Group has indicated the intention to purchase electricity during the years 2012 through 2020 under long-term agreements with related parties. The estimated value of this commitment for each year is presented in the table below and is based on the expected 2011 T(basic) component, as defined in the notes 28 and 30(c)(i), excluding the impact of embedded derivatives recognised in these consolidated financial statements.

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020
Volumes, KWh million	45,894	45,898	46,128	46,384	46,735	46,900	46,952	18,300	18,300
Estimated value, USD million	383	386	391	395	401	406	410	95	99

In the beginning of 2011, the rules and regulations of the wholesale electricity and capacity market in the Russian Federation changed. Amongst all the changes, companies are required to submit and register notifications for purchase and sale of electricity and capacity under the long-term electricity and capacity supply contracts on a monthly and quarterly basis. Please refer to note 28 for details.

The Company

	31 December 2011 USD million	31 December 2010 USD million
Investments in subsidiaries	**17,813**	18,915
Loans to related parties (group companies) (i)	**510**	1,832
Trade and other receivables from related parties	**15**	15
Loans and borrowings from related parties	**463**	650
Trade and other payables to related parties	**801**	768
Other non-current liabilities (ii)	**1,383**	1,578

(i) Loans given to group companies are unsecured and bear interest at rates ranging from 0% to Libor + 0.9% - 4.5% per annum. The total balance of loans to related parties in the amount of USD510 million is repayable on demand.

(ii) Included in other non-current liabilities is a payable for 1,600 ordinary shares newly issued by one of the Company's subsidiaries on 12 February 2010 and redeemable at the option of that subsidiary. The nominal value of the payable, which is repayable on demand on or after 7 December 2013, is USD1,600 million. The fair value of the payable at initial recognition amounted to USD1,057 million was determined by discounting at applicable current interest rates and the resultant difference between nominal and fair value was recorded directly in equity of the Company. The carrying value of the payable balance as at 31 December 2011 is USD1,284 million (31 December 2010: USD1,158 million).
The remainder of non-current liabilities represents a promissory note payable issued by the Company to a subsidiary in an amount of USD553 million, bearing zero interest and repayable on demand. Upon initial recognition the fair value of the payable was determined by discounting at applicable interest rates at USD420 million, with the resultant difference between nominal and fair value recorded directly in equity. The carrying value of the payable balance as at 31 December 2011 is USD99 million (31 December 2010: USD420 million).

D. RELATED PARTIES BALANCES

At 31 December 2011 included in non-current assets are balances of USD30 million related to companies which are related parties (31 December 2010: USD38 million).

At 31 December 2011 and 31 December 2010, the amount of unsecured company loans including interest payable of USD nil and USD2 million to a related party amounted to USD nil and USD635 million, respectively (refer to note 25).

E. PRICING POLICIES

Prices for transactions with related parties are determined on a case by case basis but are not necessarily at arm's length.

The Group has entered into three categories of related-party transactions: (i) those entered into on an arm's length basis, (ii) those entered into on non-arm's length terms but as part of a wider deal resulting from arms' length negotiations with unrelated third parties, and (iii) transactions unique to the Group and the counterparty.

34. Particulars of subsidiaries

As at 31 December 2011 and 2010, the Company has direct and indirect interests in the following subsidiaries, which principally affected the results, assets and liabilities of the Group:

Name	Place of incorporation and operation	Date of incorporation	Particulars of issued and paid up capital	Attributable equity interest	Principal activities
Compagnie Des Bauxites De Kindia S.A.	Guinea	29 November 2000	2,000 shares of GNF 25,000 each	100.0%	Bauxite mining
OJSC RUSAL Achinsk	Russian Federation	20 April 1994	4,188,531 shares of RUB 1 each	100.0%	Alumina
RUSAL Mykolaev Ltd	Ukraine	16 September 2004	1,332,226 shares of UAH 720 each	100.0%	Alumina
OJSC RUSAL Boxitogorsk Alumina	Russian Federation	27 October 1992	1,012,350 shares of RUB 1 each	100.0%	Alumina
Eurallumina SpA	Italy	21 March 2002	10,000,000 shares of Euro 1.55 each	100.0%	Alumina
OJSC RUSAL Bratsk	Russian Federation	26 November 1992	5,505,305 shares of RUB 0.2 each	100.0%	Smelting
OJSC RUSAL Krasnoyarsk	Russian Federation	16 November 1992	85,478,536 shares of RUB 20 each	100.0%	Smelting
OJSC RUSAL Novokuznetsk	Russian Federation	26 June 1996	53,997,170 shares of RUB 0.1 each	100.0%	Smelting
OJSC RUSAL Sayanogorsk	Russian Federation	29 July 1999	59,902,661,099 shares of RUB 0.068 each	100.0%	Smelting
Khakas Aluminium Smelter Ltd	Russian Federation	23 July 2003	charter fund of RUB10,077,594,515.7	100.0%	Smelting
RUSAL Resal Ltd	Russian Federation	15 November 1994	charter fund of RUB27,951,217.29	100.0%	Processing
OJSC RUSAL SAYANAL	Russian Federation	29 December 2001	59,902,661,099 shares of RUB 0.006 each	100.0%	Foil
CJSC RUSAL ARMENAL	Armenia	17 May 2000	3,140,700 shares of AMD 1,000 each	100.0%	Foil
RUS-Engineering Ltd	Russian Federation	18 August 2005	charter fund of RUB2,026,200,136.37	100.0%	Repairs and maintenance
OJSC Russian Aluminium	Russian Federation	25 December 2000	23,124,000,000 shares of RUB 1 each	100.0%	Holding company
Investment and management Ltd	Russian Federation	6 December 2002	charter fund of RUB881,939,909.75	100.0%	Management company
Rusal Global Management B.V.	Russian Federation	8 March 2001	charter fund of RUB50,000	100.0%	Management company
OJSC United Company RUSAL Trading House	Russian Federation	15 March 2000	163,660 shares of RUB 100 each	100.0%	Trading
Rusal America Corp.	USA	29 March 1999	1,000 shares of USD 0.01 each	100.0%	Trading

Name	Place of incorporation and operation	Date of incorporation	Particulars of issued and paid up capital	Attributable equity interest	Principal activities
RS International GmbH	Switzerland	22 May 2007	1 share with nominal value of CHF 20,000	100.0%	Trading
Rusal Marketing GmbH	Switzerland	22 May 2007	Capital quota of CHF2,000,000	100.0%	Trading
RTI Limited	Jersey	27 October 2006	2 shares of USD 1 each	100.0%	Trading
Alumina & Bauxite Company Limited	British Virgin Islands	3 March 2004	50,000 shares of USD 1 each	100.0%	Trading
CJSC Komi Aluminii	Russian Federation	13 February 2003	1,703,000,000 shares of RUB 1 each	100.0%	Alumina
OJSC Bauxite-Timana	Russian Federation	29 December 1992	44,500,000 shares of RUB 10 each	80.0%	Bauxite mining
OJSC Severo-Uralsky Bauxite Mine	Russian Federation	24 October 1996	2,386,254 shares of RUB 275.85 each	100.0%	Bauxite mining
OJSC SUAL	Russian Federation	26 September 1996	2,542,941,932 shares of RUB 1 each	100.0%	Primary aluminum and alumina production
OJSC Zaporozhye Aluminum Combine ("ZALK")	Ukraine	30 September 1994	622,729,120 shares of RUB 0.25 each	98.0%	Primary aluminum and alumina production
SUAL-PM LLC	Russian Federation	20 October 1998	charter fund of RUB56,300,959	100.0%	Aluminum powders production
CJSC Kremniy	Russian Federation	3 August 1998	320,644 shares of RUB 1,000 each	100.0%	Silicon production
SUAL-Kremniy-Ural LLC	Russian Federation	1 March 1999	charter fund of RUB 8,763,098	100.0%	Silicon production
Aluminium Silicon Marketing GmbH	Switzerland	20 November 2000	1 share of CHF2,000,000	100.0%	Trading
UC RUSAL Alumina Jamaica Limited [a]	Jamaica	26 April 2001	1,000,000 shares of USD 1 each	100.0%	Alumina
UC RUSAL Alumina Jamaica II Limited [b]	Jamaica	16 May 2004	200 shares of USD 1 each	100.0%	Alumina
Kubikenborg Aluminium AB	Sweden	26 January 1934	25,000 shares of SEK 1,000 each	100.0%	Smelting
Aughinish Alumina Ltd	Ireland	22 September 1977	1,000 shares of Euro 2 each	100.0%	Alumina

Trading entities are engaged in the sale of products to and from the production entities.

(a) owns a 93% interest in the Windalco jointly owned mine and refinery.

(b) owned a 65% interest in the Alpart jointly owned mine and refinery as at 31 December 2010. On 16 September 2011 UC RUSAL entered into a share purchase agreement with Norway's Norsk Hydro ASA to acquire the remaining 35% stake in the Alumina Partners of Jamaica ("Alpart") for cash consideration of USD46 million and the company became a wholly-controlled operation thereafter.

35. Immediate and ultimate controlling party

At 31 December 2011 and 2010, the directors consider the immediate parent of the Group to be En+, which is incorporated in Jersey with its registered office at Ogier House, The Esplanade, St. Helier, Jersey, JE4 9WG, Channel Islands. En+ is controlled by Fidelitas Investments Limited (a company incorporated in the British Virgin Islands) through its wholly-owned subsidiary. Mr. Oleg V. Deripaska is the founder, the trustee and a principal beneficiary of a discretionary trust, which controls Fidelitas Investments Limited. None of these entities produce financial statements available for public use.

36. Events subsequent to the reporting date

On 2 February 2012 UC RUSAL entered into an agreement with Russian Mining Company ("RGRK") to acquire 50% of OOO "Yaroslavsk GRK" ("YGRK") for cash consideration of USD9 million. Following the completion of the deal, YGRK became a wholly owned subsidiary of the Group.

In January 2012 the Group successfully completed negotiations with its international and Russian lenders to obtain an optional 12-month covenant holiday starting from any quarter in 2012. As a result any potential failure by the Group to comply with certain of its financial covenants at the required level during the covenant holiday period would not result in a breach provided the option to use the covenant holiday is exercised. To obtain such flexibility the Group has accepted certain additional restrictions in respect of its activities, including acquisitions, dividends and capital expenditure.

In addition, the definition of the interest cover ratio has been amended to bring it in line with the standard market approach to this definition and financial ratio.

In case of utilisation of the covenant holiday option the extended margin grid will be applied.

Leverage Ratio	Supplemental Margin
Greater than 5:1	1.4 per cent. per annum
Greater than 4.5:1 but less than or equal to 5:1	0.95 per cent. per annum
Greater than 4:1 but less than or equal to 4.5:1	0.55 per cent. per annum
Less than or equal to 4:1	0 per cent. per annum

The Group benefits from an additional 12 months recovery period after covenant holiday period. The Group has the right to terminate the covenant holiday period at its discretion as soon as the Group is in compliance with its financial covenants again.

The Group also agreed to accelerate the initial USD500 million prepayment of Tranche A loans under the new facility agreement and, on 30 January 2012, made this prepayment using proceeds of a new Sberbank facility raised in January 2012 with the credit limit of up to RUB18.3 billion (refer to note 25).

37. Accounting estimates and judgements

The Group has identified the following critical accounting policies under which significant judgements, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Property, plant and equipment - recoverable amount

In accordance with the Group's accounting policies, each asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties and is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal.

Value in use is also generally determined as the present value of the estimated future cash flows, but only those expected to arise from the continued use of the asset in its present form and its eventual disposal. Present values are determined using a risk-adjusted pre-tax discount rate appropriate to the risks inherent in the asset. Future cash flow estimates are based on expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves (refer to ЎГBauxite reserve estimates' below), operating costs, restoration and rehabilitation costs and future capital expenditure. This policy requires management to make these estimates and assumptions which are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be impaired and the impairment would be charged against the statement of income.

Inventories - net realisable value

The Group recognises write-downs of inventories based on an assessment of the net realisable value of the inventories. A write-down is applied to the inventories where events or changes in circumstances indicate that the net realisable value is less than cost. The determination of net realisable value requires the use of judgement and estimates. Where the expectation is different from the original estimates, such difference will impact the carrying value of the inventories and the write-down of inventories charged to the statement of income in the periods in which such estimate has been changed.

Goodwill – recoverable amount
In accordance with the Group's accounting policies, goodwill is allocated to the Group's Aluminium segment as it represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is tested for impairment annually by preparing a formal estimate of the recoverable amount. The recoverable amount is estimated as the value in use of the Aluminium segment.

Similar considerations to those described above in respect of assessing the recoverable amount of property, plant and equipment apply to goodwill.

Investments in associates and jointly controlled entities – recoverable amount
In accordance with the Group's accounting policies, each investment in an associate or jointly controlled entity is evaluated every reporting period to determine whether there are any indications of impairment after application of the equity method of accounting. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an investment in an associate or jointly controlled entity is measured at the higher of fair value less costs to sell and value in use.

Similar considerations to those described above in respect of assessing the recoverable amount of property, plant and equipment apply to investments in associates or jointly controlled entities. In addition to the considerations described above the Group may also assess the estimated future cash flows expected to arise from dividends to be received from the investment, if such information is available and considered reliable.

Legal proceedings
In the normal course of business the Group may be involved in legal proceedings. Where management considers that it is more likely than not that proceedings will result in the Group compensating third parties a provision is recognised for the best estimate of the amount expected to be paid. Where management considers that it is more likely than not that proceedings will not result in the Group compensating third parties or where, in rare circumstances, it is not considered possible to provide a sufficiently reliable estimate of the amount expected to be paid, no provision is made for any potential liability under the litigation but the circumstances and uncertainties involved are disclosed as contingent liabilities. The assessment of the likely outcome of legal proceedings and the amount of any potential liability involves significant judgement. As law and regulations in many of the countries in which the Group operates are continuing to evolve, particularly in the areas of taxation, sub-soil rights and protection of the environment, uncertainties regarding litigation and regulation are greater than those typically found in countries with more developed legal and regulatory frameworks.

Provision for restoration and rehabilitation
The Group's accounting policies require the recognition of provisions for the restoration and rehabilitation of each site when a legal or constructive obligation exists to dismantle the assets and restore the site. The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of restoration and rehabilitation provisions. Those estimates and assumptions deal with uncertainties such as: changes to the relevant legal and regulatory framework; the magnitude of possible contamination and the timing, extent and costs of required restoration and rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognised in the statement of financial position by adjusting both the restoration and rehabilitation asset and provision. Such changes give rise to a change in future depreciation and interest charges. For closed sites, changes to estimated costs are recognised immediately in the statement of income.

Taxation
The Group's accounting policy for taxation requires management's judgement in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the statement of financial position. Deferred tax assets, including those arising from carried forward tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and is not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, restoration and rehabilitation costs, capital expenditure, dividends and other capital management transactions. Assumptions are also required about the application of income tax legislation. These estimates and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of income.

The Group generally provides for current tax based on positions taken (or expected to be taken) in its tax returns. Where it is more likely than not that upon examination by the tax authorities of the positions taken by the Group additional tax will be payable, the Group provides for its best estimate of the amount expected to be paid (including any interest and/or penalties) as part of the tax charge.

Bauxite reserve estimates

Reserves are estimates of the amount of product that can be economically and legally extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

The Group determines ore reserves under the Australasian Code for Reporting of Mineral Resources and Ore Reserves September 1999, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate reserves.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Since economic assumptions used to estimate reserves change from period to period, and since additional geological data is generated during the course of operations, estimates of reserves may change from period to period.

Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

– Asset carrying values may be affected due to changes in estimated future cash flows.
– Depletion charged in the statement of income may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.
– Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

Exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the statement of income.

Development expenditure

Development activities commence after project sanctioning by the appropriate level of management. Judgement is applied by management in determining when a project has reached a stage at which economically recoverable reserves exist such that development may be sanctioned. In exercising this judgement, management is required to make certain estimates and assumptions similar to those described above for capitalised exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the appropriate amount will be written off to the statement of income.

Defined benefit pension and other post retirement schemes
For defined benefit pension schemes, the cost of benefits charged to the statement of income includes current and past service costs, interest costs on defined benefit obligations and the effect of any curtailments or settlements, net of expected returns on plan assets. An asset or liability is consequently recognised in the statement of financial position based on the present value of defined obligations, less any unrecognised past service costs and the fair value of plan assets.

The accounting policy requires management to make judgements as to the nature of benefits provided by each scheme and thereby determine the classification of each scheme. For defined benefit pension schemes, management is required to make annual estimates and assumptions about future returns on classes of scheme assets, future remuneration changes, employee attrition rates, administration costs, changes in benefits, inflation rates, exchange rates, life expectancy and expected remaining periods of service of employees. In making these estimates and assumptions, management considers advice provided by external advisers, such as actuaries. Where actual experience differs to these estimates, actuarial gains and losses are recognised directly in the statement of comprehensive income.

Fair values of identifiable net assets of acquired companies
The Group's policy is to engage an independent appraiser to assist in determining fair values of identifiable net assets of acquired companies for all significant business combinations.

A variety of valuation techniques is applied to appraise the acquired net assets depending on the nature of the assets acquired and available market information. The details of methods used and assumptions made to determine fair values of property, plant and equipment are disclosed in note 15, intangible assets – in note 16 and provisions – in note 27. Other assets and liabilities acquired including provisions are evaluated in accordance with the Group's applicable accounting policies disclosed in note 3.

38. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year

The IASB has issued the following amendments, new standards and interpretations which are not yet effective in respect of the financial years included in these consolidated financial statements, and which have not been adopted in these consolidated financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application but is not yet in a position to state whether these amendments, new standards and interpretations would have a significant impact on the Group's results of operations and financial position.

	Effective for accounting periods beginning on or after
Amendments to IFRS 7, *Financial Instruments: Disclosures – Transfers of financial assets*	1 July 2011
Amendments to IAS 12, *Income taxes – Deferred tax: Recovery of underlying assets*	1 January 2012
Amendments to IAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*	1 July 2012
IFRS 10, *Consolidated financial statements*	1 January 2013
IFRS 11, *Joint arrangements*	1 January 2013
IFRS 12, *Disclosure of interests in other entities*	1 January 2013
IFRS 13, *Fair value measurement*	1 January 2013
IAS 27, *Separate financial statements (2011)*	1 January 2013
IAS 28, *Investments in associates and joint ventures*	1 January 2013
IFRIC 20, *Stripping costs in the production phase of surface mine*	1 January 2013
Revised IAS 19, *Employee benefits*	1 July 2013
IFRS 9, *Financial instruments*	1 January 2015

Statement of responsibility for this Annual Report

I, Oleg Deripaska, declare, to the best of my knowledge, that the financial statements contained in this Annual Report have been prepared in accordance with applicable accounting principles and give a true and fair view of the business, results of operations and financial condition of the Company and the other entities to which the financial statements apply, and that the management report (comprising the Business Overview, Management Discussion and Analysis, Directors' Report and Corporate Governance Report sections) of this Annual Report presents a fair review of developments in the business, results of operations and financial conditions of the Company and the other entities to which the financial statements apply, as well as a description of the main risks and uncertainties that they are facing.

OLEG DERIPASKA

CHIEF EXECUTIVE OFFICER

30 April 2012

Forward Looking Statements

This Annual Report contains certain statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations, or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include, but are not limited to, statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's business, results of operations, financial position, liquidity, prospects, growth, strategies and the bauxite, alumina and aluminium industries.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and of the actual results of the Group's operations, financial position and liquidity, and the development of the markets and the industries in which the Group operates may differ materially from the development of those same industries as described in, or suggested by, the forward-looking statements contained in this Annual Report. In addition, even if the Group's results of operations, financial position and liquidity, and the development of the markets and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Annual Report, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation:

- materially adverse changes in economic or industry conditions generally or in the markets served by the Group;
- changes in the supply and demand for and the price of aluminium, alumina, aluminium products and other products;
- fluctuations in inflation, interest rates and exchange rates;
- the Group's ability to comply with the terms of its credit facility agreements;
- changes in the costs of the materials required for the Group's production of aluminium;
- changes in the Group's operating costs, including the costs of energy and transportation;
- changes in the Group's capital expenditure requirements, including those relating to the Group's potential environmental liabilities or the ability of the Group to fund its capital expenditure requirements through borrowing or otherwise;
- the Group's ability to successfully implement any of its business strategies;
- the Group's ability to obtain or extend the terms of the licences necessary for the operation of the Group's business;
- developments in, or changes to, laws, regulations, governmental policies, taxation or accounting standards or practices affecting the Group's operations;
- the Group's ability to recover its reserves or develop new resources and reserves;
- the Group's success in accurately identifying future risks to its business and managing the risks of the aforementioned factors; and
- other factors discussed in the consolidated financial statements and other sections of the Annual Report.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this Annual Report reflect the Group management's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's business, results of operations, financial position, liquidity, prospects, growth, strategies and the bauxite, alumina and aluminium industries. Investors should specifically consider the factors identified in this Annual Report, which could cause actual results to differ, before making any investment decision. Subject to the requirements of the Listing Rules and except as may be required by applicable law, the Company undertakes no obligation to revise any forward-looking statements that appear in this Annual Report to reflect any change in the Company's expectations, or any events or circumstances, that may occur or arise after the date of this Annual Report.

All forward-looking statements in this Annual Report are qualified by reference to this cautionary statement.

Glossary

"Achinsk Alumina Refinery", "AGK" or "OJSC RUSAL Achinsk" means OJSC RUSAL Achinsk, a company incorporated under the laws of the Russian Federation, which is a wholly-owned subsidiary of the Company.

"Adjusted EBITDA" for any period means the results from operating activities adjusted for amortisation and depreciation, impairment charges and loss on disposal of property, plant and equipment.

"Adjusted Net Profit" for any period is defined as the net profit adjusted for the net effect from share in the results of Norilsk Nickel, the net effect of embedded derivative financial instruments, the difference between effective and nominal interest rate charge on restructured debt and net effect of non-current assets impairment.

"Agreed Subsidiaries" means an agreed list of subsidiaries of the Company, as defined in the Shareholders' Agreement between Major Shareholders only.

"Alpart" means Alumina Partners of Jamaica, in which the Company indirectly holds a 65% interest.

"ALSCON" means Aluminium Smelter Company of Nigeria, a company incorporated in Nigeria and in which the Company indirectly holds a 85% interest.

"Aluminium Division East" means the Company's division comprising all smelters located in Siberia, Russia.

"Aluminium Division West" means the Company's division comprising all smelters located in the european part of Russia, the urals and Sweden.

"Aluminium segment cost per tonne" means aluminium segment revenue less aluminium segment results, less amortisation and depreciation, divided by sales volume of aluminium segment.

"AMF" means the French Autoritй des marchйs financiers.

"Amokenga Holdings" means Amokenga Holdings Limited, a company incorporated in Bermuda and which is a wholly owned subsidiary of Glencore and a shareholder of the Company.

"Annual Report" means this annual report dated 30 April 2012.

"Articles of Association" means the articles of association of the Company, conditionally adopted on 24 November 2009, and effective on the Listing Date.

"Audit Committee" means the audit committee established by the Board in accordance with the requirements of the CG Code.

"Aughinish Alumina Refinery" means Aughinish Alumina Limited, a company incorporated in Ireland, which is a wholly owned subsidiary of the Company.

"Basic Element" means Basic Element Limited, a company incorporated in Jersey, of which Mr. Oleg Deripaska is the ultimate beneficial owner.

"BEMO" means the companies comprising the Boguchanskoye Energy and Metals Complex.

"BEMO HPP" means the Boguchanskaya hydro power plant.

"BEMO Project" means the Boguchanskoye Energy & Metals project involving the construction of the BEMO HPP and the Boguchansky aluminium smelter as described at pages 14 and 16 of this Annual Report.

"Board" means the board of Directors of the Company.

"Bogoslovsk aluminium smelter", "Bogoslovsk Alumina Refinery" or "BAZ" means Bogoslovsk aluminium smelter, a branch of OJSC SUAL.

"Boguchansky aluminium smelter" or **"BEMO aluminium smelter"** means the aluminium smelter project involving the construction of a 588 thousand tpa greenfield aluminium smelter on a 230 hectare site, located approximately 8 km to the south-east of the settlement of Tayozhny in the Krasnoyarsk region, and approximately 160 km (212 km by road) from the BEMO HPP, as described at pages 14 and 16 of this Annual Report.

"Bratsk aluminium smelter" or **"BrAZ"** means OJSC RUSAL Bratsk, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Company.

"Boksitogovsk Alumina Refinery" or **"BGZ"** means OJSC RUSAL Boksitogovsk, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Group.

"CEAC" means the Central European Aluminium Company.

"CG Code" means the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules, as of 1 April 2012, the "Corporate Governance Code".

"Century Aluminium Company" means Century Aluminium Company, a company incorporated under the laws of Delaware and the common stock of which is traded on the NASDAQ, in which Glencore AG has a 46.4% interest.

"CEO" or **"Chief Executive Officer"** means the chief executive officer of the Company.

"Chairman" or **"Chairman of the Board"** means the chairman of the Board.

"CIS" means the Commonwealth of Independent States.

"CJSC Kremniy" means CJSC Kremniy, a company incorporated under the laws of the Russian Federation and an indirect non wholly-owned subsidiary of the Company.

"Code for Securities Transactions" means the Code for Securities Transactions by Directors of the Company adopted by the Board on 9 April 2010 and based on Appendix 10 to the Listing Rules.

"Columbia Falls aluminium smelter" means the Columbia Falls Aluminium Smelter, which is owned and operated by Columbia Falls Aluminium Company LLC, a company incorporated under the laws of Delaware, the sole member of which is Glencore USA LLC, a wholly-owned subsidiary of Glencore AG.

"Company" or **"UC RUSAL"** means United Company RUSAL PLC.

"Connected transaction(s)" has the meaning ascribed to such expression in the Listing Rules.

"Controlling Shareholder" has the meaning ascribed to such expression in the Listing Rules.

"Corporate Governance and Nomination Committee" means the corporate governance and nomination committee established by the Board in accordance with the requirements of the CG Code.

"Covenant EBITDA" has the meaning given to it in the PXF Facility Agreement.

"Directors" means the directors of the Company.

"DOZAKL" means Joint Stock Company "Dmitrov Aluminium Rolling Mill", a company incorporated under the laws of the Russian Federation.

"EBITDA" means earnings before interest, taxes, depreciation, and amortisation.

"ECD" means the Engineering and Construction Division of the Company.

"En+" means En+ Group Limited, a company incorporated in Jersey and which is a shareholder of the Company.

"EPCM" means Engineering, Procurement, Construction and Management.

"EUR" means Euros, the lawful currency of the relevant member states of the European Union that have adopted the Euro as their currency.

"Euronext Paris" means the Professional Segment of NYSE Euronext Paris.

"Eurallumina" means the alumina refinery located in Portoscuso, on the southwest coast of Sardinia, Italy. During the year ended 31 December 2006, the Group entered into an agreement with Rio Tinto Aluminium Ltd and acquired a 56.2% interest in Eurallumina, the remaining 43.8% interest in Eurallumina was owned by Glencore and was acquired by the Group as part of the acquisition of SUAL and Glencore Businesses during the year ended 31 December 2007.

"Ewarton plant" or **"Ewarton Works"** means the alumina refinery in Jamaica owned by Windalco.

"financial year" means the financial year ended 31 December 2011.

"Friguia" means Friguia SA, a company incorporated in Guinea, which is a wholly owned subsidiary of the Company.

"Friguia Alumina Refinery" means Friguia S.A., a company incorporated in Guinea, which is a wholly owned subsidiary of the Company.

"Gazprombank" means OJSC Gazprombank.

"GBP" means Pounds Sterling, the lawful currency of the United Kingdom.

"Glencore" means Glencore International Plc, a public company incorporated in Switzerland and listed on the London Stock Exchange, with a secondary listing on the Hong Kong Stock Exchange, which is an indirect shareholder of the Company.

"Glencore Businesses" means the alumina and aluminium businesses of Glencore.

"Glencore Call Option" means a deed dated 25 July 2008 between En+, SUAL Partners and Glencore whereby Glencore granted En+ and SUAL Partners an option to acquire certain Shares held by Glencore.

"Global Depositary Shares" or **"GDS"** means global depositary shares evidenced by global depositary receipts, each of which represents 20 Shares.

"Global Offering" means the offering by the Company of new Shares for subscription or purchase to certain eligible investors in Hong Kong and other jurisdictions at an offer price of HK$10.80 per Share, which was completed on the Listing Date.

"Group" or **"UC RUSAL Group"** means UC RUSAL and its subsidiaries from time to time, including a number of production, trading and other entities controlled by the Company directly or through its wholly owned subsidiaries.

"Grundartangi aluminium smelter" means the Grundartangi Aluminium Smelter, which is owned and operated by Nordural Grundartangi ehf, a company incorporated in Iceland, which is a wholly-owned subsidiary of Century Aluminium Company, an entity in which Glencore AG holds a 46.4% interest.

"Hawesville aluminium smelter" means the Hawesville Aluminium Smelter, which is owned and operated by Century Kentucky, Inc., a company incorporated under the laws of Delaware, which is a wholly-owned subsidiary of Century Aluminium Company, an entity in which Glencore AG holds a 46.4% interest.

"HK$" means Hong Kong dollars, the lawful currency of Hong Kong.

"Hong Kong Companies Ordinance" means the Hong Kong Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (as amended from time to time).

"Hong Kong Stock Exchange" means the Main Board of The Stock Exchange of Hong Kong Limited.

"IAI" means the International Aluminium Institute.

"IAS" means the International Accounting Standards.

"IASB" means the International Accounting Standards Board.

Glossary

"IFRS" means the International Financial Reporting Standards.

"Indicated Mineral Resource" or **"Indicated"** means the part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

"Inferred Mineral Resource" or **"Inferred"** means a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

"International Override Agreement" means the international override agreement entered into by the Company and certain members of the Group on 7 December 2009 with certain international banks.

"Irkutsk aluminium smelter" or **"IrkAZ"** means Irkutsk Aluminium Smelter, a branch of OJSC SUAL.

"IPO" means the initial public offering of UC RUSAL on the Hong Kong Stock Exchange and Euronext Paris.

"Jersey Companies Law" means the Companies (Jersey) Law 1991, as amended.

"JORC" means Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists & the Minerals Council of Australia.

"kA" means kilo-amperes.

"Kandalaksha aluminium smelter" means Kandalaksha Aluminium Smelter, a branch of OJSC SUAL

"KAP" means Kombinat Aluminijuma Podgorica (Aluminium Plant Podgorica).

"Khakas aluminium smelter" or **"KhAZ"** means Khakas Aluminium Smelter Limited, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Company.

"KPIs" means key performance indicators.

"KraMZ" means Krasnoyarsk Metallurgical Plant, a company incorporated in the Russian Federation.

"KraMZ-Auto" means KraMZ-Auto LLC, a company incorporated in the Russian Federation.

"Krasnoyarsk aluminium smelter" or **"KrAZ"** means OJSC RUSAL Krasnoyarsk, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Company.

"kt" means kilotonnes.

"Kubikenborg aluminium smelter" or **"KUBAL"** means Kubikenborg Aluminium AB, a company incorporated in Sweden, which is a wholly owned subsidiary of the Company.

"kWh" means kilowatt hour.

"LIBOR" means in relation to any loan:

(a) the applicable screen rate (being the British Bankers' Association Interest Settlement Rate for dollars for the relevant period, displayed on the appropriate page of the Reuters screen); or

(b) (if no screen rate is available for dollars for the interest period of a particular loan) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the agent at its request quoted by the reference banks to leading banks in the London interbank market,

as of the specified time (11:00 a.m. in most cases) on the quotation day (generally two business days before the first day of that period unless market practice differs in the Relevant Interbank Market, in which case the quotation day will be determined by the agent in accordance with market practice in the Relevant Interbank Market) for the offering of deposits in dollars and for a period comparable to the interest period for that loan.

"Listing" means the listing of the Shares on the Hong Kong Stock Exchange.

"Listing Date" means the date on which the Shares were listed on the Hong Kong Stock Exchange, being 27 January 2010.

"Listing Rules" means the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time).

"LLP Bogatyr Komir" means the joint venture described at page 17 of this Annual Report.

"LLP Bogatyr Trans" means a company incorporated in Kazakhstan and described at page 33 of this Annual Report

"LME" means the London Metal Exchange.

"LTIFR" means the Lost Time Injury Frequency Rate which was calculated by the Group as a sum of fatalities and lost time injuries per 200,000 man-hours.

"LTIP" means the Company's Long-Term Incentive Plan, adopted on 11 May 2011.

"LTIP Rules" means the LTIP implementation rules adopted on 11 May 2011, or as amended from time to time in accordance with their provisions.

"Major Shareholders" means En+, SUAL Partners, Glencore and Onexim.

"Major Shareholders' Shares" means the Shares held by the Major Shareholders and their respective wholly owned subsidiaries.

"Management Company" means a subsidiary of the Group retained for accounting, general management, administration and secretarial functions.

"Market Council" means the non-commercial organisation formed as a result of a non-commercial partnership, which is intended to unite energy market participants and major consumers of electrical energy through membership of that body. The council is intended to ensure the proper functioning of commercial market infrastructure and effective exchanges between the wholesale and retail electrical energy markets. Additionally, it is intended to promote investment in the electrical energy industry by creating a healthy market and even playing field for participants of both the wholesale and retail electrical energy markets, when drafting new rules and regulations concerning the electrical energy industry, and facilitate self-regulation of the wholesale and retail trade in electrical energy, power and other products and services which is permissible in the wholesale and retail electrical energy markets. The council's aim is to ensure the security of energy supply in the Russian Federation, unity within the economic space, economic freedom and competition in the wholesale and retail electrical energy markets, by striking a balance between the interests of suppliers and buyers and the needs of society in general in terms of having a reliable and stable source of electrical energy.

"Measured Mineral Resource" or **"Measured"** means a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

"Memorandum" means the memorandum of association of the Company conditionally adopted on 26 December 2009, and effective on the Listing Date.

"MICEX" means the MICEX Stock Exchange.

"Mineral Resource" means a concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

"mt" means million tonnes.

"Mt. Holly aluminium smelter" means the Mt. Holly Aluminium Smelter in which, pursuant to it ownership structure, Century Aluminium Company, an entity in which Glencore AG holds a 46.4% interest, holds a 49.67% interest through its wholly owned subsidiary Berkeley Aluminum, Inc.

"Natixis" means the investment bank listed on the Paris stock exchange, and a party to the International Override Agreement.

"Net Debt" is calculated as Total Debt less cash and cash equivalents as at 31 December 2011.

"Nadvoitsy aluminium smelter" means Nadvoitsy Aluminiuym Smelter, a branch of OJSC SUAL

"Nikolaev Alumina Refinery" or **"NGZ"** means Nikolaev Alumina Refinery Company Limited, a company incorporated under the laws of the Ukraine, which is a wholly owned subsidiary of the Company.

"Norilsk Nickel" means OJSC MMC NORILSK NICKEL, a company incorporated under the laws of the Russian Federation.

"Novokuznetsk aluminium smelter" means OJSC RUSAL Novokuznetsk, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Company.

"OHSAS 18001" means Occupational Health and Safety Specification (OHSAS) 18001.

"OJSC KUMZ" means Kamensk-Uralsky Metallurgical Works Joint-Stock Company, a company owned by certain shareholders of SUAL Partners.

"OJSC SUAL" means OJSC "Siberian-Urals Aluminium Company" , a company incorporated under the laws of the Russian Federation.

"Onexim" means Onexim Holdings Limited, a company incorporated in Cyprus and which is a shareholder of the Company.

"Ore Reserves" means the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

"Probable Ore Reserve" means the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

"Production System" means the system developed and implemented at all of the Company's production facilities by the Company's Production Development Directorate business unit, for the purposes of introducing best practices to increase efficiency and the standardising of production processes.

"Proved Ore Reserve" means the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

"Prospectus" means the Company's prospectus for the Listing dated 31 December 2009. The Prospectus is available on the Company's website under the link http://www.rusal.ru/investors/EWP101.pdf.

"PXF Facility Agreement" means the up to USD4,750 million aluminium pre-export finance term facility agreement dated 29 September 2011 between, among others, the Company, as the borrower, and BNP Paribas (Swiss) SA, as the facility agent.

"QAL" means Queensland Alumina Limited, a company incorporated in Queensland, Australia, in which the Company indirectly holds a 20% equity interest.

"RA" means OJSC Russian Aluminium.

"Ravenswood aluminium smelter" means the Ravenswood Aluminium Smelter, which is owned and operated by Century Aluminium of West Virginia, Inc., which is a wholly owned subsidiary of Century Aluminium Company, an entity in which Glencore AG holds a 46.4% interest.

"RDR" means Russian Depository Receipts.

"Regulations" means the decree of the Government of the Russian Federation No. 89 dated 24 February 2010 "On Some Issues related to the Organisation of Long Term Consumption of Electric Power on a Competitive Basis in the Wholesale Electricity (Power) Market" as amended in accordance with the direction of the Prime Minister of the Russian Federation.

"related party" of an entity means a party who is:

(a) directly, or indirectly through one or more intermediates, a party which:
  (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  (ii) has an interest in the entity that gives it significant influence over the entity; or
  (iii) has joint control over the entity;

(b) an associate of the entity;

(c) a joint venture in which the entity is a venturer;

(d) a member of the key management personnel of the entity or its parent;

(e) a close member of the family of any individual referred to in (a) or (b) above;

(f) an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e) above;

(g) a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

"related party transaction" means a transfer of resources, services or obligations between related parties, regardless of whether the price is charged.

"Recurring Net Profit" for any period means Adjusted Net Profit plus the Company's effective share of Norilsk Nickel's profits, net of tax.

"Relevant Officer" means any employee of the Company or a director or employee of a subsidiary of the Company.

"Relevant Officers Code" means the code for Securities Transactions by Relevant Officers of the Company.

"Remuneration Committee" means the remuneration committee established by the Board in accordance with the requirements of the CG Code.

"Review Period" means the period commencing from 1 January 2011 and ending on 31 December 2011.

"RSPP" means the Russian Union of Industrialists and Entrepreneurs.

"RTS" means OJSC "Russian Trading System" Stock Exchange.

"RUB" or **"Rouble"** means Roubles, the lawful currency of the Russian Federation.

"RUSAL" means RUSAL Limited, a company incorporated under the laws of Jersey and which is a wholly-owned subsidiary of the Company.

"RUSAL Achinsk" means RUSAL Achinsk Open Joint-Stock Company, an indirect wholly-owned subsidiary of the Company.

"RUSAL Global" means "RUSAL Global Management B.V.", a company incorporated under the laws of the Netherlands.

"RUSAL RESAL" means RUSAL RESAL Limited Liability Company, an indirect wholly-owned subsidiary of the Company.

"RUS-Engineering" means RUS-Engineering LLC, an indirect wholly-owned subsidiary of the Company.

"RusHydro" means JSC Rushydro (Federal Hydrogenation Company), a company organised under the laws of the Russian Federation, which is an independent third party.

"R&D" means research and development or the Research and Development Centres operated by the Company, as the context requires.

"Samruk-Energo" means Samruk-Energo, a company incorporated in Kazakhstan, which is an independent third party.

"Samruk-Kazyna" means the Kazakhstan state controlled national welfare fund.

"Sayanogorsk aluminium smelter" or **"SAZ"** means OJSC RUSAL Sayanogorsk, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Company.

"Sberbank" means Sberbank of Russia.

"SFO" means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

"Shanxi Rusal Cathode Co., Ltd" means Shanxi Rusal Cathode Co., Ltd, a company incorporated in China, which is a wholly owned subsidiary of the Company.

"Share(s)" means the ordinary share(s) with nominal value of USD0.01 each in the share capital of the Company.

"Shareholder(s)" means the holders of Shares.

"Shareholders' Agreement between Major Shareholders only" means the shareholders' agreement dated 22 January 2010 between the Major Shareholders.

"Shareholders' Agreement with the Company" means the shareholders' agreement dated 22 January 2010 between the Major Shareholders and the Company.

"Sherwin Alumina Refinery" means the Sherwin Alumina Refinery which is owned and operated by Sherwin Alumina Company LLC, the sole member of which is Allied Alumina Inc., a wholly-owned subsidiary of Glencore AG.

"SHFE" means the Shanghai Futures Exchange.

"Specified Non-current Assets" means the Group's property, plant and equipment, intangible assets and interests in associates and jointly controlled entities.

"Standard & Poor's" means the financial services company which is the division of The McGraw-Hill Companies, Inc. that publishes, amongst other things, financial research and analysis.

"Standing Committee" means the standing committee of the Company.

"STIP" means the Company's Short-Term Incentive Program.

"SUAL" means SUAL International Limited, a company incorporated in the British Virgin Islands which is a wholly-owned subsidiary of the Company.

"SUAL-Kremniy-Ural" means SUAL-Kremniy-Ural LLC, an indirect non wholly-owned subsidiary of the Company.

"SUAL Partners" means SUAL Partners Limited, a company incorporated under the laws of the Bahamas, which is a shareholder of the Company.

"SUBR" means OJSC Sevuralboksitrusa, a company incorporated in Russia, which is a wholly-owned subsidiary of the Company.

"Taishet" or **"Taishet aluminium smelter"** means the new aluminium smelter which is an active project currently being implemented around 8 km from the centre of the town of Taishet in the Irkutsk region of the Russian Federation, as described at page 14 of this Annual Report.

"total attributable alumina output" is calculated based on pro rata share of the Group's ownership in corresponding alumina refineries.

"total attributable aluminium output" is calculated based on pro rata shares of the Group's ownership in corresponding aluminium smelters.

"total attributable bauxite output" is calculated based on pro rata shares of the Group's ownership in corresponding bauxite mines and mining complexes, including the total production of Timan and Bauxite Co. De Guyana., notwithstanding that minority interests in these subsidiaries are held by third parties.

"Total Net Debt" has the meaning given to it in the PXF Facility Agreement.

"tpa" means tonnes per annum.

"Urals aluminium smelter", **"Urals Alumina Refinery"**, **"UAZ"**, or **"Urals smelter"** means Urals Aluminium Smelter, a branch of OJSC SUAL.

"USD" or **"US dollar"** means United States dollars, the lawful currency of the United States of America.

"VAT" means value added tax.

"VEB" means State Corporation "The Bank for Development and Foreign Economic Affairs (Vnesheconombank)".

"Volgograd aluminium smelter" means Volgograd Aluminium Smelter, a branch of OJSC SUAL.

"Volkhov aluminium smelter" or **"VAZ"** means Volkhov Aluminium Smelter, a branch of OJSC SUAL.

"Wholesale Electricity Market" means the wholesale market for the sale of electrical energy and power within the confines of the "Russian United Energy System" in the unified economic space of the Russian Federation. Large suppliers and purchasers of electrical energy and power participate in this market, as well as other participants which have obtained the status of wholesale market participants and act in accordance with the Wholesale Electricity Market Rules.

"Wholesale Electricity Market Rules" means the regulatory act (passed by the government of the Russian Federation as specified in the law "On the Electric Energy Industry"), which regulates the sale of electrical energy and power in the Wholesale Electricity Market.

"Windalco" means West Indies Alumina Company, a company incorporated in Jamaica, in which the Company indirectly holds a 93% interest.

"Working Capital" means trade and other receivables and inventories less trade and other payables.

"ZALK", **"Zaporozhye aluminium smelter"** or **"Zaporozhye alumina refinery"** means OJSC Zaporozhye Aluminium Combine, a company incorporated in the Ukraine, in which the Company indirectly holds a 97.55% interest.

Appendix A - Principal terms of the Shareholders' Agreement with the Company

The principal terms of the Shareholders' Agreement with the Company are described below. Unless otherwise stated, references to En+, SUAL Partners, Glencore and Onexim are deemed to include reference to other entities controlled by those Major Shareholders (other than any member of the Group).

Right of first refusal – bauxite, alumina, aluminium

The Major Shareholders must offer the Company a right of first refusal in respect of any assets or development opportunities related to the production of bauxite, alumina or aluminium ("Industrial Assets") that they wish to acquire where such Industrial Asset or a group of related Industrial Assets has a value in excess of USD50 million.

The minimum threshold of USD50 million stated above is subject to adjustment with effect from 26 March 2012 up to a maximum of USD1 billion, depending on the LME price of aluminium on the last business day before that date.

Each Major Shareholder must disclose to the Company any opportunity which has come to their (or their associates') respective attentions to acquire Industrial Assets of whatever value.

Right of first refusal – nickel, copper, platinum, cobalt, palladium

Until 25 April 2010, En+ and Onexim were required to offer the Company a right of first refusal in respect of any industrial assets or development opportunities related to the production of nickel, copper, platinum, cobalt or palladium, save for RTB Bor Copper moveable and fixed assets licences in Serbia ("Mining Assets") or any licences for the mining of any such Mining Asset (save for certain agreed existing or prospective licences) ("Geological Licences") that they wish to acquire where such Mining Asset had a value in excess of USD150 million, or such Geological Licence had a value in excess of USD100 million.

Each of En+ and Onexim was required to disclose to the Company any opportunity which has come to their (or their associates') respective attentions to acquire Mining Assets or Geological Licences where the value was reasonably likely to give rise to a right of first refusal.

This right of first refusal only applied to En+ if the aggregate direct and indirect interest of En+ and its ultimate beneficial owner in Shares exceeded 40% of the total Shares in issue (or such lesser percentage as a result of any dilution on a further Share issue) and only applied to Onexim if the aggregate direct and indirect interest of Onexim and its ultimate beneficial owner in Shares exceeded 5% of the total Shares in issue.

Acquisitions of Norilsk Nickel shares

Onexim was required to undertake not to acquire shares in Norilsk Nickel before 25 April 2010 without the prior consent of the Company.

Each of En+, SUAL Partners and Glencore was required to undertake not to acquire shares in Norilsk Nickel before 25 April 2010 without the prior consent of the Company and Onexim.

Relationship between the Company and the Major Shareholders

Each Major Shareholder must ensure that any contract between it or any of its associates and any member of the Group is entered into on an arms' length commercial basis and on terms that are not unfairly prejudicial to the interests of any Major Shareholder or the Group.

If there is a dispute between a Major Shareholder or any of its associates and the Company, that Shareholder will not, and will procure that any Directors appointed by it will not, do anything to prevent or hinder the Company's handling of the dispute.

The Major Shareholders agree to act in good faith in relation to the Group and in a manner that is not unfairly prejudicial to the interests of the Shareholders generally, and that the Group will be operated in accordance with the corporate governance standards set out in the CG-Code.

Termination for particular Shareholders

The Shareholders' Agreement with the Company shall terminate in respect of the relevant Major Shareholder in the following circumstances:

- Upon completion of the Glencore Call Option[1] or the put option granted by Glencore under the deed described in footnote 1.

- Upon completion of a put option granted to SUAL Partners by En+ in respect of SUAL Partners' Shares. This option terminated on the Listing Date.

- Upon Onexim ceasing to hold a minimum shareholding of 5% of the total Shares in issue, other than as a result of dilution on a further share issue, it shall lose all of its rights and obligations under the Shareholders' Agreement with the Company.

- If Onexim holds less than 5% of the total Shares in issue, but still has any rights under the Shareholders' Agreement with the Company, it shall lose all of its rights and obligations under the Shareholders' Agreement with the Company upon any subsequent disposal by it of Shares or entry into derivative contracts or arrangements in relation to Shares.

- Upon any Major Shareholder ceasing to hold at least 3% of the total Shares in issue, for whatever reason, it shall lose all of its rights and obligations under the Shareholders' Agreement with the Company.

- Subject to certain exceptions, if there is a change of control of Glencore or a third party acquires all or substantially all of Glencore's assets, it shall lose its right of first refusal outlined above.

- If there is a change of control of Onexim or a third party acquires all or substantially all of Onexim's assets, it shall lose all rights and its obligations under the Shareholders' Agreement with the Company.

1 Pursuant to a deed dated 25 July 2008 between En+, SUAL Partners and Glencore, Glencore granted En+ and SUAL Partners the option (the "**Glencore Call Option**") to acquire all ordinary shares in the Company held by Glencore on the date of exercise of the Glencore Call Option that were also (i) held by Glencore on 26 March 2007 or (ii) issued to Glencore by the Company after 26 March 2007 but before exercise of the Glencore Call Option (both of which, for the avoidance of doubt, exclude any shares in the Company acquired by Glencore on an arms length basis from anyone other than the Company following an initial public offering or any shares in the Company sold by Glencore to any third party in compliance with the shareholders' agreement then in force in relation to the Company) (the "**Glencore Option Securities**"). The Glencore Call Option may only be exercised by En+, but following exercise, SUAL Partners have the right to participate in proportion to their holding of Shares at that time vis-a-vis En+. The Glencore Call Option is exercisable until 26 March 2017.
The exercise price of the option will be determined by an investment bank as 120% of the higher of (i) market value of Glencore option securities, which is determined by reference to the enterprise value of the Group on the relevant option exercise date or after an initial public offering, the volume weighted average price of an ordinary share over the preceding five trading days; and (ii) a valuation calculated by reference to the cumulative aggregate EBITDA of the Group for the preceding 12 quarters and the discounted enterprise value/EBITDA multiple at which certain of the Group's competitors trade.

Appendix B - Principal terms of the Shareholders' Agreement between Major Shareholders

The principal terms of the Shareholders' Agreement between Major Shareholders are described below. Unless otherwise stated, references to En+, SUAL Partners, Glencore and Onexim are deemed to include reference to other entities controlled by those Major Shareholders (other than any member of the Group).

Board of the Company

For as long as En+ holds at least 30% of the Major Shareholders' Shares, the Major Shareholders have agreed to use their respective voting and other rights to procure, so far as they are able, that the Board shall consist of a minimum of 16 and a maximum of 18 Directors and that Directors proposed for nomination or removal under the Articles of Association or otherwise by the shareholders of the Company will be appointed to or removed from the Board to achieve the following:

- For as long as En+ holds at least 40% of the Major Shareholders' Shares, Directors representing at least 50% of the Board shall be directors proposed by En+ (excluding independent Directors), one of whom shall be the Vice Chairman of the Board. For as long as En+ holds at least 30% of the Major Shareholders' Shares, En+ shall have the right to nominate for appointment and removal, the CEO. The appointment of the CEO will be subject to approval by a majority of the Board and the Board will retain the ability to remove the CEO. The number of Directors (other than independent Directors) which En+ is entitled to propose for nomination and removal to the Board shall reduce by one for as long as its shareholding, as a percentage of the Major Shareholders' Shares, is between 35% and 40%, and by two for as long as such percentage is between 30% and 35%. In addition, En+ shall be entitled to propose for nomination and removal two independent Directors for as long as it holds at least 40% of the Major Shareholders' Shares and one independent Director for as long as that percentage remains between 10% and 40%. En+ shall have the right to veto the appointment of any independent Director nominated by SUAL Partners or Onexim on the grounds set out in the Shareholders' Agreement between Major Shareholders only.
- For as long as Glencore holds at least 8.6% of the total Shares in issue (or such lesser percentage as results from dilution on a further share issue), Glencore shall have the right to propose for nomination and removal as a Director the chief executive officer of Glencore and to veto the appointment of any independent Director nominated by En+, SUAL Partners or Onexim on the grounds set out in the Shareholders' Agreement between Major Shareholders only.
- For as long as SUAL Partners holds at least 8.6% of the total Shares in issue (or such lesser percentage as results from dilution on a further share issue), SUAL Partners shall have the right to propose for nomination and removal three Directors, one of whom shall be independent, and to veto the appointment of any independent Director nominated by En+ or Onexim on the grounds set out in the Shareholders' Agreement between Major Shareholders only.
- For as long as Onexim holds at least 5% of the total Shares in issue, Onexim shall have the right to propose for nomination and removal one Director and to veto the appointment of any independent Director nominated by En+ or SUAL Partners on the grounds set out in the Shareholders' Agreement between Major Shareholders only. In addition, if Mr. Barry Cheung Chun-yuen resigns as a Director, Onexim shall be entitled to propose for nomination and removal of one independent Director.
- For as long as it is required pursuant to the facilities agreement between VEB and the Group, one director shall be proposed by VEB.
- Victor Vekselberg will remain as Chairman for so long as both En+ holds at least 40% of the Major Shareholders' Shares and SUAL Partners holds at least 8.6% of the total Shares in issue (or such lesser percentage as results from dilution on a further share issue).
- For as long as En+ holds less than 30% of the Major Shareholders' Shares, the Major Shareholders have agreed to use their respective voting and other rights to procure, so far as they are able, that the Board shall consist of between 15 and 19 directors comprising:
  - four independent Directors, to be nominated in

accordance with the rights of proposal of En+, SUAL Partners and Onexim described above (if relevant) and, to the extent required, by the Corporate Governance and Nomination Committee;
  - one director proposed by VEB, if required; and
  - Directors (other than independent Directors) who shall be proposed for nomination and removal by the Major Shareholders in proportion to their respective holdings of Shares from time to time.
- The Major Shareholders have agreed to exercise their respective voting and other rights to procure that, for as long as the Company is able to appoint between two and five Directors to the board of Norilsk Nickel, Onexim is entitled to propose one Director for appointment to that board, and for as long as the Company is able to appoint six or more directors, Onexim is entitled to propose two directors for appointment to that board.

Boards of Subsidiaries

The Major Shareholders have agreed to use their respective voting and other rights to procure, so far as they are able, that the Directors proposed for nomination or dismissal by the shareholders of the Company will be appointed to or removed from the boards of the Agreed Subsidiaries to achieve the following:

- The board of each of RUSAL Global Management B.V. and RUSAL America Corp. shall comprise:
  - four directors proposed by En+, for as long as the shareholding of En+ as a percentage of the Major Shareholders' Shares is at least 40%, provided that the number of directors to be proposed by En+ shall be three where such percentage is between 30% and 40%, shall be two where it is between 20% and 30% and shall be one where it is less than 20%; and
  - one director proposed by each of Glencore, SUAL Partners and Onexim, for as long as in each case the relevant Major Shareholder holds at least 8.6% of the total Shares in issue (or such lesser percentage as results from dilution on a further share issue), in the case of each of Glencore and SUAL Partners, and 5% of the total Shares in issue, in the case of Onexim.
- The board of each other Agreed Subsidiary shall comprise:
  - three directors proposed by En+ for as long as the shareholding of En+ as a percentage of the Major Shareholders' Shares is at least 40%, provided that the number of directors to be proposed by En+ shall be two where such percentage is between 20% and 40% and shall be one where it is less than 20%; and
  - one director proposed by each of Glencore and SUAL Partners, for as long as in each case the relevant Major Shareholder holds at least 8.6% of the total Shares in issue (or such lesser percentage as results from dilution on a further share issue).

Committees of the Board

The Major Shareholders have agreed to procure, so far as they are able, that certain committees of the Board are to be established:

- An audit committee, remuneration committee and corporate governance and nomination committee, each to be established in accordance with the requirements of the CG Code. The audit committee shall consist of five members, of whom three shall be independent Directors (as approved by the Board), one shall be appointed by En+ and one by Onexim. The remuneration committee shall consist of five members, of whom three shall be independent Directors (as approved by the Board), one shall be appointed by En+ and one by SUAL Partners. The Corporate Governance and Nomination Committee shall consist of five members, of whom three shall be independent Directors (as approved by the Board), one shall be appointed by En+ and one by Glencore. Summaries of the functions of these committees are set out in "Directors and Senior Management – Committees".
- A health, safety and environmental committee, whose composition, functions and terms of reference are to be determined from time to time by the Board.
- A standing committee consisting of five members who may or may not be Directors, one proposed for appointment by each of En+, SUAL Partners, Glencore and Onexim and one independent Director. The standing committee shall have authority to take certain decisions in relation to the Group without further approval of the Board or the shareholders of the Company.

Exercise of voting rights by Onexim

At general meetings of the Company, with respect to certain agreed matters customarily reserved to shareholders, Onexim will undertake to exercise its voting rights in the same manner as En+ exercises its voting rights, provided that in no event shall Onexim be required to vote its holding of Shares: (A) in a manner that would contravene applicable law; (B) in a manner that would be directly and materially adverse to the interests of Onexim in its capacity as a direct or indirect holder of Shares; (C) if Onexim shall have exercised a right of "veto" (as described below) in respect of the relevant matter; or (D) if and for so long as En+ is in material breach of the Shareholders' Agreement between Major Shareholders only or the Shareholders' Agreement with the Company.

Appendix B – Principal terms of the Shareholders' Agreement between Major Shareholders

Veto rights

- The Major Shareholders have agreed to exercise their voting rights with a view to giving the Major Shareholders effective veto rights as set out below, by procuring that Directors proposed by them for appointment vote against any resolution in respect of which a Major Shareholder has exercised its "veto":
  - Each of En+, Glencore, SUAL Partners and Onexim is to be given an effective right of veto in relation to any related party transaction (or amendment to or renewal of an existing related party transaction).
  - Each of En+, Glencore and SUAL Partners and Onexim is to be given an effective right of veto in respect of any matter proposed to be undertaken by the Company or any of its subsidiaries which would require a special resolution were the Company or the relevant subsidiary incorporated in England and Wales (e.g., alteration of Articles of Association; change of name; re-registration of a private company as a public company; re-registration of an unlimited company as limited; re-registration of a public company as a private company; offer to issue shares or rights to subscribe for shares other than pro rata to existing shareholders by applying statutory pre-emption rights; reduction of share capital; to give, revoke, renew or vary the authority for the Company to purchase (off market) shares in itself; and to redeem or purchase own Shares out of capital).
- The Company does not believe that these veto rights will have any material impact on the operation of the Company.

Matters inconsistent with the Shareholders' Agreement between Major Shareholders only

The Major Shareholders have agreed that they shall use their voting and other rights available to them to procure that no resolutions are passed or actions taken or refrained from being taken by the Company or any other member of the Group to the extent that they would be inconsistent with the terms of the Shareholders' Agreement between Major Shareholders only.

KraMZ/OJSC KUMZ supply agreements and agreements with Glencore

- The Major Shareholders have agreed to use their voting and other rights available to them to procure that all Board and shareholder approvals and resolutions which are required under the Listing Rules in respect of the supply agreement entered into between the Group and OJSC KUMZ, and the supply agreement entered into between the Group and KraMZ group companies, a group of companies owned by Mr. Deripaska are passed in accordance with those laws and rules.
- If the entry into, amendment of or exercise of any rights under any agreements between the Group and Glencore require shareholder approval under the Listing Rules, the Major Shareholders have agreed to use their voting and other rights available to them to procure that such approvals and resolutions are passed in accordance with those laws and rules.

Dividend policy

The Major Shareholders have agreed to procure compliance by the Group with a dividend policy, to the extent permissible under the terms of the credit facility agreements, under which not less than 50% of the annual consolidated net profits of the Group in each financial year are distributed to Shareholders within four months after the end of the relevant financial year, subject to any applicable legislation.

Encumbrances over Shares

- Until 26 March 2012, and subject to the exception stated below, En+ agreed not to encumber Shares comprising 40% of the Major Shareholders Shares. Notwithstanding the foregoing, En+ would be entitled to encumber Shares equal to a maximum of 17% of the total Shares in issue from time to time in favour of a finance provider as bona fide security for indebtedness of En+ or its subsidiaries.
- Glencore and SUAL Partners have agreed not to encumber any Shares except for (i) pursuant to certain Glencore security agreements; (ii) a pledge as set out below; and (iii) the same proportion of their holding of Shares as the proportion which En+ is entitled to encumber as stated above.
- There will be no restrictions on Onexim encumbering its Shares.

Rights of first refusal – SUAL Partners Shares

- Subject to certain exceptions, if SUAL Partners wishes to sell any of its holding of Shares in an on-market transaction, it must serve notice on En+, offering it a right of first refusal. The price at which En+ will be entitled to acquire the Shares offered by SUAL Partners is the volume weighted average price per Share for the three trading days prior to the date on which the relevant notice is sent by SUAL Partners.
- SUAL Partners will not be obliged to offer En+ a right of first refusal in respect of Shares sold by it to the extent that:
  - the aggregate number of Shares sold in any one trading day by SUAL Partners does not exceed 20% of the daily average trading volume for the 30 trading days immediately preceding that trading day; and
  - the aggregate number of Shares sold within the above limits does not in any period of four months exceed 0.5% of the total Shares in issue at the time of the relevant sale.

Rights of first refusal – Glencore's Shares

Glencore must offer En+ and SUAL Partners a right of first refusal in respect of any proposed sale of Shares by Glencore in an on-market transaction, on substantially the same terms as the right of first refusal to be offered in respect of Shares held by SUAL Partners (as described above), subject to the same carve outs as described above in relation to SUAL Partners.

Onexim tag along rights

Upon any sale of Shares by En+, SUAL Partners or Onexim, such that the aggregate number of Shares sold by those three Major Shareholders in any rolling four month period exceeds 25% of the Shares then in issue, the sale shall not proceed unless the purchaser has also offered, on the same terms, to acquire the Shares then held by Onexim which were received by Onexim as part consideration for the acquisition by the Company of a stake of 25% plus one share in Norilsk Nickel.

Share placing

To the extent that the Company proposes to undertake a bookbuild placing or underwritten offering of Shares of in excess of 1% of the issued share capital of the Company, the Major Shareholders have agreed to use their voting and other rights to procure that the Major Shareholders are also entitled to sell a pro rata proportion of their Shares as part of such placing or offering.

No mandatory offer

The Major Shareholders have agreed not to acquire or dispose of any voting rights which would be exercisable at a general meeting of the Company, if such acquisition or disposal would trigger a mandatory obligation under the Hong Kong Codes on Takeovers and Mergers and Share Repurchases to make an offer for Shares and have undertaken to indemnify each other in the event of a breach of such undertaking.

Licences

For as long as Onexim is a shareholder, En+, SUAL Partners and Glencore have agreed not to, and to use their respective voting and other rights to procure that neither the Company nor any of its subsidiaries will, bid for or acquire, and that the Company will take reasonable steps to procure that Norilsk Nickel will not bid for or acquire, certain specified geological licences relating to nickel, copper, platinum and cobalt without the prior written consent of Onexim.

Termination for particular shareholders

The Shareholders' Agreement between Major Shareholders only shall terminate in respect of the relevant Major Shareholder in the following circumstances:

- Upon completion of the Glencore Call Option described in footnote 1 above.
- Upon completion of a put option granted to SUAL Partners by En+ in respect of SUAL Partners' Shares. This option terminated on the Listing Date.
- Upon either Glencore or SUAL Partners ceasing to hold at least 8.6% of the total Shares in issue (or

Appendix B – Principal terms of the Shareholders' Agreement between Major Shareholders

such lesser percentage as results from dilution on a further share issue) Glencore or SUAL Partners (as the case may be) shall lose their rights to propose Directors for nomination to the Board, and upon such shareholdings falling below 50% of the relevant minimum shareholding stated above they shall lose their respective veto rights as described above.

- Upon En+ ceasing to hold at least 8.6% of the total Shares in issue (or such lesser percentage as results from dilution on a further share issue), it shall lose any rights to propose Directors for nomination to the Board, and upon such shareholding falling below 50% of the relevant minimum shareholding stated above, it shall lose its veto rights as described above.
- Upon Onexim ceasing to hold at least 5% of the total Shares in issue, other than as a result of dilution on a further share issue, it shall lose all of its rights and obligations under the Shareholders' Agreement between Major Shareholders only.
- If Onexim holds less than 5% of the total Shares in issue, but still has any rights under the Shareholders Agreement between Major Shareholders only, it shall lose all of its rights and obligations under the Shareholders' Agreement between Major Shareholders only upon any subsequent disposal by it of Shares or entry into derivative contracts or arrangements in relation to Shares.
- Upon any Major Shareholder ceasing to hold at least 3% of the total Shares in issue, for whatever reason, it shall lose all of its rights and obligations under the Shareholders' Agreement between Major Shareholders only.
- Subject to certain exceptions, if there is a change of control of Glencore or a third party acquires all or substantially all of Glencore's assets, it shall lose its rights to propose Directors for nomination to the Board and the veto rights described above.
- If there is a change of control of Onexim or a third party acquires all or substantially all of Onexim's assets, it shall lose all rights and its obligations under the Shareholders' Agreement between Major Shareholders only.

Corporate Information

UNITED COMPANY RUSAL PLC

Incorporated under the laws of Jersey with limited liability

HKEx stock code: 00486
Euronext Paris symbols: Rusal/Rual
MICEX symbol for RDRs: RUALR RX
RTS symbol for RDRs: RUALR RU

Board of Directors:

EXECUTIVE DIRECTORS

Mr. Oleg Deripaska
Mr. Vladislav Soloviev
Ms. Tatiana Soina (resigned on 16 March 2012)
Mr. Maxim Sokov (appointed on 16 March 2012)
Mr. Alexander Livshits
Ms. Vera Kurochkina
Mr. Petr Sinshinov (executive director from 26 January 2009 to 10 November 2011, re-designated as a non-executive director on 11 November 2011, and re-designated as an executive director with effect from 17 March 2012)

NON-EXECUTIVE DIRECTORS

Mr. Victor Vekselberg (resigned as Chairman on 12 March 2012 and resigned as a non-executive director with effect from 16 March 2012)
Mr. Maksim Goldman (appointed on 16 March 2012)
Mr. Dmitry Afanasiev
Mr. Len Blavatnik
Mr. Anatoly Tikhonov
Mr. Ivan Glasenberg
Mr. Alexander Popov (resigned on 24 November 2011)
Mr. Dmitry Razumov
Mr. Dmitry Troshenkov (appointed on 24 November 2011)
Mr. Artem Volynets (also being the alternate director to Mr. Alexander Popov from 29 June 2011 to 14 November 2011)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Barry Cheung Chun-yuen (appointed as Chairman of the Board with effect from 16 March 2012)
Dr. Peter Nigel Kenny
Mr. Philip Lader
Ms. Elsie Leung Oi-sie

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Ms. Aby Wong Po Ying
Mr. Eugene Choi

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New York, NY 10286

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Dr. Peter Nigel Kenny (chairman)
Mr. Philip Lader
Ms. Elsie Leung Oi-sie
Mr. Alexander Popov (resigned on 24 November 2011)
Mr. Dmitry Troshenkov (appointed on 24 November 2011)
Mr. Dmitry Razumov

Remuneration Committee members

Mr. Philip Lader (chairman)
Dr. Peter Nigel Kenny
Mr. Barry Cheung Chun-yuen
Mr. Len Blavatnik
Mr. Artem Volynets

Principal bankers

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VTB Bank
BNP Paribas

Corporate brokers

Bank of America Merrill Lynch
Credit Suisse

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