vAluable growth

ANNUAL REPORT

2010

RUSAL

Financial and Operational Highlights

USD million unless otherwise specified	2010	2009	2008	2007	2006
Revenue	**10,979**	8,165	15,685	13,588	8,429
Adjusted EBITDA	**2,597**	596	3,526	4,620	3,680
Adjusted EBITDA Margin	**23.7%**	7.3%	22.5%	34.0%	43.7%
EBIT	**2,031**	(63)	(1,228)	3,647	3,312
Income from Associates	**2,435**	1,417	(3,302)	(14)	(16)
Pre Tax Profit/(Loss)	**3,011**	839	(6,053)	3,225	3,223
Net Profit/(Loss)	**2,867**	821	(5,984)	2,806	2,897
Net Profit/(Loss) Margin	**26.1%**	10.1%	(38.2%)	20.7%	34.4%
Earnings/(Loss) Per Share (in USD)	**0.19**	0.06	(0.49)	0.32	NA*
Total Assets	**26,525**	23,886	24,005	22,063	9,252
Equity Attributable to Shareholders of the Company	**11,456**	6,332	4,488	10,095	3,078
Net Debt	**11,472**	13,633	13,170	8,395	4,319

* Earnings/Loss Per Share was not calculated for the year ended 31 December 2006, since transfer of the interest in RUSAL was not completed until 27 March 2007

MANAGED PRODUCTION THROUGH THE RECOVERY

4.1 MLN T

Aluminium production

7.8 MLN T

Alumina production

FOCUS ON PROFITABILITY

24%

EBITDA margin

3 TIMES

Increase in earnings per share

FINANCIAL PERFORMANCE AND DEBT REDUCTION

2,867 MLN USD

Net profit

1,738 MLN USD

Net operating cash flow

367 MLN USD

Capital expenditure

11,472 MLN USD

Net debt

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ANNUAL REPORT 2010

UC RUSAL

UC RUSAL

ANNUAL REPORT 2010

content

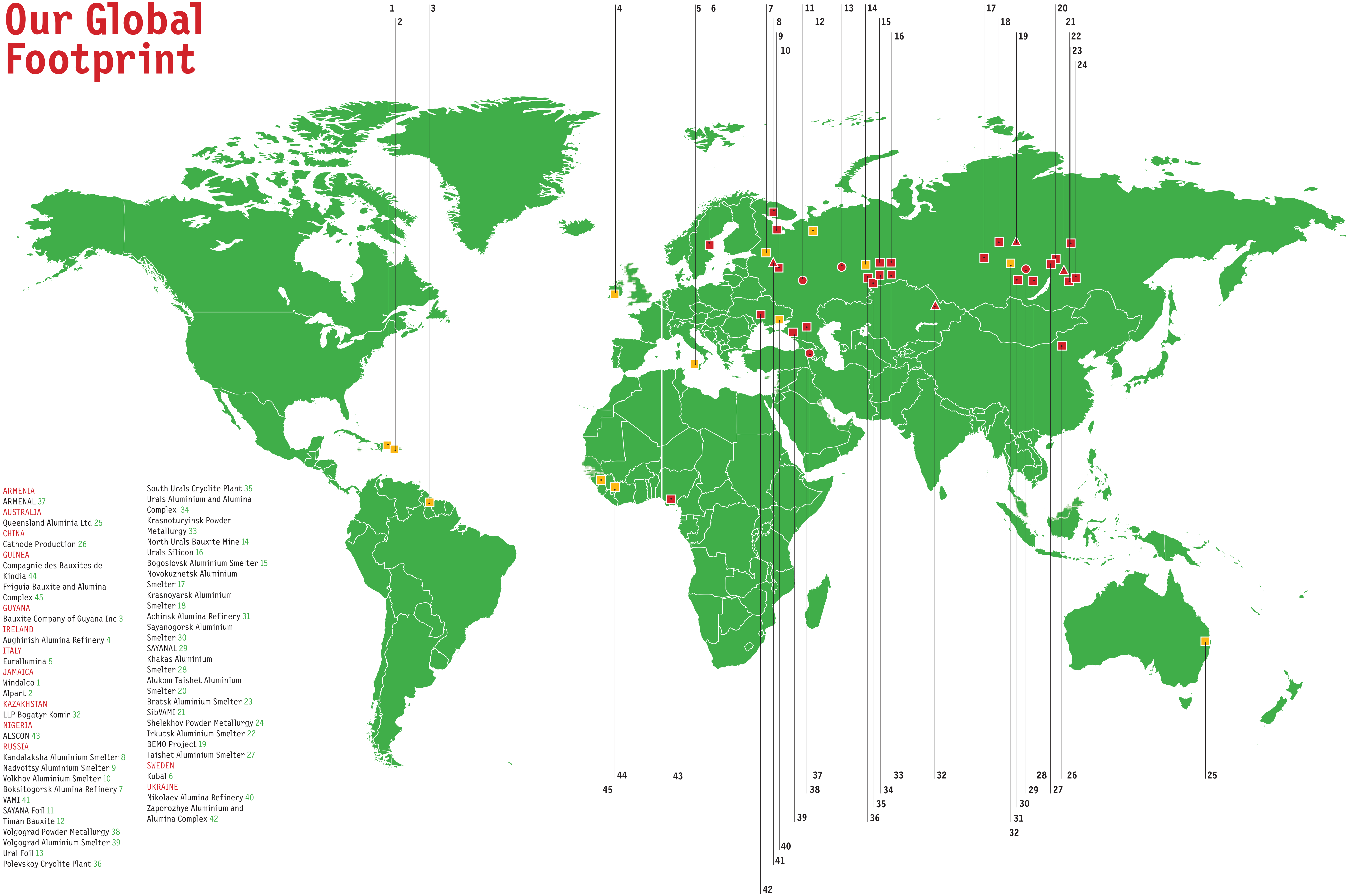
2010 0.8 MLN T

+52%

Russia & The Other CIS Countries Aluminium Consumption

SOURCE: UC RUSAL

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
SibVAMI 21
Shelekhov Powder Metallurgy 24
Irkutsk Aluminium Smelter 22
BEMO Project 19
Taishet Aluminium Smelter 27
SWEDEN
Kubal 6
UKRAINE
Nikolaev Alumina Refinery 40
Zaporozhye Aluminium and Alumina Complex 42

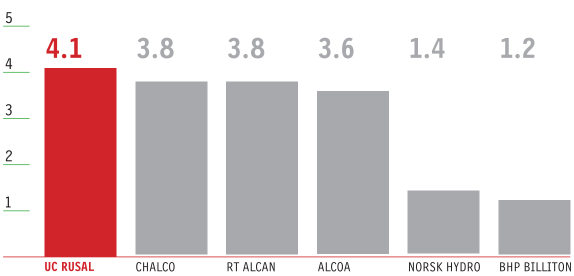
Corporate Profile

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 primary aluminium, which is the higher margin upstream segment of the industry.

In 2010, UC RUSAL maintained its position as the largest aluminium producer in the world.

PRIMARY ALUMINIUM PRODUCTION IN 2010

Primary aluminium production, 2010 MLN T

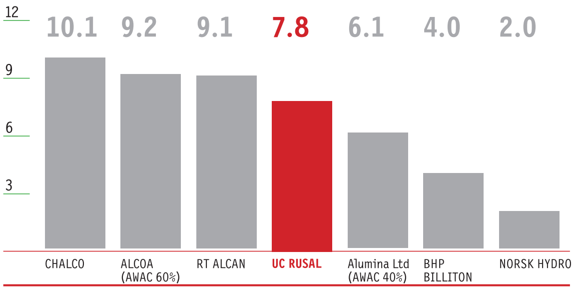


SOURCE: UC RUSAL internal company report, companies' public information

UC RUSAL is one of the industry leaders in alumina production.

ALUMINA PRODUCTION IN 2010

Alumina production, 2010 MLN T

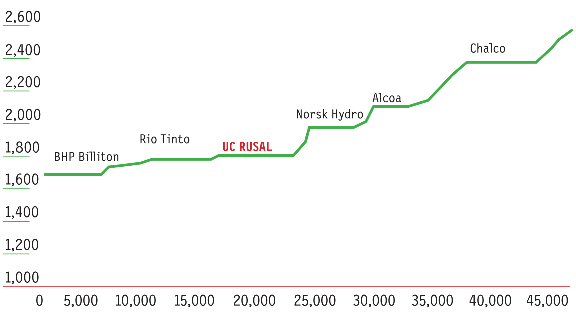


SOURCE: UC RUSAL internal company report, companies' public information

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 one of the lowest cost producers of aluminium globally with principal Siberian facilities in close proximity to important Chinese and Asian markets.

IN 2010 UC RUSAL MAINTAINED ITS POSITION AMONG THE LEADING COMPANIES ON THE ALUMINIUM COST CURVE

Aluminium C1 cash cost, 2010



SOURCE: BROOK HUNT*

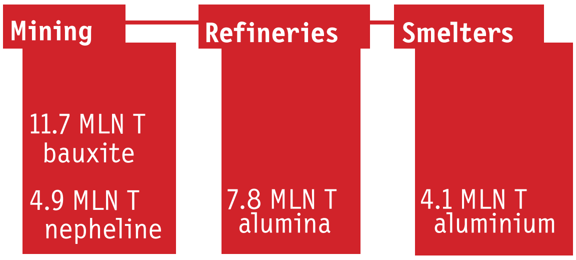
* The methodology used by Brook Hunt (an independent research and consulting firm specialising in the mining and metals industries) to calculate the C1 costs used in the preparation of the aluminium cost production curve presented differs from the methodology used by UC RUSAL for the calculation of its Cash Operating Cost (FOB basis). Specifically, Brook Hunt does not include in C1 costs, corporate overheads (including selling, general and administrative expenses) and casthouse costs.

Vertically integrated asset base

Our 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, foil mills and packaging production centres as well as power-generating facilities. The Company employs more than 72,000 people who work in 19 countries over 5 continents.

In 2010 UC RUSAL produced the following:

Production, 2010



SOURCE: UC RUSAL internal company report

In addition, UC RUSAL produced approximately 81,400 tonnes of aluminium foil and foil-containing packaging materials.

Key facts

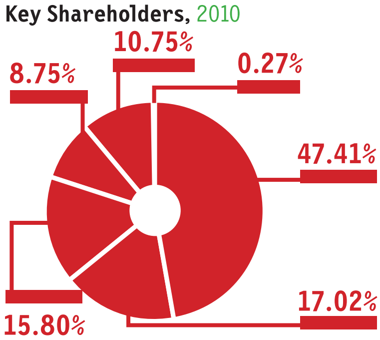
In 2010, UC RUSAL accounted for about 10% of the world's aluminium output and about 10% of the world's alumina production generated from the following facilities located throughout the world:

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

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

Key Shareholders[1]

Key Shareholders, 2010



47.41%	En+
17.02%	Onexim
15.80%	SUAL Partners
8.75%	Amokenga Holdings*
10.75%	Public float
0.27%	Management**

* Amokenga Holdings is ultimately controlled by Glencore International AG.
** Including 0.22% directly held by the CEO of the Company

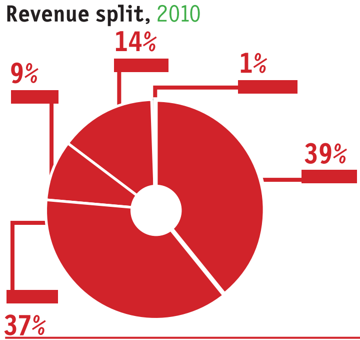
Key customers

The favourable location of UC RUSAL's Siberian assets has enabled UC RUSAL to develop a strong client base on all 5 continents spanning the major construction, packaging and automotive consumption segments. In 2010, the Company sold primary aluminium, alloys and value added products to almost 50 countries. The regional breakdown of these sales are shown below.

2010 revenue split

The table below indicates sales of primary aluminium, alloys and value-added products to end-users, excluding global traders:

Revenue split, 2010



39%	Europe
37%	Russia and CIS
9%	America
14%	Asia
1%	Other

Source: CRU, based on production in 2010

Looking to the future, UC RUSAL wishes to further develop sales to key customers in the major growth regions with an emphasis on establishing direct exposure to end-use segments for UC RUSAL's products, tied to a broader suite of service options. As a consequence, the role of global trading companies in the overall sales portfolio will reduce, while regional distributors will adopt a stronger role in the portfolio.

On a regional basis, the net deficit markets of Europe and North America will remain key targets for UC RUSAL's value added products. UC Rusal expects to see a strong shift in sales to Asia due to growth in this region, in particular, in China. It is anticipated that by 2015, 30% of the Company's exports will be sold to support growing urbanisation and infrastructure demand in Asia.

1 Source: This information was taken from www.rusal.com on 31 March 2011.
2 Source: CRU, based on production in 2010

Strong technology base

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

Commodity diversification through significant investments

> UC RUSAL has a 25% plus one share interest in Norilsk Nickel, the largest nickel and palladium producer[2] and one of the leading producers of platinum and copper in the world.
> 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, provides UC RUSAL with a natural energy hedge.

Near-term growth projects

> BEMO Project that involves the construction of the 3,000 megawatt BEMO HPP and Boguchansky aluminium smelter in the Krasnoyarsk region which has a design capacity of 588,000 tonnes of aluminium per annum. In 2010, UC RUSAL and RusHydro received credit funds from VEB and resumed works at the construction site in January 2011.
> Taishet aluminium smelter in Irkutsk region with 750,000 tonnes of aluminium per annum of design capacity. The company is in the process of negotiating project financing from various lenders.

2020 **65%**

2015 **56%**

2010 **47%**

Chinese Urbanisation Rate

SOURCE: WORLD BANK

Chairman's Statement

pp07–09

Dear Shareholders,

I am pleased to present the Annual Report of United Company RUSAL Plc for the year ended 31 December 2010.

2010 was another year of significant development and progress for UC RUSAL, our first as a listed company following the successful listing of the Company's Shares on the Hong Kong Stock Exchange and Global Depositary Shares on the Euronext in Paris. Despite the first part of 2010 being affected by the global economic crisis, we were able to maintain our global leadership position in the aluminium production industry. The Company's strategy and core values of efficiency, transparency and courage enabled us to deliver significant value, not just for our Shareholders but also for our partners across the globe. As a result of our operational flexibility, diversified assets and sustainable low cost production, we were able to meet the rising demand for aluminium by increasing production volumes at many of our economically and environmentally efficient facilities.

UC RUSAL's listing was a historic event and we are extremely proud to be the first company with Russian assets to be listed on the Hong Kong Stock Exchange and to conduct a simultaneous listing on exchanges in Hong Kong and Paris. Our belief and faith in the listing has been validated by the continuing demand for, and interest in, the Company's Shares and we are delighted that Russian investors are now also able to invest indirectly in the Company following the landmark listing of Russian Depositary Receipts representing the Company's Shares on the MICEX and the RTS. I have great pleasure in welcoming our new investors and look forward to sharing the future success of the Company with you.

2010 was the first year for us as a listed company and we have made considerable efforts to meet market standards of disclosure and investor relations as well as the requirements of regulatory authorities and stock exchanges.

During the past year, we reduced the initial minimum board lot size on the Hong Kong Stock Exchange from 24,000 Shares to 1,000 Shares. This resulted in a substantial increase in Asian retail investor activity and improvements in Share liquidity. During the fourth

THE COMPANY'S STRATEGY AND CORE VALUES OF EFFICIENCY, TRANSPARENCY AND COURAGE ENABLED US TO DELIVER SIGNIFICANT VALUE, NOT JUST FOR OUR SHAREHOLDERS BUT ALSO FOR OUR PARTNERS ACROSS THE GLOBE quarter of 2010, the average daily trading volume of the Shares was 2.3 times greater than the average daily trading volume of the Shares in the third quarter.

The broad Shareholder base of the Company, representing each of the continents and all types and size of investors, has obliged us to focus significant attention on addressing the rights and interests of minority Shareholders. The Company's management regularly visits key investment centres in the world to provide stakeholders and potential investors with updates on the Company's performance.

UC RUSAL continues to be proud of its approach of practising the highest standards of international corporate governance and the Board is committed to ensuring that formal and transparent procedures are in place to protect and maximise the interests of the Shareholders. We demonstrated this in 2010 with the creation of UC RUSAL's Department of Control, Internal Audit and Business Co-ordination as well as the continuous efforts by the Board and its Audit Committee and Corporate Governance and Nominations Committee.

In 2010, UC RUSAL held its first annual general meeting as a listed company, with voter participation of almost 95%. All resolutions proposed at the meeting, which included the reappointment of Board members and the Company's auditor and the refreshing of mandates for the Board to issue and repurchase shares, were passed by an overwhelming majority.

UC RUSAL IS A TRULY GLOBAL COMPANY AND OUR CORE VALUES UNDERPIN OUR APPROACH OF WORKING IN COLLABORATION WITH ALL PARTNERS AND LOCAL STAKEHOLDERS TO ENSURE THAT ENVIRONMENTAL AND SUSTAINABILITY INTERESTS ARE GIVEN THE HIGHEST PRIORITY.

UC RUSAL is a truly global company and our core values underpin our approach of working in collaboration with all partners and local stakeholders to ensure that environmental and sustainability interests are given the highest priority. Over the last five years, UC RUSAL has invested in excess of USD1 billion in technical and environmental upgrades aimed at reducing harmful emissions. As an example of our focus on the environment, our project to reduce perfluorocarbon emissions at the Krasnoyarsk aluminium smelter (one of the largest smelters in the world) has been included in the list of approved projects carried out in accordance with Article 6 of the Kyoto Protocol.

We have continued to invest in communities through our sustainable development initiatives. The Company re-launched a number of corporate and social responsibility programmes worldwide, including "The Territory of RUSAL", a unique programme which assists the development of social infrastructure and civil society initiatives in regions where the Company operates. UC RUSAL also runs a special programme called "Computers for School Students" which is aimed at supporting education in various Russian regions. Following the devastating forest fires that ravaged large areas of Russia during the unprecedented heat of the 2010 summer, the Company funded the construction of homes in the Nizhny Novgorod region of Russia, which suffered the most from this disaster.

As an indication of our commitment to the Asian markets and in order to encourage communication and promote greater understanding between Russia and Asia, UC RUSAL launched a five-year educational partnership with the Hong Kong University of Science and Technology (HKUST). This joint project is aimed at fostering joint scientific research, addressing pressing environmental issues and promoting co-operation between young scientists from the two regions.

2010 has seen the Company make significant strides in the repayment of its debt ahead of schedule and control its production costs even further to achieve one of the lowest production costs across the whole aluminium industry. Throughout the year, the Company remained true to its core values that helped steer it through the global economic downturn. This, combined with the tireless work of our employees, means that we are excellently positioned to meet the growing global demand for aluminium. Our renewed financial strength and the ongoing support of our major lenders has enabled UC RUSAL to refocus on delivering increased production in 2011 and beyond.

The Company would not be the world's leading aluminium producer without the dedication and commitment of our staff across the globe. Our corporate culture and values remain at the centre of everything we do and on behalf of the Board, I would like to thank all of the members of our global team for their contribution to our success.

Aluminium continues to be at the forefront of advancements in a number of industries, most notably within the automotive sector, where the drive to increase fuel efficiency by using lighter weight materials like aluminium is leading to radical changes in production processes. Looking towards the future, we are well positioned to take advantage of this and other positive long term industry fundamentals as we continue to forge ahead with our growth strategy.

We are grateful to all the investors who continue to believe in UC RUSAL and look forward to the bright future that lies ahead of us. On behalf of the Board, I would like to thank you for your continued trust and investment.

VICTOR VEKSELBERG

CHAIRMAN OF THE BOARD

28 April 2011

2010 73.4 MLN UN

+20%

Global Production of Cars

SOURCE: CRU

CEO'S Review

pp011–013

THE YEAR'S KEY HIGHLIGHTS

2010 was a momentous year for UC RUSAL characterised by the recovery in demand and prices for our metal and the transformation of the business into a listed public company. UC RUSAL's strategy, which focused on cost efficiency and value creation, delivered significant returns through the year. While dealing with the impact of the global economic crisis and having now returned to growth, the Company's outlook continues to improve.

FINANCIAL RESULTS HIGHLIGHTS

UC RUSAL's financial performance in 2010 was strong. Our net profit for 2010 increased to USD2,867 million from a net profit of USD821 million in 2009. Our Adjusted EBITDA for 2010 increased to USD2,597 million as compared to USD596 million in 2009, with the Adjusted EBITDA margin significantly improving up to 23.7%. These achievements are a positive signal to our partners, employees and investors that we are delivering on our stated strategy of focusing on creating investor value. Our resilient financial performance was helped by our commitment to maintaining long term sustainable growth and the continuous efforts to counter the adverse effects of both the downturn in the global economy and of the commodity markets, by keeping costs at the lowest levels possible and improving business processes to ensure the Company is able to maximise the benefit arising from the economic recovery.

INDUSTRY REVIEW

In 2010, we operated in a vibrant, improving economic environment. Demand in markets where we operate strengthened throughout the year and was driven by strong economic activity in Germany, South America and, most of all, Asia. LME prices for aluminium rose by 30% from a weighted average price of USD1,668 per tonne in 2009 to USD2,173 per tonne in 2010. This price increase was accompanied by a 9% growth in 2010 of the worldwide production of primary aluminium, which has been estimated at 40.4 million tonnes, and growth in aluminium consumption to an estimated 40.6 million

THESE ACHIEVEMENTS ARE A POSITIVE SIGNAL TO OUR PARTNERS, EMPLOYEES AND INVESTORS THAT WE ARE DELIVERING ON OUR STATED STRATEGY OF FOCUSING ON CREATING INVESTOR VALUE.

tonnes, 14% higher than 2009 aluminium consumption levels. The increases in both aluminium production and consumption were driven by demand from China, thanks to the continued growth, urbanisation and industrialisation occurring throughout that country.

OPERATIONS REVIEW

In 2010, UC RUSAL continued its implementation of various cost saving initiatives and productivity enhancement programs which have assisted the Group to maintain its global industry leadership position. However, its efforts were somewhat hampered by cost inflation (due, in particular, to rising raw material prices and LME - linked costs components due to the growth in the underlying aluminium price). The entire aluminium sector experienced this cost inflation and although UC RUSAL generally fared better than the rest of the industry in managing costs, its aluminium operating costs increased by 17% from USD1,471 per tonne in 2009 to USD1,724 per tonne in 2010.

Throughout 2010, UC RUSAL responded to the improving market conditions by launching new, and restarting previously idle operations. April saw the completion of the commissioning of potline 5 at the Irkutsk aluminium smelter (IrkAZ). Production gradually restarted at the Novokuznetsk aluminium smelter between March and May 2010. Operations also restarted at the Ewarton Works Plant in May 2010 and the bauxite feed in the same plant commenced on 1 June 2010.

As a result, each of the key production figures significantly improved. Total aluminium output amounted to 4,083 thousand tonnes in 2010, an increase of 3.5% as compared to the 2009 output. Alumina output totalled 7,841 thousand tonnes in 2010, an increase of 7.7% over the 2009 figure. Bauxite production totalled 11.7 million tonnes in 2010 and increased by 3.5% as compared to 2009.

UC RUSAL CONTINUED ITS IMPLEMENTATION OF VARIOUS COST SAVING INITIATIVES AND PRODUCTIVITY ENHANCEMENT PROGRAMS WHICH HAVE ASSISTED THE GROUP TO MAINTAIN ITS GLOBAL INDUSTRY LEADERSHIP POSITION.

MARKETING STRATEGY

In 2010, UC RUSAL focused on increasing sales of alloys and value-added products and creating a sales platform in Asia to take advantage of growth consumption in the region and the potential net-importer position of China.

The share of alloys in our total production volume grew from 18% in 2009 to 32% in 2010. The Company has plans to further expand sales of high value-added products to end-users through improving and developing foundry manufacturing within the aluminium division. This will enable the Company to meet the demand from consumers representing the global automotive and construction industries.

In 2010, UC RUSAL continued to pursue its China growth initiative. UC RUSAL expects that China will continue to increase its imports of primary aluminium and potentially become a net importer in the medium term. In order to be well-prepared to benefit from attractive China growth fundamentals, we have focused on establishing a strong foothold in the largest and fastest-growing aluminium market in the world. In November 2010, we announced that the Company would be entering into a Framework Agreement with China North Industries Corporation (NORINCO) which sets out the basic principles for the acquisition by the Company of a 33% stake in Shenzhen North Investments Corporation Limited, an affiliate of NORINCO and a Chinese trading company with more than 15 years of experience in selling primary aluminium in China and Asia. The parties also intend to sign a memorandum of understanding relating to the establishment of a joint venture to produce aluminium alloys. UC RUSAL's future growth plans in China therefore have strong support.

DEBT REPAYMENT

Our debt repayment and restructuring programme progressed positively during 2010. In October 2010, UC RUSAL completed the refinancing of its VEB Loan, defined at page 042, with a new USD4.58 billion credit facility from Sberbank. Refinancing the VEB Loan was the final step in a comprehensive program to restructure the Company's loan portfolio. UC RUSAL has therefore now succeeded in executing long-term agreements with all of its creditors with conditions which will help to ensure the stable development of the

Company and provide it with opportunities for strengthening competitiveness. Amongst other factors, lower debt levels and reduced interest rates will be a positive contribution to the Group's overall ability to obtain an advantage over its competitors.

UC RUSAL met and was in fact able to exceed its 2010 scheduled debt repayment obligations. Looking forward, the Company also intends to explore other refinancing options. In March and April 2011, the Company successfully completed two consecutive RUR15 billion bond issues, marking the Company's return to the public debt capital markets. The issue was positively received by the market, as evidenced by a more than two-times oversubscription. The issue size was large by Ruble bond markets' standards and the significant demand further demonstrates the high level of investor confidence in UC RUSAL.

INVESTMENT PROJECTS

In 2010, the Company pursued its strategic goal of developing new smelter capacity in low cost captive energy regions. A financing package amounting to RUR50 billion (approximately USD1.7 billion) was approved by VEB for the BEMO Project to complete the construction of the BEMO HPP and the first phase of the 588,000 tonnes per annum capacity Boguchansky aluminium smelter.

The BEMO Project is being implemented jointly by the Company and RusHydro. The construction of the BEMO HPP will enable UC RUSAL to maintain an abundant supply of hydro-power for its smelters in Siberia. A major consumer of electricity generated by the BEMO HPP will be the Boguchansky aluminium smelter. With ever increasing energy costs and the urgent need to address climate change, the BEMO Project is at the forefront of modern and sustainable developments in aluminium production.

In the medium term, UC RUSAL expects to pursue another growth option, namely the completion of the Taishet aluminium smelter in Russia with maximum capacity of 750,000 tonnes per annum.

With the launch of these two smelters, UC RUSAL will receive new technologically advanced and environmentally friendly smelting facilities. They will add 1.3 million tonnes per year of smelting capacity (1 million tonnes on an attributable basis) and will help enhance UC RUSAL's world leadership position during the global economic recovery and the expected growth in demand for aluminium.

OUTLOOK

Our expectation is that aluminium will outperform other base metals due to fundamental price support from marginal production costs. Already there are signs of continued improvement in the underlying global macroeconomic environment which should provide fundamental support to performance in the aluminium market. China is once again expected to lead the world in aluminium demand. UC RUSAL believes that aluminium consumption in China in 2011 will grow by 12% and reach 18.5 million tonnes driven by continued urbanisation. The ongoing restrictions on power consumption across the country as the Chinese Government looks to improve energy efficiency by reducing smelter capacity means an increasing amount of aluminium supply will come from metal imported from overseas countries – most notably Russia, which is just across the Chinese border. Medium term growth outlook remains robust and UC RUSAL believes that China will continue to increase its imports of primary aluminium.

Given the encouraging outlook for aluminium prices and increasing consumer demand, we anticipate that UC RUSAL should be in a position to continue to strengthen its world leadership position.

PRODUCTION INCREASES

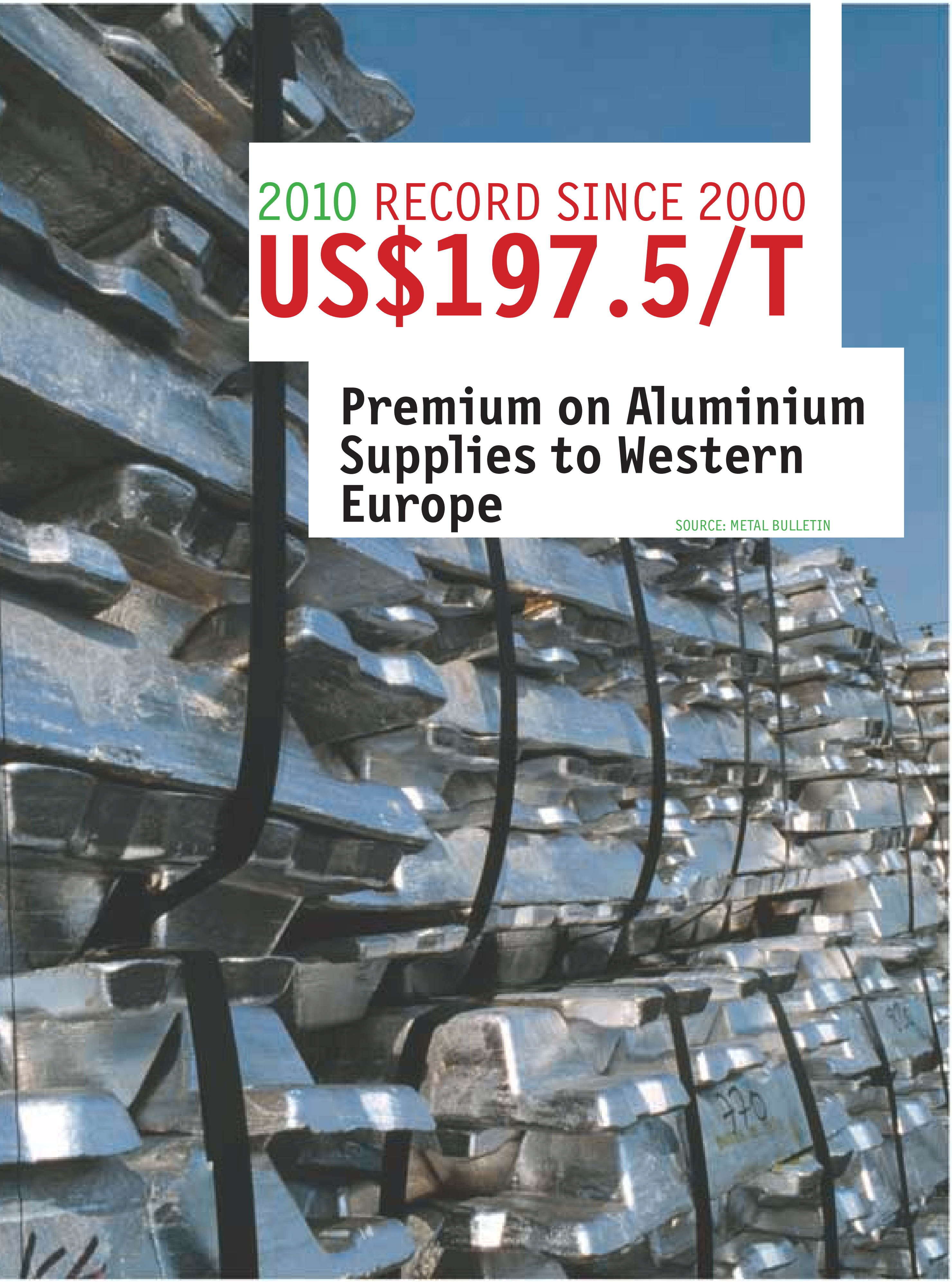
Assuming the continuing restoration of the market in 2011, UC RUSAL is well placed for further growth. The Company plans to increase production of aluminium by 2% in 2011, compared to 2010 and reach almost full production capacity. The major increase in production is expected at the environmentally friendly and technologically advanced Siberian smelters. In addition, UC RUSAL expects to increase alumina output by 8% in 2011 compared with 2010 output, mainly by increasing production at the Windalco-Ewarton Plant in Jamaica, which restarted in June 2010.

In conclusion, we have reaffirmed our commitment to the values that have guided the Company for many years and which have helped us navigate through the economic downturn. As a result, UC RUSAL is well placed to continue delivering value for all stakeholders in 2011 and beyond. We approach the year ahead with the confidence befitting our position as a truly global company and the world's leading aluminium producer.

OLEG DERIPASKA

CHIEF EXECUTIVE OFFICER

28 April 2011



2010 RECORD SINCE 2000

US$197.5/T

Premium on Aluminium Supplies to Western Europe

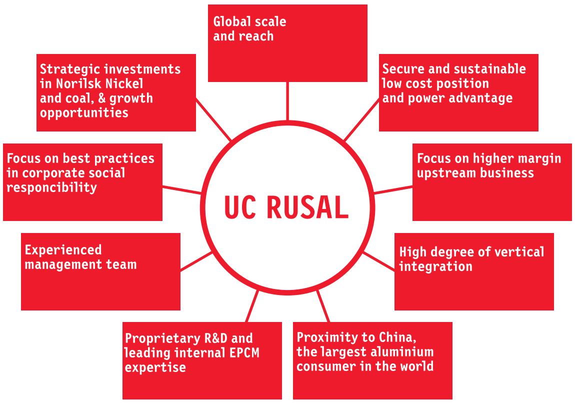
SOURCE: METAL BULLETIN

Business Overview

pp015–027

OUR STRENGTHS

UC RUSAL is uniquely positioned to benefit from the attractive fundamentals of the global aluminium industry:



UC RUSAL IS THE WORLD'S LARGEST PRODUCER of aluminium, producing 4.1 million tonnes in 2010 which accounts for approximately 10% of the global output.

The Group's business is focused on the upstream segment of the industry – the production and sale of primary aluminium (including alloys and value-added products, such as aluminium sheet ingot and aluminium billet). Within its upstream business, the Group is vertically integrated to a high degree, having secured substantial supplies of bauxite and having the capacity to produce alumina in excess of its current requirements. The Group is the world's fourth largest producer of alumina, producing approximately 7.8 million tonnes in 2010 which accounts for approximately 10% of the global output[3]. Alumina production volumes in 2010 fully satisfied the Company's aluminium production needs, achieving 100% self sufficiency. The Group's revenue was USD10,979 million for the year ended 31 December 2010.

BUSINESS UNITS

Aluminium

UC RUSAL operates 16 aluminium smelters which are located in four countries: Russia (13 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 85% of the Company's aluminium output in 2010. Among those, Bratsk and Krasnoyarsk smelters together account for nearly half of UC RUSAL's aluminium production and are the largest aluminium smelters in the world.

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's aluminium production was placed in the second quartile of Brook Hunt's 2010 C1 cash cost curve (refer to the chart at page 03).

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 2010, 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[4] provides an overview of UC RUSAL's aluminium smelters as at 31 December 2010:

Asset	Location	%Ownership	Nameplate capacity, kt	Capacity utilisation rate
SIBERIA				
Bratsk aluminium smelter	Russia	100%	1,006	97%
Krasnoyarsk aluminium smelter	Russia	100%	1,008	97%
Sayanogorsk aluminium smelter	Russia	100%	542	99%
Novokuznetsk aluminium smelter	Russia	100%	322	84%
Khakas aluminium smelter	Russia	100%	297	100%
Irkutsk aluminium smelter	Russia	100%	529	74%
Alukom Taishet aluminium smelter	Russia	100%	11	–
OTHER RUSSIA				
Bogoslovsk aluminium smelter	Russia	100%	187	61%
Urals aluminium smelter	Russia	100%	75	96%
Volgograd aluminium smelter	Russia	100%	168	92%
Volkhov aluminium smelter	Russia	100%	24	77%
Nadvoitsy aluminium smelter	Russia	100%	81	88%
Kandalaksha aluminium smelter	Russia	100%	76	85%
OTHER COUNTRIES				
KUBAL	Sweden	100%	128	73%
ALSCON	Nigeria	85%	96	18%
Zaporozhye aluminium smelter	Ukraine	97.6%	114	22%
TOTAL NAMEPLATE CAPACITY			4,664	
UC RUSAL ATTRIBUTABLE 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 Boguchansky 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 Boguchansky aluminium smelter in the Krasnoyarsk region in Siberia which will produce approximately 588,000 tonnes of aluminium per annum.

The construction of the Boguchansky aluminium smelter is divided into two stages, with the first start-up complex (with production capacity of 147,000 tonnes of aluminium per annum) scheduled for completion by 2013 and the second complex scheduled for completion by the end of 2015.

In 2010, UC RUSAL together with RusHydro received credit funds from VEB for the completion of construction of the first start-up complex of the Boguchansky aluminium smelter and resumed works at the construction site in January 2011.

The capital expenditure for the Boguchansky aluminium smelter is currently estimated at approximately USD1,590 million[5] (UC RUSAL's share of this capital expenditure will be approximately USD795 million).

The capital expenditure for the first start-up complex of the Boguchansky aluminium smelter is currently estimated at approximately USD826 million[6] (UC RUSAL's share of this capital expenditure will be approximately USD413 million), of which approximately USD296 million has been incurred as of 31 December 2010 (UC RUSAL's share of this amounted to USD148 million).

As at 31 December 2010, the first start-up complex of the Boguchansky aluminium smelter was estimated to be 25% to 30% complete, which included the following works:

- earth works comprising 9,014 thousand cubic metres of ground excavation and back-filling of 6,031 thousand cubic metres;
- erection of 29.7 thousand cubic metres of cast-in-place reinforced concrete structures; and
- construction of 2.7 thousand tonnes of metal structures.

In January 2011, UC RUSAL issued a press release stating that it had resumed works at the Boguchansky aluminium smelter as follows:

- construction of a number of production facilities of the first start-up complex;
- drilling of wells to secure a water supply for the site;
- construction of a railroad leading to the smelter;

3 According to CRU.
4 The table presents total nameplate capacity of the plants, each of which is a consolidated subsidiary of the Group.
5 Capital expenditure amounts are based on UC RUSAL's management accounts, and differ from amounts disclosed in annual 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 commitments as at 31 December 2010.
6 See footnote 5.
7 See footnote 5.
8 OHSAS 18001 is a 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.

- preparation of design documentation for the priority objects of the first start-up complex, namely the approach line, warehousing and objects of electricity and water supply.

Construction of reduction potrooms and the foundry commenced in March 2011; and the workers' camp is nearly completed, with the first workers scheduled to move in by April 2011. The construction of three blocks in a ten-block apartment house for the staff in the nearby town of Tayezhny is expected to be completed in April 2011.

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 750,000 tonnes per annum. The total capital expenditure for the smelter (excluding construction of the anode plant) is currently estimated at approximately USD2,437 million[7], of which USD551.2 million, had been spent as of 31 December 2010.

As a consequence of the global economic crisis, construction of the smelter was temporarily suspended. The Company is in the process of negotiating project financing for the construction of the first phase of the smelter from various banks.

Alumina

The Group operates 12 alumina refineries. In recent years, the Company has substantially increased its refining capacities by means of new acquisitions and increased holdings in existing assets. 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, the second largest alumina refinery in the world in terms of production capacity. 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 have received OHSAS 18001[8] certification for their health and safety management system.

UC RUSAL's six largest alumina refineries in terms of production accounted for 88% of its aggregate alumina production for the year ended 31 December 2010.

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.

UC RUSAL'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

The table below[9] provides an overview of UC RUSAL's alumina refineries as at 31 December 2010:

Asset	Location	% ownership	Nameplate capacity, kt	Process
Achinsk alumina refinery	Russia	100%	1,069	Nepheline
Boksitogorsk alumina refinery	Russia	100%	149	Sinter
Bogoslovsk alumina refinery	Russia	100%	1,074	Bayer & Sinter
Urals alumina refinery	Russia	100%	740	Bayer & Sinter
Friguia alumina refinery	Guinea	100%	618	Bayer
QAL	Australia	20%	4,020	Bayer
Eurallumina	Italy	100%	1,085	Bayer
Aughinish alumina refinery	Ireland	100%	1,890	Bayer
Alpart	Jamaica	65%	1,673	Bayer
Windalco	Jamaica	93%	1,240	Bayer
Zaporozhye alumina and aluminium complex	Ukraine	97.6%	260	Bayer & Sinter
Nikolaev alumina refinery	Ukraine	100%	1,570	Bayer
TOTAL NAMEPLATE CAPACITY			15,388	
UC RUSAL attributable capacity			11,500	

Bauxite

The aggregate attributable bauxite production from the Group's mines for the year ended 31 December 2010 was 11.7 million tonnes. As at 31 December 2010, the Group had aggregated JORC bauxite Mineral Resources of 1,823 million tonnes, of which 603 million tonnes were Measured, 620 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 new project areas. Each of the Group's mining assets is operated under one or more licences. The following table provides an overview of the Company's bauxite mines as at 31 December 2010:

9 Calculated based on the pro rata share of the Group's ownership in corresponding alumina refineries. Zaporozhye Alumina Refinery (ZALK) is a fully consolidated subsidiary of the Company.
10 See Footnote 5.

Asset	Location	% ownership	Mineral Resources[(1)] Measured mt	Indicated mt	Inferred mt	Total mt	Annual Capacity[(2)] mt
Timan Bauxite[(3)]	Russia	80%	111	67	–	178	2.5
North Urals bauxite mine	Russia	100%	10	178	114	302	3.4
Compagnie des Bauxites de Kindia	Guinea	100%	–	34	62	96	3.2
Friguia Bauxite and Alumina Complex	Guinea	100%	34	142	153	329	2.1
Bauxite Company of Guyana, Inc.[(3)]	Guyana	90%	3	41	4	48	2.2
Alpart	Jamaica	65%	15	41	38	94	3.2
Windalco	Jamaica	93%	28	46	12	86	3.7
Dian-Dian Project	Guinea	100%	402	71	217	690	–
TOTAL			603	620	600	1,823	20.3

(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) Annual capacity is calculated based on the pro rata share of the Group's ownership in corresponding bauxite mines and mining complexes.

(3) The total annual capacity of the Group's fully consolidated subsidiaries Timan and Bauxite Co. De Guyana is included in annual capacity figures, notwithstanding that minority interests in each of these subsidiaries are held by third parties.

ENERGY ASSETS

BEMO Project

In May 2006, UC RUSAL and RusHydro, a company controlled by the Russian Government, entered into a cooperation agreement to jointly construct the BEMO Project. In 2010, UC RUSAL together with RusHydro received credit funds from VEB for the construction of the BEMO HPP and the first start-up complex of the Boguchansky aluminium smelter and as of January 2011, works at both construction sites had resumed.

As at 31 December 2010, key construction and assembly works of the BEMO HPP for the first start-up complex (3 turbines) have been completed to the following extent:

> 93% of the concrete placing and assembly of pre-cast reinforced concrete has been completed;
> 89% of the hydromechanical equipment and metal structures have been assembled;
> 61.5% of the cranes have been assembled;
> 25% of the hydraulic power equipment has been assembled;
> 99.8% of the earth and rock excavation has been carried out;
> 100% of the asphalt concrete has been placed; and
> 95% of the cement injection has been completed.

UC RUSAL's proportion of capital expenditure for the BEMO Project is 50%, with total 100% capital expenditure for the BEMO HPP currently estimated at approximately USD1,769 million[10] (UC RUSAL's share of this capital expenditure will be approximately USD884 million), of which USD1,263 million had been spent as of 31 December 2010 (UC RUSAL's share of this amounted to USD631 million). 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 RUR26 billion, including RUR18 billion invested in the period between 2008 and 2009 and RUR1.9 billion in 2010.

MINING ASSETS

UC RUSAL's mining assets comprise of 16 mines and mine complexes, including eight bauxite mines, 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.

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 39 million tonnes of coal in 2010, has approximately 790 million tonnes of JORC Proved and Probable Ore Reserves and has Measured Mineral Resources and Indicated Mineral Resources together of approximately 2.0 billion tonnes as at 31 December 2010. LLP Bogatyr Komir generated sales of USD422 million in 2009 and USD559 million in 2010. Sales are divided almost evenly between Russian and Kazakh customers in terms of physical volumes.

GROUP WIDE INITIATIVES

Changes to the organisational structure of the Company

In 2010, the Company's organisational structure was modified to increase management efficiency and create a more distinct specialisation of production facilities through maximising the concentration of specific tasks, while ensuring a clear coordination of, and constant interaction between, elements of the Company's structure.

The aluminium business was divided into two separate divisions, based on the operations' geographical locations and objectives. Aluminium facilities in Siberia were grouped together to create Aluminium Division East, which focuses on exports of primary aluminium. Given their proximity to key Russian and European customers, aluminium facilities located in the Urals region and the North-Western regions of Russia were integrated to form Aluminium Division West, to specialise in the manufacture of value-added products. More information on these aluminium divisions is provided on page 032 of this Annual Report.

A similar process was applied to the Company's alumina division. Foreign alumina facilities were grouped together to form the International Alumina Division, which was to focus on delivering products to customers outside of Russia, while Russian facilities were integrated to form Alumina Division East, responsible for the supply of the Company's aluminium operations with alumina.

Furthermore, the First Deputy Chief Executive Officer of the Company, Vladislav Soloviev, was made responsible for the overall operating control of all of the Company's assets.

The sales directorate was also divided to cover external markets, on the one hand, and Russian and CIS markets, on the other hand. The decision to do so was prompted by the significant differences in customer requests in the domestic and external markets.

Structural changes also resulted in the establishment of the Commercial Directorate. This business unit was created to centralise and optimise the procurement function and centralise the sales of by-products.

Engineering and Construction Division (ECD)

The ECD was established by UC RUSAL in July 2005. Historically, aluminium companies would implement repairs and 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 know-how in aluminium.

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

The major functional areas of the ECD are as follows:

- implementation of complex engineering and construction projects with an EPCM approach; and
- maintenance, repair and replacement of process equipment at all Group facilities.

The ECD, including design institutes RUSAL VAMI[11], GIDEP (Krasnoyarsk) and the SibVAMI (Irkutsk), provides a full range of engineering and designing services, starting from site selection, process development and feasibility study to basic and detailed engineering in the aluminium, alumina, chemical and energy industries.

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

The advantages of the ECD's EPCM and engineering capabilities can be illustrated by the construction of the Group's Khakas smelter which was designed and constructed by the ECD. Work commenced on the facility in March 2005, the first metal production was brought on line in December 2006, and the smelter became fully operational in November 2007. Capital expenditure in the Khakas project amounted to USD2,415 per tonne of installed RA-300 aluminium smelting capacity.

Maintenance and Repairs

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

It has more than 10 branches and subsidiaries in Russia and Ukraine and about 18,000 employees are involved in maintenance and repair activities.

Innovations

Aluminium production technologies developed by the Company are among the leading three forms of aluminium production technologies which have been developed worldwide. In 2006, the Khakas smelter – the first aluminium production site commissioned in Russia in the last 20 years – was built to utilise RA-300

11 Situated in Saint-Petersburg, the largest design institute was founded in 1931. More than 40 industrial enterprises in the world have been constructed on the basis of its design projects. It has over 460 patents and licenses its proprietary technologies for alumina, aluminium and magnesium production.

technology which had been developed by the Company. In the near future the Company plans to complete construction of two aluminium smelters – Boguchansky and Taishet – which will run using the RA-300 and RA-400 technologies created by UC RUSAL.

UC RUSAL has developed innovative and revolutionary aluminium production technology which will facilitate the emission of almost no greenhouse gases. In 2010, a recently created anode material allowed UC RUSAL experts to produce aluminium with lower levels of production contaminants, which would assist the Group in reducing its overall greenhouse gas emissions. Furthermore, UC RUSAL plans to have developed, by 2015, the first electrolytic cell with inert anodes.

The Company has converted smelters which were constructed many years ago, replacing their aged technology with "Environmental Soederberg" technology which allows high process and environment indicators to be reached. Approximately 100 pots in the Krasnoyarsk aluminium smelter have converted to "Environmental Soederberg" technology. This technology allows anode paste consumption to be reduced by 7%, fluoride aluminium consumption to be decreased by 30% and fluoride emissions to be reduced by 75%.

In 2011, the Company intends to launch a project to develop non-waste alumina production which will make it possible to use red mud in ferrous metallurgy, significantly reducing the volumes of disposed waste.

In addition UC RUSAL, in cooperation with various institutes, has worked on the development of new aluminium-based alloys for use in the automotive, power generation and aircraft construction industries with a view to reduce the negative environmental impact of these industries and facilitating power savings.

Technological achievements

Preparation has been completed for the large-scale conversion of UC RUSAL's smelters to resource-saving "greener" technology - this includes the installation of 88 "New Soederberg" design cells which have been tested for the upgrade of the Krasnoyarsk, Novokuznetsk and Irkutsk aluminium smelters. Engineering documentation has been developed for the construction of cells and an automatic alumina point feeding system at the Bratsk aluminium smelter. Redesigned tools and process equipment have been tested to reduce manual labour. In addition, feasibility studies are being carried out in connection with the upgrade of the Krasnoyarsk, Bratsk, Novokuznetsk, Volgograd and Irkutsk aluminium smelters.

Work is underway for the design of an industrial process for inert anodes production, anode testing at higher amperage and for the design of a new electrode type for converting Soederberg pots to inert anodes. Inert anodes from new alloys have been tested in 100A pots for a period of 20 days and aluminium with a 99.0% purity level was produced and the cost of anodes was reduced by 30%.

RA-300 and RA-400 pot designs have been enhanced to improve their energy consumption and increase potlife. Start-up devices have been designed and tested which allow line loads not to be disconnected during the aluminium production process. Updated engineering documentation has been circulated to the Khakas aluminium smelter. This documentation will also be used for the construction of the Boguchansky and Taishet aluminium smelters. Work is underway to improve the energy consumption of cells with a view to reduce consumption by 1,500 to 2,000 kWh per tonne of aluminium produced.

The value-added product range has been expanded through process improvements and the production of a better quality of lithographic slab for Krasnoyarsk aluminium smelter, a higher foil production grade for Sayanogorsk aluminium smelter and better packaging quality at the Bratsk aluminium smelter. In addition, an energy-efficient process for the production of EC-grade wire-rod with better parameters which address the needs of the industry is being developed.

Other technological achievements by the Company in 2010 include:

> potline 5 at the Irkutsk aluminium smelter (reaching of design capacity);
> the upgrade of 4 calcining furnaces at Krasnoyarsk and Bratsk aluminium smelters, increasing calcined

ALUMINIUM PRODUCTION TECHNOLOGIES DEVELOPED BY THE COMPANY ARE AMONG THE LEADING THREE FORMS OF ALUMINIUM PRODUCTION TECHNOLOGIES WHICH HAVE BEEN DEVELOPED WORLDWIDE.

coke output by 64 tpa;
- the improvement of the pre-bake anode production at Sayanogorsk aluminium smelter, allowing cheap coke to be calcined at OOO Slantsy;
- the design and implementation of new engineering solutions at the Bogoslovsk and Urals aluminium smelters to increase the capacity of mud disposal areas, allowing for the operation of these plants without having to construct new mud lakes for 10 and 17 years respectively;
- the stabilisation of the existing production process at Krasnoyarsk and Bratsk aluminium smelters, increasing current efficiency by over 0.75%, reducing power consumption by 220 kWh per tonne of aluminium produced and increasing higher grades output by 12%[12];
- the improvement of liquor processing at alumina refineries with the aim of maintaining and boosting the throughput capacity of existing facilities when introducing low-quality bauxites into production. Heat exchange efficiency has also been increased at these refineries; and
- the upgrade of rotating calciners to stabilise calcination, improve alumina quality and reduce specific fuel oil consumption.

Quality Policy

The Company has adopted and implemented a quality management system, which aims to ensure that all of its products are in full compliance with the highest international standards and customer requirements. In addition, in early 2011 UC RUSAL adopted a corporate quality policy which specifies unified quality requirements and principles for all of its subdivisions and operations.

One of the key principles of the corporate quality policy is the requirement for all aspects of the Company to be customer-oriented. UC RUSAL consistently analyses the demands and expectations of its customers and aims to improve the levels of customer satisfaction with the quality of its products and services as well as maintaining its reputation as a reliable business partner. To do so, UC RUSAL pays special attention to training its employees on how to use the tools of the Production System, improving the levels of professionalism of its personnel and involving them in the process of developing a "quality-orientated" culture for the Company.

The Company applies the most advanced technologies to constantly optimise and standardise all of its processes to improve cost-efficiency ratios. Each production facility of the Company is certified in accordance with the ISO 9001 quality management system. The Company plans to adopt the requirements of the ISO TS 16949 international standard in the future to further improve current production processes.

UC RUSAL also intends to establish a customer support centre, responsible for the detailed analysis of customer requirements and a supplier development centre to formalise requirements for incoming raw materials for the purpose of minimising stock-related risks, improving product quality and increasing satisfaction of both (internal and external customers).

CORPORATE STRATEGY

UC RUSAL's mission is to create value for Shareholders through sustainable growth. The strategy to achieve this focuses on:
- maintaining its position among the most efficient and lowest cost producers in the industry:
  - 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 low cost captive energy supply;
  - shifting production towards higher value added products and expanding direct contact with end-users;
  - redoubling 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.
- increasing its presence in the rapidly growing consumption segments of automotive, packaging/printing and electronics:
  - exploiting the manufacturing capabilities of the Siberian operations to increase sales of high value products; and
  - expand sales to Asia, in particular China, taking full advantage of UC RUSAL's operating proximity to Asian end-users.
- maintaining an efficient capital structure that provides a sound platform for growth by:
  - continuing to use cash flow generation to reduce financial debt; and
  - proactively exploring opportunities to refinance debt obligations under more favourable terms.
- pursuing value accretive growth opportunities organically or through acquisitions or asset swaps by:

12 In 2010, UC RUSAL completed amperage increase programmes, reduced materials consumption through improved process parameters and control algorithms, improved capacity of casting machines and the adaptation of new product types.

- 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 growth opportunities in geographically diverse regions and exploiting regional supply/demand imbalances; and
- securing access to and self-sufficiency in key production inputs.

> 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.

Near term initiatives that reflect the implementation of UC RUSAL's strategy, which position the Company to benefit fully from the increase in aluminium consumption driven by the urbanisation of China and other emerging economies and the attractive long term fundamentals of the industry, include:

- steady progress towards completing the construction of the Boguchansky and Taishet smelters in Siberia, which are expected to produce an additional 1.3 million tonnes per annum of aluminium using low cost, captive electricity generated by hydroelectric power generators in the region; and
- securing long term power supply contracts from the Ministry of Energy of the Russian Federation which allows the Company to purchase electricity from the Russian wholesale market until 2027. These new contracts guarantee long-term access to electricity at stable rates through the wholesale market and ensure the continuation of long-term capacity location contracts with major suppliers of electricity.

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, water and 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 its operations are in compliance in all material respects with the applicable health, safety and environmental legislation of the Russian Federation, its regions and the countries and regions where the Group's plants are situated. The Group intends to upgrade where feasible to comply with the 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 at the same time 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

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.

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 the requirements;
- **Measurability and evaluation:** establish, measure and evaluate environmental indicators and assess compliance with environmental legislation of 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 update its provisions, the Company has tasked itself with constantly developing and improving its environmental management system and following up on 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 comply 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 amount of contaminants released in excess of the limits. Fees are assessed on a sliding scale in accordance with the relevant laws and regulations: the lowest fees are imposed for pollution within the statutory limits, intermediate fees are imposed for pollution within the individually approved limits and the highest fees are imposed for pollution exceeding such limits.

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 impact of the Group on climate change by reducing 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 improvements in greenhouse gas emission reductions. For instance, the Group's aluminium smelters reduced greenhouse gas emissions in 2010 by more than 43% compared to 1990.

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 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[13]. The total emission reduction for the years 2008-2012 is estimated to be 1.2 million $CO_{2\ eql}$[14]. A similar Joint Implementation Project at Bratsk aluminium smelter (for an estimated emission reduction of 1.2 million $CO_{2\ eql}$[14]) is being prepared for participation in the third carbon tender[15]. A decision is expected to be made in the first half of 2011.

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 April 2010.

The Group considers the health and safety of its employees 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[16] certified and it is

13 As defined in article 6 of the Kyoto Protocol.
14 Carbon dioxide equivalent.
15 The "third carbon tender" is a project selection process initiated by Sberbank (a carbon units operator, designated by the Russian government) which selects projects based on certain criteria. On selection, the projects are referred to an expert committee for a final decision and approval by the Minister for Economic Development.
16 See footnote 8.

the objective of the Group to acquire OHSAS 18001 certification for all of its operating facilities.

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.

CHARITY AND SPONSORSHIP INITIATIVES

Leadership means Responsibility

With activities spanning 19 countries on 5 continents, as a global company UC RUSAL believes that it has a responsibility to ensure that sustainable business development helps ensure the social and economic development in the regions and countries where the Company operates. The Company views social investment as an important element of sustainable development.

Through social activities in the regions of its presence, UC RUSAL tries to promote the development of partnership between businesses, governments and nations, helping local communities find solutions to social problems, supporting charity and volunteer initiatives, and as a result helping local development. The establishment and development of a network of Social Programme Centres ("SPC") is an indication of the Company's commitment to its social development policies. The SPCs were established in 2004 and since then the Company has been able to transform them into a modern, professional non-profit organisation capable of quickly responding to any sort of external challenges.

The charity projects implemented by UC RUSAL SPCs 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 chance to put forward their 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.

Partnership Projects

Since 2006, UC RUSAL has been implementing a social programme "Partnership Programmes" aimed at developing multilateral social partnerships to encourage sustainable regional development. The programme is being implemented in Russia (Khakasia and Krasnoyarsk, Irkutsk and Sverdlovsk regions) and Ukraine (Nikolaev region). One of the key events in the programme was the Charity Season.

In 2010, the Charity Season included events such as the Social Star contest, the Russian national volunteer week "Spring Week of Charity", "Auto-quest for Good Deeds", a cross country bike race combined with taking pictures dubbed "City of the Young", the "Social Partnership: New Challenges" chat show and the "Ball of Volunteers".

1,112 organisations partnered up with Charity Season in 2010. In total, 800 events were held and social investments made by the partners exceeded USD140,000.

"The Territory of RUSAL" Programme

In September 2010 the Company launched a new social programme in addition to other charity activities that it has been engaging in over the past six years. The Territory of RUSAL programme has three focuses:

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

The largest grant offered by UC RUSAL for the construction, renovation, repairs and equipment for social infrastructure facilities was USD160,000, while the largest grant given to the development of initiatives proposed by children and young adults was USD3,000.

The New Village Project

In the summer of 2010, wildfires broke out throughout central Russia, causing significant property damage and loss of life. In particular, the Nizhny Novgorod region suffered the most. To reduce the consequences of the wildfires, UC RUSAL decided to implement an aid programme called "New Village" in the Nizhny Novgorod region.

The New Village Project involved the construction of 49 new houses for people whose homes had burned down in the Borsky district of the Nizhny Novgorod region. In November 2010, the construction of the new houses was completed and the victims of the natural disaster moved into their new homes.

In total, over USD3 million was spent on the New Village project.

Computers for School Students

In cooperation with the charity fund "Action with No Limits", UC RUSAL is implementing a project called "Computers for School Students" under which the schools of the Sovetsky district in Krasnoyarsk as well as the schools in Achinsk, Kodinsk, Divnogorsk and Nikolaev (Ukraine) will be given laptops for their students. More than 15,000 laptops have already been bought as part of the project which is being implemented as a partnership between the state and the private sector. The fund has invested USD3.5 million in the project.

Once these schools have laptops available to their students, and other programmes to introduce computer technologies into schools being taken into account, these schools should reach new levels in terms of the utilisation of such technology and innovative teaching methods.

Programme of Private Donations

In 2010, the Company continued with its traditional programme of private donations by employees. The funds collected under the programme provided support to 8 not-for-profit organisations working with seriously ill and disabled children and troubled adolescents. They were also used to finance a number of emergency surgeries, to buy supplies for orphans studying in arts and creative classes, clothes for orphanages as well as to buy first aid supplies for the victims of the summer wildfires in Central Russia.

In total, the Company's employees collected over USD42,000.

Joint Project with the Hong Kong University of Science and Technology (HKUST)

In June 2010, UC RUSAL launched a 5 year joint project with the Hong Kong University of Science and Technology ("HKUST"). The main goal of this project is to develop joint scientific research activities, offer solutions to improve environmental performance and promote cooperation between young scientists from the two countries. UC RUSAL expects to invest a total of USD1.5 million in this project.

The joint project between UC RUSAL and HKUST will comprise three main parts. As part of the project a UC RUSAL President's forum has been established which will cooperate with the Institute of Special Research to arrange lectures by world-famous politicians, business people, educators and scientists at HKUST. The second part of the project is a student exchange programme that will allow senior students and postgraduates from Russia and Hong Kong to learn about the higher education system of their host country with all their expenses being paid for by UC RUSAL grants. The third part of the project is a 3-year joint research programme to develop pre-insulated fibre-reinforced aluminium envelope and roof systems using aluminium as it is the most easily manufactured and environmentally friendly choice for this use. The goal of this programme is to find innovative solutions and new uses for aluminium in the construction industry. It is expected that the products developed as part of this project will make use of new energy efficient and environmentally friendly composite materials and will begin to be introduced into mass production in just a few years, making construction a more innovative industry.

In 2010, UC RUSAL's partnership projects became the laureate of the Leaders of Corporate Charity contest[17] in the nomination for "Best Project helping the Development of Charity Culture in Society".

17 The Leaders of Corporate Charity contest is a joint project of the business daily newspaper The Vedomosti, PricewaterhouseCoopers and "Donors' Forum", a non-commercial partnership of grant providers. The aim of the project is to bring out the best practices in creation and realisation of corporate charity programmes and to raise the attention of business and society to these practices. The contest was organised with the support of the Ministry of Economic Development of the Russian Federation, the Russian Union of Industrialists and Entrepreneurs and the Commission for Civil Society Development of the Civic Chamber of the Russian Federation.

The table below sets out the Group's expenditure on charity and sponsorship projects in 2010:

Charity and sponsorship projects	Expenditure (USD'000)
New Village Project	3,400
"The Territory of RUSAL" Programme	145
Computers for School Students (in cooperation with the Action with No Limits fund)	700
Partnership projects	6.5
Private Donations Programme	42
Russian National Union of Martial Arts	334

2010 6 MLN T

+8.6%

Packaging Industries Aluminium Consumption

DEVELOPED MARKETS

SOURCE: BROOK HUNT

Management Discussion and Analysis

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OVERVIEW OF TRENDS IN INDUSTRY AND BUSINESS

Aluminium industry in 2010 and UC RUSAL's industry view and outlook

The aluminium market demonstrated significant price volatility during 2010, with prices below USD2,000 per tonne at times and reaching maximum levels around USD2,500 per tonne.

Demand for aluminium continued to improve throughout 2010 driven by strong economic activity in Germany, South America and Asia. Demand in the USA and Japan stabilised in the second half of 2010 following an increase in consumption driven by the automotive and engineered products sectors. Global auto production accounted for 35% of aluminium consumption, which had reached the level it was prior to the global financial crisis of 73.4 million tonnes and was supported by aggressive Chinese and US car sales growth of 33% and 35% respectively.

Underlying demand for consumer products, including packaging and beverage cans, continued to support the rolled products segment.

Investors' appetite for commodities remained strong with oil soaring above USD90 per barrel and copper reaching above USD9,000 per tonne in December 2010 and aluminium prices rose as a consequence. The US dollar, weakened over December 2010, also supporting the increase in aluminium prices.

Based on robust growth in demand for aluminium from China and the recovery of physical demand in the USA, Europe and Japan, demand for aluminium in 2010 surged by around 14% from 2009 levels to 40.6 million tonnes. Worldwide production of primary aluminium in 2010 was 40.4 million tonnes, 9% higher than the 37.0 million tonnes of production in 2009.

UC RUSAL expects strong global demand for aluminium to continue in 2011 with 8% growth to 43.8 million tonnes. The emerging markets of China, Brazil, India and Russia will be driving the growth of aluminium consumption in 2011. Total underlying demand in China will reach 18.5 million tonnes in 2011 and remain strong, with aluminium consumption growth expected to be around 12%. The transport industry remains the key driver of aluminium consumption growth in China.

It is estimated that more than 15% of China's domestic capacity is unprofitable at the current aluminium price due to the increase in domestic electricity tariffs, higher raw material costs and wage inflation. Curtailment expectations have been further fuelled by the Chinese government's restrictions on outdated facilities and the strengthening currency. These factors lead to a reduction in production of 2.5 million tonnes in 2010. UC RUSAL believes that this closed capacity will not be fully restarted in the first half of 2011 due to power restrictions. Therefore, UC RUSAL forecasts that China will gradually increase its dependence on imports of primary aluminium, potentially reaching 3 to 4 million tonnes by 2015.

Indian primary aluminium consumption is forecasted to grow by 16% in 2011. Urbanisation and industrialisation of India should drive the country's aluminium demand. The growth of demand will be supported by spending on electricity transmission lines, roads, rail and irrigation schemes. At the same time, Indian automotive production is forecasted to grow at an average annual rate of 12.4% per annum over the period 2011 to 2013.

In Latin America, Brazil accounts for half of the continent's primary aluminium consumption. Brazil's automotive sector production is expected to grow at an average rate of 5.5% per annum over the period 2011 to 2013 and appears to be the major driving force of aluminium demand in the region.

UC RUSAL expects its Russian and CIS market sales to grow by about 22% to 0.9 million tonnes in 2011, mainly driven by a strong rebound in the machinery, construction and packaging industries. Looking forward, infrastructure spending for the construction of roads, buildings and transportation facilities is expected to support further aluminium growth in the medium to longer term together with large-scale projects such as the 2014 Winter Olympic Games and the hosting of the 2018 Football World Cup that was recently awarded to Russia. The Company expects Russia's cumulative annual compound growth rate for aluminium consumption between 2011 and 2015 to be 8%.

UC RUSAL expects aluminium prices to maintain the level of USD2,500 to USD2,600 per tonne throughout 2011 and be supported by positive underlying demand, whilst the continuing weakness of the US dollar supports the investment into physical assets from investors.

Premiums

Regional premiums reflect the improvement in current physical demand and limited access to available metal in the traded market. Premiums are forecasted to continue at current levels in 2011 with the Duty Unpaid European Premium at USD110 to USD135 per tonne and the US Premium trading at USD130 to USD150 per tonne. In Japan and Korea, premiums are expected to be at the level of USD105 to USD115 per tonne, reflecting easier access to nearby stocks of the metal.

Alumina market

The Company saw strong growth in alumina prices in 2010 up to USD367 per tonne as more third party alumina sales were tracking spot market prices as global producers tried to de-link the alumina price from aluminium. UC RUSAL expects the strong growth in alumina prices to continue in 2011 and the alumina spot market price to reach a level of USD450 per tonne in 2011 based on strong Chinese and other regions' demands.

In August 2010, UC RUSAL commenced selling its alumina at prices formed by a basket of indices including Metal Bulletin, CRU and Platts. Accordingly, UC RUSAL uses its own index to price alumina for sale on the market.

UC RUSAL believes that alumina contract prices and the LME aluminium price should be de-linked as they do not fully reflect growing production costs and capital expenditure. De-linking the alumina price from the aluminium price should promote fair pricing for this raw material and create new investment opportunities.

Aluminium stocks

Most LME aluminium stocks (around 75%) are covered by financing transactions and not available to aluminium consumers.

Financial deals in November and December 2010 were less attractive due to lower contango and 270 thousand tonnes of off-warrant metal were moved to LME registered warehouses (as owners of LME warehouses offer premiums to store aluminium sourced from off-warrant warehouses).

In the case of longer futures LME contracts, the contango improved to USD25 to USD30 per tonne towards the end of 2010 and the number of financial deals with longer maturities remained stable in 2010.

UC RUSAL does not expect a significant influx of aluminium metal from LME warehouses in 2011 as aluminium prices remain strong, the aluminium market is improving and most financial transactions linked to stocks are being retained by financial investors as long term investments.

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 sales 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

The following table provides selected aggregate production and financial information for the Group:

	2010	2009	2008	2007	2006
(in USD millions if not specified otherwise)					
Primary aluminium (kt)	**4,083**	3,946	4,424	4,202	3,958
Alumina (kt)	**7,841**	7,278	11,317	11,347	11,313
Bauxite (mt, wet)	**11.7**	11.3	19.1	18.5	19.2
Sales	**10,979**	8,165	15,685	13,588	8,429
Cost of Sales	**7,495**	(6,710)	(11,073)	(8,356)	(4,186)
Gross Profit	**3,484**	1,455	4,612	5,232	4,243
Adjusted EBITDA	**2,597**	596	3,526	4,620	3,680
Adjusted EBITDA Margin, %	**23.7%**	7.3%	22.5%	34.0%	43.7%
Aluminium Cash Operating Costs per tonne (USD)	**1,724**	1,471	1,915	1,778	1,448
Net Debt	**11,472**	13,633	13,170	8,395	4,319
Net Debt to Adjusted EBITDA ratio	**4.4:1**	22.9:1	3.8:1	1.8:1	1.2:1

During 2010, the Group's Working Capital increased to USD2,122 million compared to USD1,477 million, mainly due to the increase in inventories and settlement of trade and other payables (including settlement of listing and restructuring related payables).

UC RUSAL's capital expenditure in 2010 increased to USD367 million compared to the 2009 level of USD244 million (including pot rebuilds capital expenditure of USD140 million and USD114 million in 2010 and 2009 respectively). UC RUSAL's capital expenditure for 2010 was subject to covenants included in the International Override Agreement and was restricted to maintenance investments and investments in the BEMO HPP, which comprised USD225 million (excluding pot rebuilds) and USD256 million, respectively. UC RUSAL's expenditure on the BEMO Project during 2010 was USD171 million net of refinancing of the BEMO Loan, which amounted to approximately USD208 million, and repayment of the BEMO Loan in an amount of approximately USD52 million, derived from proceeds from the Global Offering and in accordance with the terms of the International Override Agreement.

Aluminium production results

UC RUSAL's total attributable aluminium output amounted to 4.083 million tonnes in 2010, an increase of 3.5% compared to 2009. These production results are in line with the forecasts made in the 2009 Annual Report. The table which follows shows the total production of each facility, each of which is a consolidated subsidiary of the Group.

The increase in volumes in 2010, as compared to 2009, was mostly due to the restart of many of the Group's operations which had been previously idled in 2009. Production increased at Krasnoyarsk and Novokuznetsk smelters in Russia and KUBAL in Sweden. In addition, by the end of June 2010, potline 5 at the Irkutsk aluminium smelter (which was commissioned in April 2010) reached full capacity and has operated at full capacity throughout the third and fourth quarters of 2010.

Aluminium production results Asset	Interest	Year ended 31 December 2010 ('000 t)	Year ended 31 December 2009 ('000 t)	Change year-on-year
RUSSIA (SIBERIA)				
Bratsk aluminium smelter	100%	**978**	986	-1%
Krasnoyarsk aluminium smelter	100%	**979**	952	3%
Sayanogorsk aluminium smelter	100%	**537**	530	1%
Novokuznetsk aluminium smelter (NkAZ)	100%	**270**	230	17%
Irkutsk aluminium smelter	100%	**394**	349	13%
Alukom-Taishet aluminium smelter	100%	–	2	–
Khakas aluminium smelter	100%	**296**	297	–
RUSSIA (OTHER)				
Bogoslovsk aluminium smelter	100%	**113**	117	-3%
Volgograd aluminium smelter	100%	**155**	145	7%
Urals aluminium smelter	100%	**72**	82	-12%
Nadvoitsy aluminium smelter	100%	**71**	57	25%
Kandalaksha aluminium smelter	100%	**64**	56	14%
Volkhov aluminium smelter	100%	**18**	12	50%
UKRAINE				
Zaporozhye aluminium smelter	97.6%	**25**	50	-50%
SWEDEN				
Kubikenborg aluminium smelter	100%	**93**	70	33%
NIGERIA				
ALSCON	85%	**18**	11	64%
TOTAL PRODUCTION		**4,083**	**3,946**	**3.5%**

As part of the Company's organisational restructuring in 2010 (discussed in more detail at page 020 above), the Company's aluminium division was divided into Aluminium Division West and Aluminium Division East.

Aluminium Division West

This division comprises Volgograd smelter, Nadvoitsy smelter, Kandalaksha smelter, Volkhov smelter, Zaporozhye Aluminium Combine, KUBAL, 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 by these smelters of value-added products such that eventually all products produced by them will be value-added products. To achieve this, in 2010 the Company began the development of feasibility studies for the modernisation of casting areas at the Volgograd, Kandalaksha, Nadvoitsy and Volkhov smelters.

Aluminium Division East

The Aluminium Division East comprises all other smelters located in Siberia. As part of this division's activities, several projects were carried out in 2010:

> **small mechanisation:** as part of a joint project between UC RUSAL and GAZ Group (Russia's largest automotive engineering holding), an initiative was launched to:
  > commence the production of diesel-driven pot treating vehicles;
  > introduce mechanisation to problem areas; and
  > develop prototypes of a crust breaking machine and hot metal transportation vehicle.

  In addition, the Company is in the process of considering contracts for the production of prototype alumina delivery vehicles and stud cleaning units.

> **modernisation of casting areas:** an automatic alloy casting and packaging line for 6 kilogram and 10 kilogram ingots (manufactured by BEFESA, the current European leader in aluminum waste and salt slag recycling) was commissioned during October 2010.

> **introduction of the production of new types of alloys at the following smelters:**
  > IrkAZ: production of the AlSi11Mg (Sr) and AlSi7Mg (Sr) group alloys was commenced on the BEFESA line at potline 5 of IrkAZ;
  > NkAZ: the production of the AlSi11Mg (Sr) group alloy in small ingots for AzovTekhno, SKAD, KiK (each of which are customers of UC RUSAL) and FMS2N alloys in small ingots for Federal Mogul (Naberezhnye Chelny) was resumed. In addition, the production of the 6082 alloy (with manganese) in billets was launched; and

> BrAZ: the production of the 5083 alloy in slabs for mechanical treatment was launched.

Alumina production results

UC RUSAL's total attributable alumina output amounted to 7,841 tonnes in 2010, an increase of 7.7% as compared to 2009. The table which follows provides the contribution from each facility.

The increase in alumina production in 2010 was below the level forecasted by the Company in the 2009 Annual Report primarily due to a delay in the restoration of operations at the Windalco-Ewarton Plant in Jamaica caused by heavy tropical rains and a hurricane, which impacted the stability of equipment performance. The Achinsk and Bogoslovsk alumina refineries in Russia have also not fully achieved planned production growth levels. Nevertheless, alumina production volumes in 2010 fully satisfied the Company's needs to feed aluminium production and allowed it to maintain self-sufficiency in alumina.

The increase in the volume of alumina production in 2010 as compared to 2009 was due to the substantial restoration of operations at the Aughinish alumina refinery in Ireland which reached its maximum capacity and the restart of the Windalco-Ewarton Plant in Jamaica. Production at Nikolayev Alumina Refinary was also above the 2010 planned level with significant improvement in alumina quality achieved by the end of the year.

In February 2011, UC RUSAL decided to restart operations at the Windalco-Kirkvine Works Plant with effect from 1 July 2011. The restart of the Windalco-Kirkvine Works Plant was approved by the international lenders and is subject to further discussions by the Company with its partners in the project. The total capacity of the Windalco-Kirkvine Works Plant is approximately 600 thousand tonnes of alumina per year. In 2011, the production of the Windalco-Kirkvine Works Plant is planned to be approximately 252 thousand tonnes of alumina.

Aluminium production results Asset	Interest	Year ended 31 Dec 2010 ('000 t)	Year ended 31 Dec 2009 ('000 t)	Change year-on-year
IRELAND				
Aughinish alumina refinery	100%	**1,850**	1,245	49%
JAMAICA				
Alpart	65%	**–**	148	N/A
Windalco (Ewarton and Kirkvine Works)*	93%	**238**	153	56%
UKRAINE				
Nikolaev alumina refinery	100%	**1,534**	1,495	3%
Zaporozhye alumina refinery**	97.6%	**–**	29	N/A
ITALY				
Eurallumina	100%	**–**	92	N/A
RUSSIA				
Bogoslovsk alumina refinery	100%	**990**	1,024	-3%
Achinsk alumina refinery	100%	**1,000**	922	8%
Urals alumina refinery	100%	**730**	717	2%
Pikalyovo alumina refinery	100%	**–**	–	–
Boxitogorsk alumina refinery	100%	**137**	131	5%
GUINEA				
Friguia alumina refinery	100%	**597**	530	13%
AUSTRALIA				
QAL***	20%	**765**	792	-3%
TOTAL PRODUCTION		**7,841**	7,278	7.7%

* The figures are attributable only to the Ewarton Plant which restarted in June 2010.
** Zaporozhye Alumina Refinery (ZALK) is a fully consolidated subsidiary of the Company.
*** Pro-rata share of production attributable to UC RUSAL.

Bauxite production results

The Company's total attributable bauxite output was 11.7 million tonnes in 2010, as compared to 11.3 million tonnes in 2009 (an increase of 3.5%). The table below shows the contribution from each mine:

Bauxite production results Mine	Interest	Year ended 31 Dec 2010 (mt wet)	Year ended 31 Dec 2009 (mt wet)	Change year-on-year
JAMAICA				
Alpart	65%	–	0.3	N/A
Windalco (Ewarton and Kirkvine Works)*	93%	**0.9**	0.1	800%
RUSSIA				
North Urals	100%	**3.1**	3.4	-8%
Timan**	80%	**1.9**	1.9	0%
GUINEA				
Friguia Alumina Refinery	100%	**2.1**	1.7	24%
Kindia	100%	**2.9**	2.7	7%
GUYANA				
Bauxite Co. De Guyana**	90%	**0.8**	1.2	-33%
TOTAL PRODUCTION		11.7	11.3	3.5%

* The figures are attributable only to the Ewarton Plant which restarted in June 2010.

** The total production of the Group's fully consolidated subsidiaries Timan and Bauxite Co. De Guyana is included in production figures, notwithstanding that minority interests in each of these subsidiaries are held by third parties.

The Company continued to invest significant financial resources in its North Urals bauxite mine expansion project which aims at building a new underground mine to replace two old mines approaching the end of their lifespan and keeping production at the required level in the long term. Production stabilised at Bauxite Co. De Guyana and reached planned levels at the end of the year.

Nepheline production results

The Company's nepheline syenite production, set out in the table below, was 4.9 million tonnes in 2010, as compared to 4.4 million tonnes in 2009 (an increase of 11%).

Nepheline production results Nepheline mines (Achinsk)	Interest	Year ended 31 Dec 2010 (mt wet)	Year ended 31 Dec 2009 (mt wet)	Change year-on-year
Kiya Shaltyr Nepheline Syenite	100%	**4.9**	4.4	11%
TOTAL PRODUCTION		**4.9**	4.4	11%

Foil and packaging production results

The aggregate aluminium foil and packaging material production from the Group's plants was 81.4 thousand tonnes in 2010, as compared to 69.8 thousand tonnes in 2009. The increase in volumes in 2010, as compared to 2009, was mostly due to an increase in preliminary production orders in 2010 due to demand restoration throughout the world, sales efficiency improvement and the attraction of new clients in key regions. The table below shows the contribution from each of UC RUSAL's foil mills:

Foil and packaging production results Foil Mills	Interest	Year ended 31 Dec 2010 (kt)	Year ended 31 Dec 2009 (kt)	Change year-on-year
RUSSIA				
Sayanal	100%	**38.0**	33.2	14%
Ural Foil	100%	**16.6**	13.1	27%
Sayana Foil	100%	**2.2**	2.0	10%
ARMENIA				
Armenal	100%	**24.6**	21.5	14%
Total Production		**81.4**	69.8	16.6%

Other business

The Company's aggregate output from its non-core business has also significantly increased. Cathodes have increased by 19%, from 25,228 tonnes in 2009 to 30,023 tonnes in 2010 and silicon has increased by 104%, from 23,934 tonnes in 2009 to 48,740 tonnes in 2010. The increase in production for secondary alloys, cathodes, silicon, fluorides and powder was due to a growth in demand for products as the economic recovery continues.

Other business production results	Year ended 31 Dec 2010	Year ended 31 Dec 2009	Change year-on- year
(in tonnes unless otherwise indicated)			
Secondary alloys	**25,241**	21,724	16%
Cathodes	**30,023**	25,228	19%
Silicon	**48,740**	23,934	104%
Powder	**20,418**	16,112	27%
Fluorides	**76,772**	74,992	2%
Coal (50%) (kt)	**19,445**	17,344	12%
Transport (100%) (kt of transportation)	**18,617**	16,397	14%

In 2010, the Company focused much effort on securing the supply of raw materials in adequate quality, volume and at competitive prices. In particular, the Company entered into a three year coal supply agreement with Kuzbassrazrezugol, (a member of the Ural Mining and Metallurgical Company group), a three year petroleum coke supply agreement with the Rosneft oil company and a number of pitch coke supply agreements with Magnitogorsk Metal, Zapsib Metal Plant (a member of the EVRAZ group) and Altai Koks (a member of the Novolipetsk Steel group).

Coal production results

The aggregate coal production attributable to the Group's 50% share in LLP Bogatyr Komir increased by 12% to 19,445 thousand tonnes in 2010, as compared to 17,344 thousand tonnes in 2009. The increase in volume in 2010 as compared to 2009 was due to a general increase in electricity consumption in the South Urals of Russia.

Transportation results

The aggregate coal and iron ore transported by the Company by railway increased by 14% to 18,617 thousand tonnes in 2010, as compared to 16,397 thousand tonnes in 2009. The increase in volume in 2010 was in line with the increase in coal consumption and production discussed above.

FINANCIAL OVERVIEW

Revenue

Revenue increased by USD2,814 million, or 34.5%, to USD10,979 million in 2010 compared to USD8,165 million in 2009. This was primarily due to increased sales of primary aluminium and alloys, which accounted for 83.9% and 82.9% of UC RUSAL's revenue for the years ended 31 December 2010 and 31 December 2009, respectively.

Sales of primary aluminium and alloys increased by 36.0% due to an increase in average realised price per tonne (by 35.5% year-on-year). Sales volumes increased by 16 thousand metric tonnes or 0.4% from 4,069 thousand metric tonnes in 2009 to 4,085 thousand metric tonnes in 2010. Increase in sales of aluminium and alloys by USD2,438 million in 2010 as compared to 2009 was caused primarily by growth in LME prices.

Revenue from sales of alumina and bauxite increased by 39.5% to USD611 million in 2010 from USD438 million in 2009.

Revenue from sales of alumina increased by 45.6% to USD597 million in 2010 from USD410 million in 2009. The increase in revenue was primarily attributable to the significant increase in the average realised price. In 2010, UC RUSAL continued to sell alumina to external parties only under specific long-term contracts. Average sales prices increased by 29.6% in 2010 as compared to 2009. The sales volume increased by 12.5% to 1,845 thousand metric tonnes in 2010.

Revenue from sales of foil increased from USD243 million in 2009 to USD293 million in 2010, which accounted for 3.0% and 2.7% of UC RUSAL's revenue for 2009 and 2010, respectively. Production volumes remained relatively stable with an increase of approximately 17% in 2010 while sales volume grew from 70 thousand metric tonnes in 2009 to 79 thousand metric tonnes in 2010. The increase in revenue from the sales of foil was primarily due to an increase in the average realised price.

Revenue from other sales, excluding bauxite, increased to USD867 million or by 21.4% in 2010 from USD714 million in 2009. The main factors contributing to the increase in revenue from other sales were increases in prices and volumes of various by-products and secondary materials, including silicon, hydrate, soda, aluminium powders and electricity following the overall recovery in the global economy and the resulting increase in capacity of a number of the Group's production entities. UC RUSAL maintained sales to markets with higher premiums above LME aluminium prices, increasing the share of total sales to Asia, America and utilising growing demand in domestic Russia and the CIS markets. Sales to Europe continued to occupy the largest share of revenue from aluminium sales as the region with the highest premiums. The average premium of USD108 per tonne in 2010 was higher than the USD55 per tonne premium in 2009.

Cost of sales

Cost of sales increased by USD785 million, or 11.7%, to USD7,495 million in 2010, compared to USD6,710 million in 2009. The increase was in line with the overall growth in production and sales volumes of both aluminium and alumina and the increase of purchase prices and transportation tariffs for raw materials.

Cost of other raw materials and other costs increased by USD352 million or 15.6% from USD2,253 million in 2009 to USD2,605 million in 2010. The main reason for such an increase is overall growth in the materials purchase price. Energy costs increased by USD92 million, or 4.9%, to USD1,972 million in 2010 compared to USD1,880 million in 2009. The increase in electricity costs over the period resulted primarily from the growth of weighted-average electricity tariff and increased consumption. The increase in weighted-average electricity tariff was mainly due to continued market liberalisation and increased share of electricity sold through the wholesale market. Electricity tariffs are generally quoted in RUR and increased in line with the Russian consumer price index. As a percentage of revenue, energy costs decreased from 23.0% in 2009 to 18.0% in 2010.

As a percentage of revenue, cost of sales decreased from 82.2% in 2009 to 68.3% in 2010.

Cost of sales	Year ended 31 December 2010	Year ended 31 December 2009	Change year on year	Share of costs
(USD million)				
Cost of alumina	**1,120**	982	14.1%	14.9%
Cost of bauxite	**414**	374	10.7%	5.5%
Cost of other raw materials and other costs	**2,605**	2,253	15.6%	34.8%
Energy costs	**1,972**	1,880	4.9%	26.3%
Depreciation and amortisation	**473**	554	(14.6%)	6.3%
Personnel expenses	**735**	774	(5.0%)	9.8%
Repairs and maintenance	**132**	115	14.8%	1.8%
Change in asset retirement obligations	**17**	29	(41.4%)	0.2%
Net change in provisions for inventories	**27**	(251)	NA	0.4%
TOTAL COST OF SALES	**7,495**	6,710	11.7%	100%

Gross profit

UC RUSAL reported a gross profit of USD3,484 million and USD1,455 million in 2010 and 2009 respectively, representing gross margins of 31.7% and 17.8% respectively.

Distribution, administrative and other expenses

Distribution expenses decreased by 2.3% to USD553 million in 2010, compared to USD566 million in 2009. The insignificant decrease was mainly due to reduction in transportation expenses through optimising logistics schemes, expanding the transportation range, choosing new routes, selecting transport operators on a tender basis and negotiating new transportation terms.

Administrative expenses increased by 6.9% to USD762 million in 2010, as compared to USD713 million in 2009. Personnel costs recorded under administrative expenses increased by 60.2% to USD362 million in 2010 from USD226 million in 2009. This was primarily due to the share-based compensation paid to the CEO and certain members of senior management following the successful completion of the Global Offering in January 2010.

Loss on disposal of property, plant and equipment increased from USD5 million in 2009 to USD19 million in 2010. As a percentage of revenue, loss on disposal of property, plant and equipment increased from 0.1% in 2009 to 0.2% in 2010.

Based on the results of impairment testing, management has concluded that no impairment or reversal of previously recorded impairment of property, plant and equipment and intangible assets should be recorded in 2010, except for impairment of specific items that were no longer considered recoverable at 31 December 2010.

Other operating expenses decreased by 57.8% to USD70 million in 2010 compared to USD166 million in 2009. The decrease was primarily due to the reversal of certain provisions for trade and other receivables and tax contingencies that was partially offset by the increase in provisions for legal claims mostly connected with litigation with the Company's counterparties, in particular, transportation companies.

Results from operations

UC RUSAL reported a profit from operating activities of USD2,031 million in 2010, as compared to a loss from operating activities of USD63 million in 2009, representing a positive operating margin of 18.5% and a negative operating margin of 0.8% respectively.

Adjusted EBITDA, being results from operating activities adjusted for amortisation and depreciation, impairment charges and loss on disposal of property, plant and equipment, increased by 335.7% to USD2,597 million in 2010, as compared to USD596 million in 2009. The key influencing factors were operating results and a significant increase in market prices resulting from a recovery in economic conditions.

Reconciliation of adjusted EBITDA	Year ended 31 December 2010	Year ended 31 December 2009	Change year-on-year
(USD million)			
Results from operating activities	**2,031**	(63)	NA
Add:			
Amortisation and depreciation	**498**	586	(15.0%)
Impairment of non-current assets	**49**	68	(27.9%)
Loss on disposal of property, plant and equipment	**19**	5	280.0%
Adjusted EBITDA	**2,597**	596	335.7%

Finance income

Finance income decreased by USD1,222 million, or 92.5%, to USD99 million in 2010 as compared to USD1,321 million in 2009. Finance income in 2010 was primarily represented by a gain on fair value adjustment on financial instruments of USD57 million, foreign exchange gains of USD25 million and interest income on third party loans and deposits of USD14 million. As a percentage of revenue, finance income decreased from 16.2% in 2009 to 0.9% in 2010. Finance income in 2009 was primarily represented by a gain on debt restructuring of USD1,209 million, a gain on fair value adjustment on financial instruments of USD77 million and interest income on third party loans and deposits of USD32 million.

Finance expenses

Finance expenses decreased by 23.0% to USD1,529 million in 2010 as compared to USD1,987 million in 2009.

Interest expenses on bank loans, including other bank charges increased by USD124 million, or 12%, to USD1,157 million in 2010 compared to USD1,033 million in 2009, mainly due to the amortisation of the gain on restructuring, recognised in 2009. Interest expenses on bank loans changed insignificantly, as the effect of reduction in principal amounts payable to international and Russian banks was almost fully offset by a slight increase in interest rates in 2010 subsequent to the restructuring.

In November and December 2009, UC RUSAL entered into long-term electricity contracts with related parties through to 2019-2021. The contract pricing contains a fixed or a cost-based component and an LME-linked price adjustment. Management has analysed the contracts and concluded that the price adjustments represent embedded derivatives which should be separated from the host contract.

The estimates of the fair value of the embedded derivatives are particularly sensitive to changes in the LME prices. Loss from revaluation of embedded derivatives amounted to USD240 million and USD570 million in 2010 and 2009 respectively.

As a result of the continuing appreciation of the Ruble against the US dollar over the period, the Group reported a forex gain of USD25 million in 2010, compared to the forex loss of USD73 million recognised in 2009.

In 2010, UC RUSAL recorded USD73 million of interest expenses on payables to Onexim, as compared to USD163 million in 2009 as a result of the debt restructuring.

Interest expenses on provisions of USD20 million and USD62 million in 2010 and 2009 respectively, related to interest expenses on defined benefit retirement plans and the asset retirement obligations of the Group.

Share of profits/(losses) and impairment of associates and jointly controlled entities

Share of profits and reversal of impairment of associates was USD2,435 million in 2010 of which USD 1,399 million represented reversal of previously recognised impairment and USD1,417 million in 2009 of which USD929 million represented reversal of previously recognised impairment. Share of profits of associates in both periods resulted primarily from UC RUSAL's investment in Norilsk Nickel.

Share of losses of jointly controlled entities in 2010 was USD25 million and share of profits of jointly controlled entities was USD151 million in 2009. This represents UC RUSAL's share of results and impairment in UC RUSAL's joint ventures - BEMO Project and LLP Bogatyr Komir.

Profit before income tax

UC RUSAL made a profit before income tax of USD3,011 million for the year ended 31 December 2010, as compared to USD839 million for the year ended 31 December 2009.

Income tax

Income tax expense increased by USD126 million to USD144 million in 2010, as compared to an income tax expense of USD18 million in 2009.

Current tax expenses increased by USD94 million, or 103.3%, to USD185 million as at 31 December 2010, compared to USD91 million as at 31 December 2009. The increase in current tax expenses was primarily due to increased profits of the individual companies of the Group in 2010.

Deferred tax benefits decreased by USD32 million to USD41 million in 2010 as compared to USD73 million in 2009 due to the change in origination and reversal of temporary differences.

Net profit for the year

As a result of the above, UC RUSAL recorded a net profit of USD2,867 million for the year ended 31 December 2010, as compared to USD821 million for the year ended 31 December 2009.

Cash Operating Costs Per Tonne

Despite the entire aluminium sector experiencing cost inflation in 2010, the Group is far better than the rest of the industry in managing its costs and maintained its position on the cost curve. The cost increases were principally driven by the following factors: energy related items, including power (partly attributable to the continued liberalisation of the Russian energy market during 2010), growing market prices for raw materials (coke, pitch, anodes) and fuel linked to increasing oil prices; LME-linked costs components due to the growth in the underlying aluminium price; and higher input costs associated with the revival of economic activity (e.g. transportation costs).

Aluminium Cash Operating Costs therefore increased from an average of USD1,471 per tonne in 2009 to an average of USD1,724 per tonne for 2010, by 17% or USD253 per tonne (inclusive of exchange rate effects). Key drivers of the growth in the cost were increases of USD82 per tonne in alumina, USD47 per tonne in the cost of energy, USD66 per tonne in the cost of raw materials and USD58 per tonne in other expenses. Cost of alumina purchased from third and related parties is linked to the LME price increase, which additionally contributed to the growth of the alumina cost between the periods. Cost of energy rose due to the liberalisation of the Russian wholesale electricity market.

The largest components of the UC RUSAL Aluminium Cash Operating Costs structure in 2010 were alumina and energy at 39% and 25% respectively, as compared to the industry average of 37% and 36% respectively. Other cost items (raw materials at 17%, payroll at 6%, transportation at 4% and other costs at 9%) are roughly in line with the industry averages.

The Group's Alumina Cash Operating Costs also increased by 8% or USD20 per tonne from an average of USD257 per tonne in 2009 to an average of USD277 per tonne in 2010. The principal factor in the overall increase in the Group's Alumina Cash Operating Costs from 2009 to 2010 was the increase in the market price of utilities (including fuel-oil and gas) as a result of a corresponding increase in market oil prices. Key factors contributing to the increase in Alumina Cash Operating Costs in 2010 were increases of USD18 per tonne in the cost of energy and USD5 per tonne in exchange rate effects which were partially offset by a decrease of USD3 per tonne in raw materials.

Segment reporting

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

The core segments are Aluminium and Alumina.

	2010		2009	
	Aluminium	Alumina	Aluminium	Alumina
(USD million)				
Segment revenue	9,408	2,484	6,893	1,884
Segment result	2,244	49	300	(223)
Segment EBITDA*	2,638	135	750	(107)
SEGMENT EBITDA MARGIN	**28.0%**	**5.4%**	**10.9%**	**(5.7%)**

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

Aluminium

The Aluminium segment is involved in the production and sale of primary aluminium and related products. EBITDA margin of the segment increased to 28% in 2010 from 11% in 2009 due to a combination of rising LME prices and the remaining strict cost control implemented by UC RUSAL in previous years.

Alumina

The Alumina segment is involved in the mining and refining of bauxite into alumina and the sale of alumina. EBITDA margin of the segment increased to 5% in 2010 from a negative result in 2009, representing a 32% increase in segment revenue due to growing sales volume and prices.

Assets and liabilities

UC RUSAL's total assets increased by USD2,639 million, or 11.0%, to USD26,525 million as at 31 December 2010 as compared to USD23,886 million as at 31 December 2009. The increase in total assets mainly resulted from the increase in interests in associates and jointly controlled entities and inventories, partly offset by a decrease in property, plant and equipment.

Total liabilities decreased by USD2,485 million, or 14.2%, to USD15,069 million as at 31 December 2010 as compared to USD17,554 million as at 31 December 2009. The decrease was mainly due to the partial repayment of the outstanding debt of the Group, including of USD2,143 million out of the IPO proceeds of the Global Offering (together with certain restructuring fees). Total Debt has been reduced to USD12.0 billion in 2010.

THE GROUP HAS FOUR REPORTABLE SEGMENTS, WHICH ARE THE GROUP'S STRATEGIC BUSINESS UNITS: ALUMINIUM, ALUMINA, ENERGY, MINING AND METALS.

Capital expenditure

UC RUSAL recorded total capital expenditure of USD367 million in 2010 (including pot rebuilds of USD140 million). UC RUSAL's capital expenditure in 2010 was aimed at maintaining existing production facilities, with the exception of the BEMO Project.

The table below shows the breakdown of UC RUSAL's capital expenditure by business segments (excluding acquisitions) in the years ended 31 December 2010 and 31 December 2009:

Capital expenditure by business segment	Year ended 31 December 2010	Year ended 31 December 2009
(USD million)		
Aluminium	**234**	164
Alumina	**115**	62
Energy	**3**	8
Other operations	**15**	10
TOTAL CAPITAL EXPENDITURE	**367**	244

As a result of the approval received from the international lenders under the International Override Agreement in March 2011, UC RUSAL's capital expenditure covenants for 2011 provided in the International Override Agreement were increased to the total amount of USD692 million (excluding VAT) including certain development and maintenance capital expenditure.

The expected source of funding within the International Override Agreement framework is operating cashflow from UC RUSAL's operations.

Although the debt restructuring agreements generally prohibit UC RUSAL from incurring capital expenditure in relation to any projects until the end of the Override Period, the International Override Agreement permits UC RUSAL to fund the BEMO Project and the Taishet aluminium smelter project on a project finance basis or through certain equity investments. In July 2010, VEB approved project financing for the completion of the construction of the BEMO Project in the amount of RUR50 billion (approximately USD1.7 billion). In December 2010, and subsequent to the year end, the companies of the BEMO Project have drawn down USD88 million of the project financing. UC RUSAL is considering other alternatives such as non-recourse project finance to continue investing in the Taishet aluminium smelter.

LOANS AND BORROWINGS

The loans and borrowings of the Group are set out in note 26 of the consolidated financial statements. The Group initially recognises loans and borrowings at fair value and subsequently measures them at amortised cost. The nominal value of the Group's loans and borrowings (including deferred consideration payable to Onexim, the Company's Shareholder) as at 31 December 2010 was USD12,566 million (all post-restructuring described below).

Debt restructuring and developments

At the end of 2009, the Group completed negotiations with its lenders on restructuring of its debt in order to establish financial stability and to put the necessary arrangements in place to allow the Group to meet its obligations when they fall due. As part of the debt restructuring, the Group entered into the International Override Agreement with its international lenders implementing the long-term restructuring of the Group's debt owed to the international lenders, signed amendments to the bilateral loan agreements with its Russian and Kazakh lenders providing for long-term restructuring of these loans on similar terms except in the case of the USD4.5 billion loan agreement with VEB (the "VEB Loan"), which was initially extended until 29 October 2010 only, and also signed an amendment agreement to the share purchase agreement with Onexim, a Shareholder of the Company, restructuring certain deferred consideration payable to it.

In 2010, the Group made the final step in a comprehensive program to restructure its loan portfolio by refinancing the VEB Loan aligning maturities of all the Group's debt obligations. The Company refinanced the full amount of the VEB Loan then outstanding (including interest capitalised thereon) out of proceeds of a loan provided by Sberbank in September 2010 and maturing in December 2013 (the "Refinancing Facility"). At the same time, VEB provided a guarantee with a limit of USD2.25 billion (the "VEB Guarantee") valid for the duration of the Refinancing

Facility (but expiring on 30 January 2014) to secure the Company's obligations under the Refinancing Facility against the Company's counterindemnity in respect of any amounts requested from VEB by Sberbank under the VEB Guarantee.

In addition, in December 2010, the Company agreed the key commercial terms of the trade finance line in the amount of up to USD300 million with a number of international banks. The documentation for the finance line has not been finalised and no amounts are currently available under the line.

Further, in December 2010, the Company and its project partner, RusHydro, finalised discussions with VEB on the project financing for the BEMO Project and the relevant project companies signed loan agreements with VEB pursuant to which VEB agreed to provide (a) a loan to BEMO HPP in the amount of RUR28.1 billion with a tenure of 16 years for the completion of the BEMO HPP and (b) a loan to CJSC Boguchansky aluminium smelter in the amount of RUR21.91 billion (in USD equivalent) with a tenure of 14 years for the completion of the first stage of the Boguchansky aluminium smelter and related infrastructure. This financing, together with the funding provided by the Company and RusHydro in 2010, is expected to be sufficient to complete the construction of the BEMO HPP, the first stage of the Boguchansky aluminium smelter and the related infrastructure. Neither BEMO HPP nor Boguchansky aluminium smelter is consolidated in the Group's financial statements and the above loans have not resulted in an increase in the amount of the Group's loans and borrowings.

During 2010, the Company and certain of its subsidiaries agreed on a number of amendments to the debt restructuring documents with their international lenders, which aimed at streamlining information undertakings under the debt restructuring documents and providing for additional flexibility under certain covenants. These amendments were implemented in January 2011.

In March 2011, the international lenders granted consents to allow the Group to incur additional capital expenditure in 2011. The additional permitted capital expenditure will enable the Group to restart a number of modernisation and upgrade projects that are essential to maintain the efficient operation of the Group's production facilities.

In March 2011, OJSC RUSAL Bratsk, one of the Company's subsidiaries, issued its series 07 (the first tranche) Ruble bonds with a nominal value of RUR 15 billion maturing in March 2018. The coupon rate of the first tranche is fixed at 8.3% p.a. for the period until March 2014 after which the bonds will be subject to a put option and coupon rate revision. In addition, the Group entered into a currency swap transaction to hedge its foreign exchange risks in connection with the Ruble bonds.

Further, in April 2011, OJSC RUSAL Bratsk issued series 08 (the second tranche) of Ruble bonds with nominal value of RUB 15 billion maturing in April 2021. The coupon rate of the second tranche is fixed at 8.5% p.a. for the period until April 2015 after which the bonds will be subject to a put option and coupon rate revision. The Group also entered into a cross currency swap transaction to hedge its foreign exchange risks in connection with the Ruble bonds.

Key terms of debt documents

Pricing

During the Override Period, the restructured international debt bears interest at the applicable base rate (either LIBOR or Euribor depending on the denomination of the debt), plus a margin that varies depending on the ratio of Total Net Debt to Covenant EBITDA (each term as defined in the International Override Agreement), and includes cash and PIK components. As at the date of this Annual Report, the applicable margin under the international debt is at the level of 4.5% (consisting of 2.25% p.a. of cash pay margin and 2.25% p.a. of PIK margin), which reduced from 7%, i.e., by 36%, during 2010 as the Total Net Debt to Covenant EBITDA ratio dropped.

Interest on the Russian and Kazakh bank debt (other than the Refinancing Facility) includes, with one exception where a fixed interest rate applies, a payment-in-kind component or is calculated in a way as to give an economic equivalent of part of the interest being capitalised and either is based on the Central Bank of Russia (the "CBR") rate or accrues at a fixed rate varying annually or on the basis of the Total Net Debt to the Covenant EBITDA ratio. As at the date of this report the interest rates applicable to the Group's main Russian facilities are as follows: debt owed to VTB – CBR rate plus 3% (including 1.5% PIK), debt owed to Gazprombank - 8.5% and debt owed to Sberbank (other than under the Refinancing Facility) - 8%.

The Refinancing Facility bears interest at the rate of 1 Year LIBOR plus 5% per annum (payable quarterly in cash). In addition, a guarantee fee in the amount of up to 1.5% (payable quarterly in cash) per annum accrues on the outstanding amount of the VEB Guarantee.

Repayment

No fixed amortisation schedule applies during the restructuring period, with all debt outstanding becoming due at the end of the restructuring period. During the restructuring period, the Group has to comply with certain debt repayment targets.

The Company met in full its debt repayment targets for 2010 and, accordingly, as at the date of this Annual

Report, no event of default has occurred as a result of the Group's failure to meet its deleveraging obligations.

Despite the absence of a fixed amortisation schedule, the net proceeds raised from asset disposals and equity, subordinated and other debt fund raisings and excess cashflow (subject to a certain cash buffer) must be applied to repay the Group's outstanding indebtedness and pay Onexim deferred consideration on a pro rata basis (excluding the Refinancing Facility).

In 2010, the Company made total repayments of debt by way of voluntary and mandatory prepayments (including through cash sweep mechanism) in the amount of USD2.6 billion to its lenders (other than Sberbank under the Refinancing Facility) and to Onexim (including repayments of Total Debt of USD2.5 billion and the BEMO Loan of USD52 million) using IPO proceeds, dividends received by the Company from Norilsk Nickel, disposal proceeds, excess and free operating cashflow.

Further prepayments to the international and Russian and Kazakh lenders (prorata, in accordance with the International Override Agreement and other than to Sberbank under the Refinancing facility), and payments to Onexim were made in February-April 2011 in the total amount of approximately USD1.4 billion (by way of voluntary prepayments, through the cash sweep mechanism and out of the Ruble bonds issuance proceeds).

As at the date of this Annual Report, the total amount repaid to the international and Russian and Kazakh lenders of the Group and to Onexim since 7 December 2009 (excluding refinancing of the VEB Loan and refinancing of the loan previously owed to a Kazakh bank) totalled USD4 billion.

Debt Repayment Targets, Disposal and Equity Injection Undertakings

The Company is obliged to dispose of assets and/or raise equity or subordinated debt by the end of the Override Period sufficient to generate net proceeds of at least USD2.4 billion. Compliance with this obligation is tested only once, at the end of the Override Period.

The Company is obliged to ensure that debt of the Group (other than the VEB Debt (as defined below) and Onexim deferred consideration) is repaid during the Override Period in the following amounts:

Test dates	Target cumulative amount	Event of default cumulative amount	Percentage of share capital[1] (%)
(USD million)			
31 December 2010	1,400	750	0.75%
30 September 2011	3,000	2,000	0.75%
30 September 2012	4,000	3,000	1.25%
End of Override Period	5,000	4,000	1.50%

[1] Percentage of share capital of the Company for which equity compensation warrants shall be issued is calculated on the relevant issue date without taking into account any warrants then in issue.

If the target cumulative amounts (indicated above) are not met and/or on the third and fourth test dates certain leverage ratios are not met, the Company will be obliged to issue zero strike warrants ("equity compensation warrants") to the international lenders representing equity in specified percentages. Equity compensation warrants will be convertible into the Company's shares either at any public offering of such shares, upon a change of control or at the end of the Override Period. Shares for which warrants are exercised may be sold by the relevant lenders subject to the Company's right of first refusal. The issuance of such warrants would have an immediate dilutive effect on Shareholders.

Failure to meet the event of default cumulative amount targets will result in an event of default. The Company met in full its debt repayment targets for 2010 and accordingly, as at the date of this report, no event of default has occurred as a result of the Group's failure to meet its deleveraging obligations.

In connection with the Group refinancing of the VEB Loan in 2010 and as a condition to the international lenders of the Group granting the consents required under the International Override Agreement to the refinancing, the Company undertook that in addition to the above, certain additional repayments are made to the international lenders by the end of the Override Period. Furthermore, in certain circumstances, the Group may be obliged to dispose of a number of shares in Norilsk Nickel sufficient to enable it to repay amounts outstanding under the VEB Loan or any loan refinancing the VEB Loan, including the Refinancing Facility (the "VEB Debt").

Dividends

No dividends were paid by the Company in 2010 due to existing restrictions imposed by the debt restructuring agreements. In particular, dividends may not be paid until the Group's ratio of Total Net Debt to Covenant EBITDA is no more than 3 to 1 and its debt (excluding the Refinancing Facility and Onexim deferred consideration) has been reduced by at least USD5 billion.

Security

As of the date of this Annual Report the Group's debt (excluding the Onexim deferred consideration payable and the Ruble bonds) is secured by security over certain fixed assets (including assets owned by aluminium smelters and an alumina refinery), shares in certain operating and holding companies (including, but not limited to, certain non-Russian operating companies and the Group's interest in the BEMO Project), receivables under certain contracts and inventory. Such security includes security over shares in Norilsk Nickel representing 25% plus one share of Norilsk Nickel share capital, which are pledged in favour of Sberbank and VEB under the Refinancing Facility and the VEB Guarantee and following repayment of the VEB Debt, will be required to be pledged in favour of the international lenders.

In addition, the Company's Major Shareholders provided security over 5% of the Company's share capital to secure the Company's counterindemnity obligations in respect of the VEB Guarantee. As part of these obligations, the Company's Controlling Shareholder pledged a total of 405,310,826 Shares pursuant to a security interest agreement dated 30 September 2010. The pledge agreement allows VEB to sell some or all of the pledged Shares upon certain events of default (including the Company's failure to meet its counterindemnity obligations and subject to applicable grace periods). The pledgors are required to maintain the percentage of Shares pledged at the level of 5% of the issued share capital of the Company.

Funding and Treasury Policies

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

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

In 2010, the Group's principal source of liquidity was operating cashflow of USD1,738 million. The Group's principal uses of cash through 2011 are expected to be for operating expenses, debt repayment and capital expenditure permitted under the debt restructuring agreements. It expects to fund its liquidity needs mainly through operating cash flow.

The Group expects that payments for purchases of materials, energy and other goods and services throughout the forecast period as well as payment of profit and other taxes and capital expenditures will be financed by operating cash inflow.

Equity and Debt Raisings

On 27 January 2010, the Company successfully completed a dual placing on The Stock Exchange of Hong Kong Limited and Euronext Paris. Upon placing, the Company issued 1,636,363,646 new shares in the form of shares listed on The Stock Exchange of Hong Kong Limited, and in the form of Global Depositary Shares listed on Euronext Paris, representing 10.81% of the

Company's issued and outstanding shares.

The Company raised approximately USD2,236 million from the listings of which USD2,143 million was used to repay principal debt owed by the Company to its international, Russian and Kazakh lenders (other than the VEB Loan) as well as to pay part of the deferred consideration owed to Onexim. In addition, the Company paid fees owing to its international lenders in connection with the debt restructuring.

In October 2010, the Company refinanced the VEB Loan out of the proceeds of the Refinancing Facility and in December 2010, the Company refinanced a USD7 million loan by a Kazakh bank, with a loan by Sberbank's Kazakh subsidiary.

In March 2011, the Company raised RUR15 billion from the issue of Ruble bonds by OJSC RUSAL Bratsk. USD479 million of the proceeds of the Ruble bond issue was used to prepay principal debt owed by the Company to its international, Russian and Kazakh lenders (other than the VEB Debt) and USD47 million was used to pay deferred consideration owing to Onexim.

In April 2011, the Company raised RUR15 billion from the issue of a second tranche of Ruble bonds by OJSC RUSAL Bratsk. USD481 million of the proceeds of the Ruble bond issue was used to prepay principal debt owed by the Company to its international, Russian and Kazakh lenders (other than VEB debt) and USD48 million was used to pay deferred consideration owing to Onexim.

Debt Maturities

As at the date of this Report all of the Group's debt matures in November and December 2013 (excluding the Ruble bonds, which are subject to a put option in March 2014 (first tranche) and in April 2015 (second tranche)).

In addition, following the Override Period, subject to certain conditions being met, the existing international lenders agreed to provide new debt facilities with a tenure of up to 3 years on certain agreed terms. The existing Russian and Kazakh lenders also provided soft commitments to extend maturity or otherwise refinance the existing debt. The full outstanding amount of the Onexim deferred consideration will need to be repaid or refinanced at the end of the Override Period. The Company has the option to refinance any indebtedness outstanding as at the end of the Override Period out of any other sources. The Company also has an option to request an extension of maturity under the Refinancing Facility by an additional 1.5 years until 7 June 2015 subject to certain conditions being met.

The Directors do not anticipate any other significant cash outflows in the 12 months following the date of the consolidated financial statements other than its payments for trade and other payables in the ordinary course of business, interest and other payments in connection with its restructuring agreements, payments of tax, foreign exchange exposure in the course of its business maintenance capital expenditure and certain limited development capital expenditure as permitted under its debt restructuring agreements.

Cash and Cash Equivalents

As at 31 December 2010 and 31 December 2009 included in cash and cash equivalents was restricted cash of USD5 million and USD21 million respectively, for letters of credit pledged with the banks.

As at 31 December 2010, there were no cash and cash equivalents at a bank, which is a related party.

Note 24 to the consolidated financial statements shows a comparison of the Company's cash and cash equivalents as at 31 December 2010 and 31 December 2009.

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 total assets, as at 31 December 2009 and 31 December 2010 was 58.1% 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 2009 and 31 December 2010 was 13.0% 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 2009 and 31 December 2010 was 1.7 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 entered into currency swap transactions to hedge its foreign exchange risks in connection with the Ruble bonds in 2011. No other mechanisms to hedge these risks are applied.

18 Material accidents are defined in terms of financial damage to the Group. Any environmental pollution accident costing more than USD50 million is considered to be material.

INTEREST RATE AND FOREIGN CURRENCY RISK

The Group has in place primarily floating rate financing arrangements and as such the Group is exposed to changes in interest rates. The Group bears interest rate risk relating to interest payable associated with its loans.

The foreign exchange risks of the Group arise from the fact that the Group's operations are carried out primarily in the Russian Federation and, as such, a significant portion of the Group's business is transacted in RUR, while a major portion of the Group's revenues are denominated and received primarily in USD. The Group does not engage in any significant hedging activity to mitigate this risk, as hedging and derivative instruments are generally not available in the Russian Federation in the required volumes. The following table shows the Company's key cost lines according to currency denomination:

Cost category	% of total (USD)	Current denomination
Cost of alumina and bauxite	20.5%	USD denomination
Cost of other raw materials and other costs	35.3%	USD denominated/local currency
Energy costs	26.3%	Local currency, local currency using formula tied to LME USD price
Personnel expense	9.8%	Local currency
Repairs and maintenance	1.8%	Local currency
Depreciation and amortisation	6.3%	Majority local currency

The Group's international debt is denominated in USD and EUR and bears interest at a floating rate based on LIBOR (or another existing base rate, depending mainly on the currency of the original loan and a margin varying based on the Group's Total Net Debt to Covenant EBITDA ratio). The Onexim deferred consideration is denominated in USD and bears interest at the same rate as USD-denominated international debt owed by the Group. The Group's Russian and Kazakh bank debt (other than VEB debt) is denominated in EUR, USD and RUR and bears interest at a floating rate based on the CBR rate or at a fixed rate varying annually or at a rate varying on the basis of the Group's Total Net Debt to Covenant EBITDA ratio (with one exception where a fixed interest rate applies). The VEB Debt is denominated in USD and bears interest at a floating rate based on LIBOR 1Y +5%.

Note 30(c(iii)) to the consolidated financial statements shows the instantaneous change in the Group's profit before taxation (and retained profits/(accumulated losses)) that would have arisen if foreign exchange rates to which the Group has significant exposure at the balance sheet date had changed at that date, assuming all other risk variables remained constant.

SAFETY

In 2010 the LTIFR rate for the Group reached 0.25 compared to a level of 0.27 in 2009, both of which are lower than the 2009 average LTIFR of 0.34 per 200,000 hours worked reported by the IAI.

In 2010, there were eleven fatal accidents involving employees and three involving contractors whereas in 2009 there were seven and two respectively. In respect of the fatal accidents that occurred during the year ended 31 December 2010, the total compensation paid by the Group was approximately USD0.2 million.

ENVIRONMENTAL PERFORMANCE

Russian environmental levies for air emissions and the discharge of liquids and other substances amounted to USD17.1 million in 2009 and USD18.7 million in 2010.

There has been no material environmental pollution incidents at any of the Group's sites or facilities during the years ended 31 December 2010 and 2009.[18]

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 last two years ended 31 December 2010 and 2009:

Division	Year ended 31 December 2010	Year ended 31 December 2009
Aluminium	21,778	33,365
Alumina	22,110	16,147
Engineering and Construction	19,057	22,323
Energy	–	6
Packaging	1,984	2,091
Managing Company	532	497
Commercial Directorate	3,927	3,882
Technology and Process Directorate	973	787
Others	2,022	1,391
TOTALS	**72,383**	80,489

During the course of internal restructuring of the Group's personnel requirements, the Commercial Directorate and Technology and Process Directorate were formed at the start of 2010. Personnel in the Urals aluminium smelter, Bogoslovsk aluminium smelter and Rusal Transport Achinsk were moved to the Alumina Division.

During 2010, UC RUSAL's headcount decreased due to cost-cutting initiatives implemented in 2009 and continued in 2010. The average productivity of aluminium smelters increased by 9.8% from 138.8 tonnes per person in 2009 up to 154.4 tonnes per person in 2010.

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 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 the UC RUSAL 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 religion and forbids any form of child, forced or indentured labour.

During 2009, the Company significantly decreased benefits packages of employees. However, in 2010, the Company once again made benefits packages available to some of its employees.

Bonus and share schemes

In 2010, on the recommendation of the Remuneration Committee, the Board adopted in principle a management incentive compensation plan, the details of which remain to be determined. It is expected that the management incentive compensation plan will involve short-term and long-term elements, and a mixture of cash and share incentive compensation, and the share portion will include restricted Shares, some of which will vest in selective employees only if performance criteria are met going forward. The implementation of certain aspects of this future compensation arrangement may require the consent of the Company's lenders under its debt restructuring agreements.

Training schemes

In 2010, the Company's key focus areas in the field of personnel development and training were the following: professional training of operators, programs on compulsory training of senior managers and engineers, and programs on training of external labour reserves of the Company in cooperation with educational institutions of all education levels. In addition, programs on development of foremen of the Company's production facilities were implemented, as well as the following special projects: the "Successors Development Program", a professional skill contest "RUSAL's Professionals" program on development of leadership skills, "RUSAL's Manager Standard", training on the Company's Production System and functional academies on business areas.

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 and widely disseminated awareness of a "hot line" to report violations of the corporate code of conduct and to answer employees' questions about the corporate code of conduct and other corporate procedures. A team of code of conduct ombudsmen and advisors was established which covers all of the Group's production facilities.

Labour relations

About 70% 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 which expired in 2010 were renewed and entered into for terms of up to three years. In February 2010, the Industrial Tariff Agreement for 2010 was signed in respect of mining and metallurgical complexes in Russia. In December 2010, a New Industrial Tariff Agreement in relation to a mining and metallurgical complex in Russia was entered into. This agreement covers the period from 2011 to 2013.

Development of UC RUSAL Medical Centre

In 2010 certain programs were developed and approved to decrease employees' sickness days-off and mitigate the risk of employees suddenly dying of somatic diseases. These include medical examinations before commencing work and additional medical consultations and examinations for employees identified as part of health-problem groups.

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 debt restructuring agreements impose strict limits on the Group's capital expenditure and other uses of available cash which will limit its ability to expand its business and to pay 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 recently refinanced its debt and substituted its previous pledge of 15% of its Shares with a new pledge of 11% of its Shares. It has also given a pledge over 2.7% of its Shares in favour of VEB. See section 17 of the Directors' Report for further details of these pledges. If En+ defaults under the terms of these pledges, the secured parties may exercise their security and seek to sell the Shares pledged by En+. This in turn may, amongst other things, result in the sale of Shares into the market that would not otherwise occur and/or trigger an acceleration of the Group's indebtedness under the Company's debt restructuring agreements. Acceleration of the Group's debt could occur if the sale(s) resulted in a change of control but this is unlikely given the proportion of Shares pledged. A sale that did not result in a change of control would not lead to the possibility of acceleration. Change of control means a person or group of persons other than Mr. Deripaska and his immediate family getting control of the Company, not merely that Mr. Deripaska's interest is reduced.

> The Group depends on the services of key senior management personnel and the strategic guidance of Mr. Deripaska.

> A claim against Mr. 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 only estimates and are inherently uncertain, and such Ore Reserves and Mineral Resources may be depleted more rapidly than anticipated.
- The Group's licences 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 in place the following insurance:

- 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 and higher by Standard & Poor's.

CONTINGENCIES

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 that 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.

The Group made a provision of USD30 million for income tax as at 31 December 2010. 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. At each balance sheet date the Directors have assessed the provisions for taxation and concluded that the provisions and disclosures are adequate.

In addition to the amounts of income tax the Group has provided, 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 2010 and 31 December 2009 is USD403 million and USD439 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. The 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.

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.

In addition, the Group had recorded provisions of USD322 million at 31 December 2010 relating to site restoration obligations. For information concerning risk-adjusted expected expenditure in relation to such obligations, see 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 provisions in the consolidated financial statements (see note 27).

In May 2009, the Government of the Republic of Guinea filed a claim against one of the Group's subsidiaries for 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 the consolidated financial statements.

On 24 November 2006 a claim was issued on behalf of Mr. Michael Cherney ("Mr. Cherney") against Mr. Oleg Deripaska, the ultimate 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, 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. 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.

INVESTMENTS IN SUBSIDIARIES

There were no material acquisitions and disposals of subsidiaries during the year ended 31 December 2010.

Details of the 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.

Further, the Group is a party to certain material joint venture agreements through which it owns a:

- 20% equity interest in QAL;
- 50% equity interest in the companies comprising BEMO; and
- 50% equity interest in LLP Bogatyr Komir.

The Group's interest in jointly controlled entities was USD1,136 million as at 31 December 2010, compared to USD778 million as at 31 December 2009. The increase in interest in jointly controlled entities from 31 December 2009 to 31 December 2010 was mainly attributable to UC RUSAL's contribution to the companies comprising BEMO.

For the information on interest in associates and jointly controlled entities refer to notes 17 and 18 to the consolidated financial statements.

China Construction Industry

2010 18% GROWTH

33% OF ALUMINIUM CONSUMPTION IN CHINA

5.5 MLN T

China Construction Industry Aluminium Demand

SOURCE: CRU

Profiles Of Directors And Senior Management

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EXECUTIVE DIRECTORS

Oleg Deripaska, aged 43
Chief Executive Officer,
Executive Director

Oleg Deripaska was appointed as an executive Director and the 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 2010 to December 2010, Mr. Deripaska held the position of chief executive officer of En+ Management LLC. On 23 December 2010, Mr. Deripaska was appointed as the chairman of the board of directors and the chief executive officer of En+. Mr. Deripaska has been a member of the 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 general director 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 general director 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 was the chairman of the board of OJSC Russian Machines (formerly RusPromAvto LLC) from November 2006 till June 2010 and has remained on the board of OJSC Russian Machines since June 2010. He was a director of Transstroy Engineering & Construction Company LLC from April 2008 to April 2009. 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 above and in the Directors' 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.

Profiles Of Directors and Senior Management

EXECUTIVE DIRECTORS

Vladislav Soloviev, aged 37
First Deputy Chief Executive Officer, Executive Director

Vladislav Soloviev was appointed 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. Previously he was head of the Finance Directorate and 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+ and OGK- 3 OJSC. Mr. Soloviev resigned as a director of each of United Oil Group LLC, EuroSibEnergo Plc, EuroSibPower Company OJSC, En+ Power Limited, Norilsk Nickel and OJSC NK RussNeft on 1 April 2010, 8 April 2010, 18 April 2010, 11 March 2011 and 14 January 2010 respectively.
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 above, 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 56
Deputy Chief Executive Officer, Executive Director

Petr Sinshinov was appointed a member of the Board on 23 November 2009 and held the role of Deputy Chief Executive Officer, prior to his appointment to the Board, since January 2009. As deputy chief executive officer, he oversees the general expenditure cutting and production cost reduction activities. Mr. Sinshinov's responsibilities also include seeking effective alternative solutions to the Group's procurement and purchasing schemes and optimising transportation and logistics costs.
From October 2006 until joining the Company in February 2009, Mr. Sinshinov was the chief executive officer of Transmash Holding. From 2004 to 2006, he held several executive positions at Kuzbassrazrezugol where he served on the board of directors commencing from the start of 2006. From 2002 to 2003 Mr. Sinshinov was the chief executive officer of Ruspromavto. From 2000 to 2001, he was the chief executive officer of 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.
Mr. Sinshinov 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.

Tatiana Soina, aged 49
Head of Control, Internal Audit and Co-ordination of Business, Executive Director

Tatiana Soina was appointed 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 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. 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".
Ms. Soina is 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 40
Executive Director, Director of Public Relations

Vera Kurochkina was appointed 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 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.
From 2006 to 2007, Ms. Kurochkina was the public relations director of RUSAL. Prior to 2006, she headed RUSAL'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.
Ms. Kurochkina was independent from and not related to the Directors, any other members of senior management, substantial share holders or Controlling Shareholders of the Company as at the end of the financial year.

Alexander Livshits, aged 64
Executive Director

Alexander Livshits was appointed a member of the Board on 11 November 2010. Mr. Livshits joined the Company in 2001, as the director for international 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

EXECUTIVE DIRECTORS

board of Bank 'Soyuz' which is an affiliate of Basic Element, a company that is ultimately owned by Mr. Deripaska, CEO of the Company.
In 1971, Mr. Livshits graduated from the Plekhanov Moscow Institute of National Economy with 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 above, 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.

NON-EXECUTIVE DIRECTORS

Victor Vekselberg, aged 54
Chairman and non-executive Director

Victor Vekselberg was appointed non-executive Director and Chairman of the Board on 26 March 2007. From January 2003 to March 2007, Victor Vekselberg was the chairman of the board at SUAL, 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 TNK-BP Limited board of directors. As at the date of this Annual Report, while remaining a member of the TNK-BP Limited board of directors, he also holds the position of chairman of the board of directors of the RENOVA Group, and president of the Skolkovo Foundation, the innovation centre established by the Russian government for the purpose of developing innovations and new technologies aimed at the modernisation of the Russian economy. From April 2002 to October 2003 he was the chairman of the management board of TNK BP Limited. In 1996, Mr. Vekselberg created SUAL, which incorporated the Irkutsk and Urals aluminium smelters, and he held the position of chief executive officer of SUAL from 1996 to 2000. In 1990, he became one of the founders of RENOVA. Victor 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 Transport Engineers with Honours. That same year, he continued his education with a post-graduate course at the Computer Centre of the Academy of Science. He is a member of the Bureau of the Management Board of the RSPP and chairman of the RSPP Committee on International Cooperation.
Save as disclosed above, Mr. Vekselberg 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 Afanasiev, aged 41
Non-executive Director

Dmitry Afanasiev was appointed 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.
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.
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 53
Non-executive Director

Len Blavatnik was appointed a member of the Board at its creation on 26 March 2007. Mr. Blavatnik has been a director and the 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 U.S. 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 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 maintains a significant stake in Lyondell Basell Industries (the world's third largest independent chemical company).
Mr. Blavatnik remains engaged in educational pursuits and, in addition to corporate directorships, sits on academic boards at Cambridge University, Harvard Business School and Tel Aviv University. An active philanthropist, Mr. Blavatnik also sits on boards of directors of, inter alia, The White Nights Foundation of America, the 92nd Street Y in New York and The Center for Jewish History in New York.
Save as disclosed above, 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 53
Non-executive Director

Ivan Glasenberg was appointed a member of the Board and a member of the Standing Committee on 26 March 2007. He has been Glencore's chief executive officer since 2002. He is also the chief executive officer of Glencore International plc. Mr. Glasenberg is a member of the board of directors of Xstrata plc and Minara Resources Limited. He joined Glencore in 1984 and worked in the coal department in South Africa for three years and in Australia for two years as the head of the Coal Division Asia. From 1989 to 1990, he managed Glencore's Hong Kong and Beijing offices. In 1991 he became head of Glencore's worldwide coal division and in 2002 he was appointed chief executive officer of Glencore. Prior to joining Glencore, Mr. Glasenberg worked at Levitt Kirson Chartered Accountants for five years. He is a Chartered Accountant of South Africa. He holds a Bachelor's degree in Accountancy from Witwatersrand University, South Africa, as well as a master's degree in Business Administration from the University of Southern California, Los Angeles.
Save as disclosed above, 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.

Profiles Of Directors and Senior Management

Alexander Popov, aged 40
Non-executive Director

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+, Mr. Popov worked as head of the corporate financial reporting department in the oil company OAO LUKOIL for six years. From 1994 to 1999 he 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.
Save as disclosed above, 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 Razumov, aged 36
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 also currently a member of the board of directors of MMC Intergeo, Investment and Development Group OPIN and Renaissance Financial Holdings Limited. He has previously served as a member of the board of directors of Norilsk Nickel, MFK Bank and Soglasie Insurance Company.
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 above, 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 41
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.
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 Director nominated by VEB, is therefore obliged to abstain from voting for any resolutions on transactions that the Company may have with VEB.

Artem Volynets, aged 43
Non-executive Director

Artem Volynets was appointed 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 each 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 a non-executive director of Hong Kong Mercantile Exchange Limited on 25 August 2010. On 19 Novenmber 2010 he was appointed as a member of the board of OJSC Irkutskenergo.
Mr. Volynets was appointed director for Corporate Strategy and Business Development of the Moscow Branch of RUSAL Global Management B.V. in March 2007. He is responsible for the development of the Company, identification, preparation and execution of M&A and organic growth projects. Mr. Volynets is working on transactions that strengthen the Company's competitive position within its core industry and expand its reach to new geographies and sectors.
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 United States Agency for International Development and The World Bank. In 2009, Mr. Volynets was elected the 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 above, 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 52
Independent non-executive Director

Barry Cheung was appointed 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. 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 61
Independent non-executive Director

Dr. Peter Nigel Kenny was appointed independent non-executive Director and chairman of the Audit Committee 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 64
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. As a lawyer, he also serves on the boards of Marathon Oil Corporation, AES Corporation, RAND 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.

Elsie Leung Oi-sie, aged 71
Independent non-executive Director

Elsie Leung was appointed 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.

SENIOR MANAGEMENT

Evgeny Kornilov, aged 41
Chief Financial Officer

Evgeny Kornilov was appointed as the 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.

Igor Makarov, aged 38
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 36
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 48
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, Khakass, 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, Vladimir Polin was Senior Vice President of Mechel (NYSE: MTL). From June 2006 till December 2008, Mr. Polin was Chief Executive Officer of Mechel Management OOO. From July 2003 to June 2006, he was Senior Vice President-Production and Technology of Mechel OAO.
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.
Vladimir 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 44
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 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, Yakov 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. 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.
Yakov 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.

Valery Matvienko, aged 55
Director of Alumina Division East

Valery Matvienko was appointed Director 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 Ltd. 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 43
Director of 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 44
Director of International Sales

Steve Hodgson was appointed Director 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 Steve 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 2004 to 2006 he was the managing director of RUSAL's Alumina Division following a successful two years with RUSAL as its Head of Sales.
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, Steve 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 56
Director of 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, Valery Freis was deputy general director for economic security at OAO Irkutskenergo 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 OAO Ust-Ulimsk Timber Processing Complex. From 1989 to 1996 Valery 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, Valery 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 46
Director of ECD

Andrey Volvenkin has been in charge of the Company's ECD since March 2010. He is responsible for improving maintenance efficiency across 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 RUSAL's ECD. From 2003 to 2005 he worked as general director of RUSAL's in-house Service Centre.
Mr. Volvenkin began his professional career in 1987 at the Sayanogorsk aluminium smelter, where he served as senior engineer 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 43
Director of Government Relations

Vadim Geraskin was appointed as the Director of Government Relations of the Moscow Branch of RUSAL Global Management B.V. in January 2009. He 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. He manages the Company's relationships with federal and regional authorities, the Russian Parliament, the government and public organisations. Mr. Geraskin is also responsible for public-private partnership projects, for the support of social and economic development in the regions where the Company is based, and for improving the Company's security system. 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, LLC RUSAL Management Company. Earlier, Mr. Geraskin was head of the Transport & Logistics Directorate, and Director of RUSAL's Transport Department. 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 at the Lomonosov Moscow State University, majoring in Physics.
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.

Oleg Mukhamedshin, aged 37
Director of Capital Markets

Oleg Mukhamedshin was appointed Director of Capital Markets of the Moscow Branch of RUSAL Global Management B.V. at the incorporation of the Company in late March 2007. He is responsible for raising finance on capital markets, including both debt and equity products, the use of financial derivatives, investor relations, as well as relations with credit rating agencies and capital market regulators. In addition, Mr. Mukhamedshin currently supervises other areas of corporate finance, including trade, pre-export and project financing. He is a member of the board of directors of Russian Aluminim. From August 2004 to March 2007, Mr. Mukhamedshin was deputy chief financial officer of RUSAL in charge of corporate finance and led the preparation, execution and financing of a number of major mergers and acquisitions transactions. From 2000 to August 2004, he was director of RUSAL's department for corporate finance.
Before joining RUSAL, Mr. Mukhamedshin occupied leading corporate finance positions in the Tumen Oil Company, the Rosprom-YUKOS Group and Menatep Bank. Between 1999 and 2000, he was an advisor to the principal shareholder of the Industrial Investors Group. From 1994 to 1995, Mr. Mukhamedshin 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 was born in 1973. Mr. Mukhamedshin holds a Bachelor's degree in Economics from Moscow State University, Lomonosov, 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 35
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 S.A., 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 RUSAL's Alumina Division, and from 2003 to 2004, he was financial director for the alumina complex project in Guinea.

Mr. Ovchinnikov joined RUSAL in March 2001, and served as deputy director of the corporate finance department through 2003. Prior to joining RUSAL, 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 Moscow State University, Lomonosov. 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.

Maxim Sokov, aged 32

Director, Corporate Strategy

Maxim Sokov was appointed Director for Corporate Strategy in June 2010. He focuses on new opportunities for UC RUSAL to develop and diversify its businesses, and strengthen the Company's competitive advantages to increase its market value. He is also responsible for cooperating with the management and shareholders of Norilsk Nickel. Mr. Sokov was elected as a member of the board of directors of Norilsk Nickel on 26 December 2008 and remains in this position. In 2009, Mr. Sokov also joined the board of directors of OJSC OGK-3.

Prior to assuming his current role at the Company, and since May 2008, Mr. Sokov was director for management of the Norilsk Nickel investment of the Moscow Branch of RUSAL Global Management B.V.. He was the director of the Department for Strategic Projects at the Moscow Branch of RUSAL Global Management B.V. from 2007 to 2008. From 2004 to 2006, Mr. Sokov was the head of the legal department for mergers and acquisitions of LLC RUSAL – Management Company. 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 honours 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.

Mr. Sokov 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 45

Hong Kong Company Secretary

Wong Po Ying, Aby was appointed as the Company's Hong Kong Company Secretary on 29 November 2009. Ms. Wong has over 8 years 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 diploma in Management for Secretary from Asia International Open University in Macau which she received in 1994.

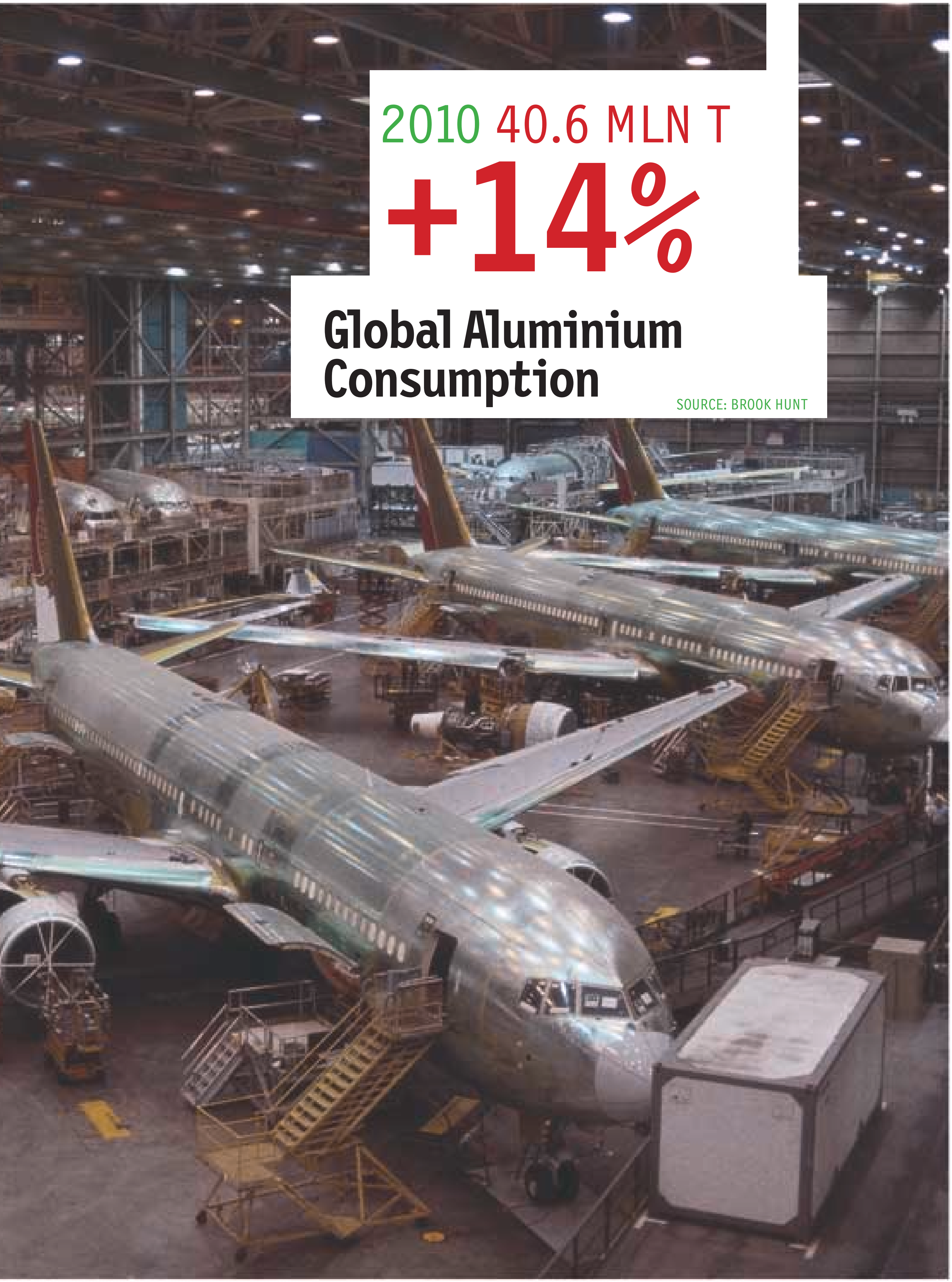
Ms. Wong was independent from and not related to the Directors, any other members of senior management, substantial shareholders or Controlling Shareholders of the Company as at the end of the financial year.

2010 40.6 MLN T

+14%

Global Aluminium Consumption

SOURCE: BROOK HUNT



Directors' Report

pp069-099

The Directors are pleased to present their 2010 Annual Report and the audited financial statements of the UC RUSAL Group for the year ended 31 December 2010.

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 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 the investment in Norilsk Nickel. 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 2010 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 114 to 190.

3. DIVIDENDS

The Company is required to satisfy certain conditions under the debt restructuring agreements before it is permitted to pay dividends. Information on these conditions is set out in note 26 of the financial statements. As these conditions were not met during the financial year, the Board does not recommend the payment of any dividends in respect of the financial year.

4. RESERVES

The directors propose to transfer the amount of USD510 million to 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 2010 was USD8,760 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 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 2010.

On 16 February 2010, Alu Engineering & Services Holding Limited, a wholly owned subsidiary of the Company, sold its 52.59% stake in OJSC "Uralaluminy" for an equivalent of approximately USD2.5 million. Out of the 52.59% stake, 27.59% was purchased by OOO "EuroSibEnergoEngineering" which is an affiliate of En+, and the remaining 25% was purchased by OOO "SerAnt".

Share issues

An aggregate of 15,191,777,862 Shares were issued by the Company during the financial year. Details of these Share issues are set out in notes 14 and 25 to the consolidated financial statements and/or mentioned elsewhere in this report but were, in summary, as follows:

Date	Event	Shares issued
26 January 2010	Capitalisation issue of Shares to the Major Shareholders upon the IPO	13,498,763,000
26 January 2010	Issue of Shares to certain of the international lenders of the Company following conversion of Fee Warrants	26,070,806
26 January 2010	Issue of Shares as part of the Global Offering	1,610,292,840
13 April 2010	Issue of Shares by way of bonus to certain of the Directors and members of the Company's senior management following the IPO*	56,651,216
TOTAL		**15,191,777,862**

* See the discussion at page 093 of the Annual Report and note 25 to the financial statements for more information.

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 Directors on 26 December 2009 to allot, issue and deal with Shares and such mandate came into effect on 27 January 2010	**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**	**Not more than the sum of 20% of the aggregate nominal value of the share capital immediately after the Listing and the aggregate nominal value of share capital repurchased by the Company (if any)**	**Issue of 56,651,216 Shares (representing 0.37% of the aggregate nominal value of the share capital immediately after the Listing) by way of bonus to certain of the Directors and members of the Company's senior management following the IPO**
A general unconditional mandate was given to the Directors on 9 June 2010, the date of the annual general meeting of the Company, to allot, issue and deal with Shares and such mandate came into effect on that date	**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**	**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**

Type of mandate	Term	Maximum amount	Utilisation during the financial year
REPURCHASE OF SHARES			
Subject to compliance with the Jersey Companies Law, a general unconditional mandate was given to the Directors on 26 December 2009 to repurchase Shares and such mandate came into effect on 27 January 2010	The earlier of the date falling 18 months from the passing of the resolution, 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 on Listing (The maximum price for each Share repurchased was 105 per cent of the average of the middle market quotations as derived from the Hong Kong Stock Exchange for the five business days immediately preceding the date of purchase and the minimum price for each Share repurchased was its nominal value)	NIL
Subject to compliance with the Jersey Companies Law, a general unconditional mandate was given to the Directors on 9 June 2010, the date of the annual general meeting of the Company, to repurchase Shares and such mandate came into effect on that date	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 Hong Kong 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 prior to and before the end of the financial year, are 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 Directors, including 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 2010 in accordance with 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 of the Company under the Listing Rules after the Listing Date.

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

(a) on 1 December 2009, Bratsk aluminium smelter, a subsidiary of the Company, and Irkutskenergo, a power generating company controlled by En+, entered into a long-term electricity and capacity supply contract pursuant to which Bratsk aluminium smelter agreed to purchase electricity and capacity from Irkutskenergo for a period of nine years from 2010 to 2018;

(b) on 15 November 2009, SUAL, a subsidiary of the Company, and Irkutskenergo entered into a long-term electricity and capacity supply contract pursuant to which SUAL agreed to purchase electricity and capacity for Irkutsk aluminium smelter, a branch of SUAL, from Irkutskenergo for a period of nine years from 2010 to 2018; and

(c) on 4 December 2009, Krasnoyarsk aluminium smelter, a subsidiary of the Company, and Krasnoyarskaya Hydro Power Plant ("Krasnoyarskaya HPP"), a hydroelectric power station controlled by En+, entered into a long-term electricity and capacity supply contract pursuant to which Krasnoyarsk aluminium smelter has agreed to purchase electricity from Krasnoyarskaya HPP for a period of eleven years from 2010 to 2020.

The prices for long-term electricity and capacity contracts are not regulated strictly by the Non-Commercial Partnership Market Council ("Market Council") and 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.

The Company also enters into short-term electricity and capacity supply contracts with power generating plants which are controlled either through equity ownership or management arrangements, by CJSC Integrated Energy Systems, which in turn is controlled by one of the ultimate beneficial owners of SUAL Partners, 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, a non-profit partnership that regulates the electricity market in Russia, with no negotiation possible of the price paid by the Company.

Further, subsidiaries of the Group, namely Bratsk aluminium smelter, Krasnoyarsk aluminium smelter, Sayanogorsk aluminium smelter, Novokuznetsk aluminium smelter and SUAL enter into, from time to time as part of their ordinary course of business, short-term electricity and capacity supply contracts with Irkutskenergo and Krasnoyarskaya HPP, companies controlled by En+.

The electricity and capacity supplied under these short-term electricity and capacity supply contracts are derived from hydro-electric power plants operated by Irkutskenergo and Krasnoyarskaya HPP in Siberia. In the first six months of the year 2010 approximately 50% of the electricity supplied by Irkutskenergo was provided at government prescribed fixed prices, on terms determined by the Market Council and OJSC "TSA" with the remaining 50% was supplied at market prices, while in the second six months the proportion was 30% and 70% respectively. The portion linked to market prices, was supplied in accordance with the Regulations on Transitional Wholesale Electric Power (Capacity) Market approved by the Russian Government, the Wholesale Power Trade System Accession Agreement (the "Accession Agreement") and related rules and regulations. Such contracts are entered on an arm's length basis on pricing terms approved by the Market Council, an independent industry body which is responsible for making any amendments to the Accession Agreement or the market rules and regulations. The portion provided at fixed prices prescribed by the government, is supplied at prices, which are set by the Russian government through the Federal Service for Tariffs ("FST"). In accordance with the guidelines established by the Russian government for the share of electricity production to be supplied under regulated tariffs, from 1 January 2011, all electricity supplied to the Company will be supplied at market prices.

The Company has also entered into miscellaneous electricity and capacity transmission contracts with companies controlled by En+ during the year ended 31 December 2010. The aggregate consideration for the long-term and short-term electricity supply contracts aggregated with the miscellaneous electricity and capacity transmission contracts for the year ended 31 December 2010 was USD556 million compared to the annual cap of USD598 million for the financial year ended 31 December 2010 previously disclosed in the Prospectus.

The Company has obtained a waiver from the Stock Exchange of Hong Kong Limited from strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the electricity and capacity supply contracts set out above between members of the Group, En+ and SUAL Partners.

b. Aluminium Sale Contracts

As part of the Group's ordinary course of business and pursuant to antimonopoly requirements to supply aluminium to Russian purchasers, members of the Group entered into aluminium sales contracts in Russia with OJSC KUMZ, OJSC Khimprom, LLC Tradecom, LLC GAZ, DOZAKL, Glavstroy - MOSMEK and Barnaultransmash.

Associates of SUAL Partners - OJSC KUMZ and OJSC Khimprom

(i) OJSC KUMZ

OJSC KUMZ is a company controlled by certain shareholders of SUAL Partners who, in aggregate, have a controlling interest in SUAL Partners. As SUAL Partners is a substantial shareholder of the Company, transactions between companies of the Group and OJSC KUMZ, discussed below, constitute continuing connected transactions of the Company under the Listing Rules after the Listing Date.

On 4 October 2007, the Group through RUSAL TH, 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.

The total consideration is required to be paid within 30 days from delivery.

In an announcement dated 18 March 2011, it was disclosed by the Company that the Group through RUSAL TH, a wholly-owned subsidiary of the Company, entered into a series of spot contracts with OJSC KUMZ on 31 December 2009, 29 January 2010, 1 March 2010, 5 March 2010, 1 April 2010, 5 April 2010, 21 April 2010, 30 April 2010, 31 May 2010 and 21 July 2010 respectively, supplemental to the long-term aluminium sale contracts with OJSC KUMZ, under which RUSAL TH agreed to supply aluminium produced by the Company's smelters to OJSC KUMZ, the exact products and price of which would be determined on arm's length terms on a monthly basis. Under these contracts, the total consideration was to be paid within 30 days from delivery.

The consideration for the aluminium supplied under these contracts to OJSC KUMZ during the year ended 31 December 2010 amounted to USD176.17 million.

(ii) OJSC Khimprom

OJSC Khimprom is an associate of SUAL Partners. As SUAL Partners is a substantial shareholder of the Company, transactions between companies of the Group and OJSC Khimprom, discussed below, constitute continuing connected transactions of the Company under the Listing Rules.

In an announcement dated 18 March 2011, it was disclosed by the Company that on 1 December 2009, 12 January 2010, 4 February 2010, 1 March 2010, 1 April 2010, 4 May 2010, 2 June 2010, 1 July 2010, 20 October 2010 and 12 November 2010 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 contact was entered into. The total consideration was to be prepaid.

The consideration for the aluminium supplied under these contracts to OJSC Khimprom during the year ended 31 December 2010 amounted to USD0.19 million.

The aggregate consideration received for the aluminium supplied under the aluminium sale contracts to the associates of SUAL Partners amounted to USD176.36 million for the year ended 31 December 2010, which was within the cap of USD300 million for 2010 disclosed in the Prospectus.

Associates of Mr. Oleg Deripaska - LLC Tradecom, LLC GAZ, DOZAKL, Glavstroy-MOSMEK and Barnaultransmash

Mr. Oleg Deripaska, the Chief Executive Officer and an executive Director of the Company, indirectly controls more than 30% of each of LLC Tradecom, DOZAKL, LLC GAZ, Barnaultransmash and Glavstroy-MOSMEK. Each of these companies is therefore an associate of Mr. Deripaska. As such, transactions between companies of the Group and LLC Tradecom, DOZAKL, LLC GAZ, Barnaultransmash and Glavstroy-MOSMEK, discussed below, constitute continuing connected transactions of the Company under the Listing Rules after the Listing Date.

The following contracts have been entered into with the companies referred to above:

(a) Agreements referred to in the 2009 Annual Report

(i) On 14 December 2006, the Group through RUSAL TH, being a wholly-owned subsidiary of the Company, 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 the purchaser at arm's length prices tied to the price of aluminium on the LME. The total consideration was to be prepaid.

The consideration for the aluminium supplied under this contract to LLC Tradecom during the year ended 31 December 2010 amounted to USD262.58 million.

(ii) On 28 February 2009, the Group through RUSAL TH, a wholly-owned subsidiary of the Company, 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 2010, the parties had not declared an intention to terminate the contract and therefore tacitly consented to its extension for another calendar year.

For 2010, no less than 84% of the consideration was to be prepaid and the remaining 16% was to be paid within 30 business days from shipment.

The consideration for the aluminium supplied under this contract to LLC GAZ during the year ended 31 December 2010 amounted to USD22.47 million.

(b) Agreements referred to in the announcements dated 18 March 2011

(i) On 14 December 2006[19], the Group through RUSAL TH, a wholly-owned subsidiary of the Company, 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 total consideration was to be paid within 20 days from delivery.

The consideration for the aluminium supplied under this contract to DOZAKL during the year ended 31 December 2010 amounted to USD1.79 million.

(ii) On 14 February 2009, LLC RUSAL Foil entered into a contract to supply aluminium tape to DOZAKL until 28 February 2010. On 11 February 2010, LLC RUSAL Foil entered into another contract with DOZAKL to supply aluminium tape to DOZAKL until 31 December 2010 at arm's length prices tied to the price of aluminium on the LME.

The total consideration was to be paid within 20 days from delivery.

The consideration for the aluminium tape supplied under this contract to DOZAKL during the year ended 31 December 2010 amounted to USD9.53 million.

(iii) On 6 February 2009, the Group through RUSAL TH, a wholly-owned subsidiary of the Company, 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 2010 and 31 December 2009 respectively, 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, 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 2010 amounted to USD3.11 million.

(iv) On 28 January 2009, the Group through RUSAL TH, being a wholly-owned subsidiary of the Company, entered into a contract to supply aluminium to Barnaultransmash for a period until 30 August 2009. 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 plans to terminate this contract on 31 December 2011.

Under this contract RUSAL TH supplies aluminium at arm's length prices determined on a monthly basis. The total consideration is to be prepaid.

The consideration for the aluminium supplied under this contract to Barnaultransmash during the year ended 31 December 2010 amounted to USD1.14 million.

(v) On 27 September 2010, RUSAL RESAL entered into a short-term agreement to supply 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. This agreement was subsequently extended for another calendar year by the parties in writing.

The total consideration was to be paid within 30 days from delivery.

The consideration for the aluminium supplied under this contract to RUSAL RESAL during the year ended 31 December 2010 amounted to USD1.64 million.

The aggregated 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 2010 was approximately USD302.26 million, which was within the cap of USD340 million for 2010 as disclosed in the Prospectus.

c. Raw Materials Purchase Agreements

Mr. Victor Vekselberg and Mr. Len Blavatnik, non-executive Directors of the Company and 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 on this basis, Energoprom Management is a connected person of the Company under the Listing Rules. Accordingly, the contracts between RUSAL TH and Energoprom Management, discussed below, constitute continuing connected transactions of the Company under the Listing Rules.

19 In the Company's 18 March 2011 announcement headed "Update On Aluminium Sales Contracts Continuing Connected Transactions", the date of this contract was incorrectly stated to be 14 February 2006.

Certain companies of the Group have entered into a series of contracts with Energoprom Management to purchase various raw materials 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, on a standalone basis is below the de-minimis exemption under the Listing Rules, however, these contracts have been aggregated pursuant to the Listing Rules and were disclosed in announcements by the Company dated 12 September 2010 and 24 November 2010, respectively. Payment terms varied from prepayment to 30 days upon delivery. The prices for the purchase of raw materials under each of the contracts are determined on an arm's length basis.

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

Buyer	Date of contract	Period of the contract	Type of raw materials	Maximum consideration for the year ended 31 December 2010 USD million (excluding VAT)	Actual consideration for the year ended 31 December 2010 USD million (excluding VAT)
RUSAL Boxitogorsk	28.12.2006 (note 1)	28.12.06 – 31.12.10	Graphite products	0.73	0.60
SUAL-Kremniy-Ural	25.11.08 (note 1)	25.11.08 – 31.12.10	Carbon products	2.08	1.96
CJSC Kremniy	26.11.08 (note 4)	26.11.08 – 31.12.10	Carbon products	8.06	7.91
RUSAL TH	10.09.10 (note 2)	10.09.10 – 31.12.10	Graphitized carbon products	6.31	5.13
RUSAL TH	10.09.10 (note 3)	10.09.10 – 31.12.10	Calcined oil coke	3.51	2.52
RUSAL TH	23.11.10 (note 2)	23.11.10 – 31.12.11	Baked anodes	1.83	1.88
Total:				22.52	20.00

Notes:
1. Payments were to be made within 30 days of delivery and the consideration was to be satisfied in cash via wire transfer.
2. The total consideration was required to be prepaid or paid within 15 days by wire transfer after delivery of the lot in the amount
3. Payments were to be made within 3 business days of delivery and the consideration was to be satisfied in cash via wire transfer.
4. Prepayments were to be made.

The aggregate consideration for the raw materials supplied under these contracts by Energoprom Management during the year ended 31 December 2010 amounted to USD20.00 million which was within the maximum aggregate consideration of USD22.52 million for 2010 as disclosed in the announcement dated 24 November 2010.

d. Raw Materials Purchase Agreements under Pot Repair Programme

Mr. Victor Vekselberg and Mr. Len Blavatnik, non-executive Directors of the Company and 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 on this basis, Energoprom Management is a connected person of the Company under the Listing Rules. Accordingly, the contracts between members of the Group and Energoprom Management, discussed below, constitute continuing connected transactions of the Company under the Listing Rules.

Certain companies of the Group have entered into several short-term contracts to purchase various materials from Energoprom Management for the purpose of repairing the pots for the aluminium smelters of the Group as part of the pot repair programme. The prices for the purchase of raw materials under each of the contracts are determined on an arm's length basis. Payment terms varied from prepayments to 15 days upon delivery.

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

Buyer	Date of contract	Type of raw materials	Term of contract	Actual consideration for the year ended 31 December 2010 USD millions (excluding VAT)
VgAZ-SUAL-Repairs, LLC	10.09.09	Ramming paste and cathode blocks	10.09.09 – 30.09.10	1.27
VgAZ-SUAL-Repairs, LLC	25.08.10	Ramming paste	25.08.10 – 31.12.10	0.67
RUS-Engineering, LLC	27.03.09	Ramming paste	27.03.09 – 31.12.10	0.34
RUS-Engineering, LLC	25.01.10	Ramming paste	25.01.10 – 31.12.10	0.67
RUS-Engineering, LLC	31.12.09	Cathode blocks	1.01.10 – 31.12.10	5.16
RUS-Engineering, LLC	25.11.09	Ramming paste	25.11.09 – 31.05.10	0.59
RUS-Engineering, LLC	1.03.08	Cathode blocks	31.03.08 – 31.12.10	0.50
RUS-Engineering, LLC, Kamensk-Uralsk branch	25.11.10	Electrode paste	25.11.10 – 31.12.10	0.001
BAZ-SUAL-Repairs, LLC	04.10.10	Graphitized electrodes	04.10.10 – 31.12.11	0.03
RUSAL Bratsk	28.03.08 (amended on 1.03.10)	Carbon paste	1.01.10 – 31.12.10	0.31
Total				9.54

The aggregate consideration for the raw materials supplied under these contracts by Energoprom Management during the year ended 31 December 2010 amounted to USD9.54 million, which did not exceed the previously announced consideration for 2010.

e. Fuel Oil Supply Contracts and Purchase Orders

En+, the controlling shareholder of the Company, owns approximately 94.4% and 95.35% of KraMZ and KraMZ-Auto respectively. Each of KraMZ and KRaMZ-Auto is therefore an associate of En+.

Mr. Deripaska indirectly controls more than 30% of each of Achinsk Cement and CBP-Trade and therefore, each of them is an associate of Mr. Deripaska according to the Listing Rules.

On this basis, each of Achinsk Cement, CBP-Trade, KRaMZ and KRaMZ-Auto is a connected person of the Company under the Listing Rules. Accordingly, the contracts discussed below constitute continuing connected transactions of the Company under the Listing Rules.

Rusal Achinsk has entered into a series of transactions with Achinsk Cement, CBP-Trade, KRaMZ and KRaMZ-Auto to supply fuel oil and various raw materials. The terms of these contracts varied from one-off contracts to short-term contracts. 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:

Date of contract	Type of raw materials	Term of contract	Actual consideration for the year ended 31 December 2010, USD millions (excluding VAT) *
23 June 2010	Coal	23.06.10 – 30.06.10	0.093
14 June 2010	Coal	14.06.10 – 16.06.10	0.161
1 June 2010	Diesel fuel	1.06.10 – 1.07.10	0.001
1 July 2010	Diesel fuel	1.07.10 – 31.12.10	0.001
9 June 2010	Coal	9.06.10 – 13.06.10	0.095
1 June 2010	Coal	1.06.10 – 31.12.10	1.770
24 July 2008	Energy resources	24.07.08 – 31.12.10	0.483
1 June 2010	Nepheline mud	1.06.10 – 31.12.10	0.702
1 June 2010	Crushed limestone	1.06.10 – 31.12.10	1.026
1 June 2010	Pulverized coal fuel	1.06.10 – 31.12.10	0.137
1 September 2007	Nepheline mud	1.01.10 – 31.05.10	0.257
16 July 2007	Crushed limestone	16.07.07 – 31.05.10	0.379
30 January 2010	Pulverised coal	30.01.10 – 31.05.10	0.131
1 June 2010	Overburden clay	1.06.10 – 31.12.10	0.039
16 July 2007	Overburden clay	16.07.10 – 31.05.10	0.007
7 June 2004	Aluminium sulphate	7.06.04 – 31.03.10	0.003
1 July 2009	Fuel oil	1.07.09 – 28.02.10	0.002
1 November 2010	Fuel oil	1.11.10 – 31.12.10	0.018
13 October 2009	Aluminium sulphate	13.10.09 – 31.03.10	0.032
16 August 2007	Fuel oil	1.01.10 – 31.05.10	1.75
27 December 2010	Fuel oil	1.06.10 – 31.12.10	0.6
Total:			7.69

* In the Company's announcement dated 28 December 2010, the consideration payable for such purchases was disclosed inclusive of VAT.

The aggregate consideration for the raw materials supplied under these contracts to Achinsk Cement, CBP-Trade, KRaMZ and KRaMZ-Auto during the year ended 31 December 2010 amounted to USD7.69 million, which is below the previously announced amount of USD9.23 million.

f. Supply of Alumina Products and Supply of Limestone Contracts

BCP, more than 30% of the share capital of which 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 contracts discussed below constitute continuing connected transactions of the Company under the Listing Rules.

Each of the contracts below were disclosed by the Company in the announcement dated 28 March 2011.

(i) On 10 December 2009, BCP as the seller and the Group through RUSAL TH, being a wholly-owned subsidiary of the Company, entered into a contract to supply alumina products for a term from January 2010 to December 2010 at arm's length prices linked to the price of aluminium on the LME. The payment was to be made in equal parts on the 5th, 15th and 25th days of the month of delivery.

The consideration for the alumina products supplied under these contracts to RUSAL TH during the year ended 31 December 2010 amounted to USD72.86 million, which did not exceed the previously announced consideration for 2010.

(ii) On 19 March 2008, BCP as the seller and BGZ as the buyer entered into a contract to supply limestone for a term from 1 April 2008 to 31 December 2018 at a price that was fixed in the contract and multiplied on a yearly basis by the official Price Index established and published by the Federal State Statistics Service in Russia. The total consideration was to be prepaid.

The consideration for the limestone supplied under this contract to BGZ during the year ended 31 December 2010 amounted to USD1.40 million, which did not exceed the previously announced consideration for 2010.

g. Transportation Contracts

From 26 September 2007 to 31 December 2010, KraMZ-Auto entered into various contracts with Group companies pursuant to which KraMZ-Auto provided various transportation services to transport assets and personnel for such Group companies. 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:

(i) contract entered into on 26 September 2007 between Sayanogorsk aluminium smelter and KraMZ-Auto which was for a four year term but was terminated on 31 December 2010; and
(ii) contract entered into on 1 January 2008 between RUSAL Medical Center and KraMZ-Auto which is automatically renewed each year unless any of the counterparties declares its intension to terminate; and
(iii) contract entered into on 1 March 2007 between RUSAL Global and 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 above mentioned contracts were initially entered into by the Group companies prior to the 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. All the transportation contracts are on arms-length commercial terms.

The aggregate consideration for the transport services provided by KraMZ-Auto during the year ended 31 December 2010 amounted to USD10.81 million, which did not exceed the previously announced consideration for 2010.

h. Heat Supply Contracts

Mr. Victor Vekselberg, a non-executive Director of the Company, indirectly holds more than 30% of the 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. Victor Vekselberg and a connected person of the Company under the Listing Rules. Accordingly, the contracts below constitute continuing connected transactions of the Company with effect from the Listing Date.

Certain subsidiaries of the Company entered into a series of contracts with OJSC Irkutskkabel and OJSC TGK-9, both being associates of Mr. Victor Vekselberg, pursuant to which OJSC Irkutskkabel and OJSC TGK-9 supply heat to these subsidiaries. The contracts date from 18 January 2002 and all are for a term of one year which is 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 to the month of delivery.

The aggregate consideration for the heat supply provided by OJSC Irkutskkabel and OJSC TGK-9 during the year ended 31 December 2010 amounted to USD115.0 million, which did not exceed the previously announced consideration for 2010.

(II) The transactions and arrangements summarised below were entered into by members of the Group on or prior to 31 December 2010 and are in relation to transactions for the year ending 31 December 2011 and subsequent years:

a. Provision of power contracts

Mr. Victor Vekselberg, the chairman and a non-executive Director of the Company, indirectly controls more than 30% of the share capital of each of TGK-5, TGK-6, TGK-7 and TGK-9. Therefore, each of TGK-5, TGK-6, TGK-7 and TGK-9 is an associate of Mr. Victor Vekselberg and a connected person of the Company for the purposes of the Listing Rules. Accordingly, the provision of power contracts discussed below constitute continuing connected transactions of the Company under the Listing Rules.

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 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 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 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 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 USD37 million from 1 October 2011 to 31 December 2025.

The 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 Non-

Commercial Partnership 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.

b. Raw Materials Sale and Purchase Agreements

The agreements set out below were disclosed in the announcement of the Company dated 24 November 2010 in relation to the transactions for the year ended 31 December 2011:

(i) Amendment agreement to the raw oil coke sale agreement between RUSAL TH and Energoprom Management

On 27 December 2010, RUSAL TH and Energoprom Management entered into an amendment agreement to the raw oil coke sale agreement for a term from 1 January 2011 to 31 December 2011. The maximum consideration payable under the agreement for the purchase of a maximum of 132,880 tonnes of raw oil coke is up to USD14 million, which may be subject to any applicable cross-currency exchange rate adjustments.

Payment is required to be made within 25 calendar days of the scheduled delivery of the relevant lot in the amount, price and in accordance with the schedule of deliveries to be agreed by the parties periodically by signing separate annexes and addendas to the agreement, provided always that the total amount of all annexes and addendas to the agreement does not exceed USD14 million for the year ending 31 December 2011.

(ii) Amendment agreement to the graphitized carbon products purchase agreement between RUSAL TH and Energoprom Management

On 29 December 2010, RUSAL TH as buyer and Energoprom Management as seller entered into an amendment agreement to the graphitized carbon products purchase agreement for a term from 1 January 2011 to 31 December 2011. The maximum consideration payable under the agreement for the purchase of a maximum of 5,400 tonnes of graphitized carbon products is up to USD15 million, which may be subject to any applicable cross-currency exchange rate adjustments.

The total consideration is required to be prepaid or paid within 15 days by wire transfer after delivery of the lot in the amount, price and in accordance with the schedule of deliveries to be agreed by the parties periodically by signing separate annexes and addendas to the agreement, provided always that the total amount of all annexes and addendas to the agreement does not exceed USD15 million for the year ending 31 December 2011.

(iii) Amendment agreement to the calcined oil coke purchase agreement between RUSAL TH and Energoprom Management

On 2 December 2010, RUSAL TH as buyer and Energoprom Management as seller entered into an amendment agreement to the calcined oil coke purchase agreement for a term from 1 January 2011 to 31 December 2011. The maximum consideration payable under the agreement for the purchase of a maximum of 109,904 tonnes of calcined oil coke is up to USD21 million, which may be subject to any applicable cross-currency exchange rate adjustments.

The total consideration is required to be prepaid or paid within 3 business days of the date of delivery of the invoice for the dispatched lot by wire transfer in the amount, price and in accordance with the schedule of deliveries to be agreed by the parties periodically by signing separate annexes and addendas to the agreement, provided always that the total amount of all annexes and addendas to the agreement does not exceed USD21 million for the year ending 31 December 2011.

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 event that En+ does not control or ceases to control the Company or any person (or persons acting in concert) other than En+ has or gains control of the Company:

(a) International Override Agreement. As of 31 December 2010, the aggregate level of facilities governed by the International Override Agreement was USD5,512 million and the maturity date of these facilities is December 2013;

(b) amendment deed relating to the sale and purchase and share exchange agreement relating to certain shares in Norilsk Nickel dated 1 December 2009. As of 31 December 2010, the outstanding nominal value of the debt under the deed due to Onexim was USD702 million and the maturity date of the debt is the same as that under the International Override Agreement;

(c) USD200,000,000 secured credit facility in favour of Alumina & Bauxite Company Ltd dated 10 November 2006 with Natixis as facility agent and security agent. As of 31 December 2010, the outstanding amount under this facility was USD100 million and the maturity date of this facility is December 2013; and

(d) USD4,583,168,657 refinancing facility granted by Sberbank on 30 September 2010 to refinance the Company debt to VEB. As of 31 December 2010, the outstanding amount under this facility was USD4,583,168,657 and the maturity date of this facility is December 2013.

12. MAJOR CUSTOMERS AND SUPPLIERS

Large scale end-customers of the Company include Glencore, Alcoa, Mechem SA, Norsk Hydro and Toyota.

The largest customer and the five largest customers of the Group accounted for 38% and 51%, respectively, of the Group's total sales for the year ended 31 December 2010.

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 Alcan with respect to bauxite.

The amount of purchases from the largest supplier and the five largest suppliers of the Group accounted for 7.8% and 24.0%, respectively, of the Group's total cost of sales for the year ended 31 December 2010.

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 2010, no Directors 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 primary aluminium or alumina at any time during 2010.

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	Appointed as First Deputy Chief Executive Officer of the Company on 9 April 2010
Petr Sinshinov	Deputy Chief Executive Officer, executive Director	
Tatiana Soina	Executive Director	Ceased to be Chief Financial Officer on 24 October 2010
Vera Kurochkina	Executive Director	Appointed a Director on 11 November 2010
Alexander Livshits	Executive Director	Appointed a Director on 11 November 2010
Victor Veskelberg	Chairman and non-executive Director	
Dimitry Afanasiev	Non-executive Director	
Len Blavatnik	Non-executive Director	
Igor Ermilin	Non-executive Director	Appointed as Director on 27 January 2010 and ceased to be a Director on 11 November 2010
Ivan Glasenberg	Non-executive Director	
Vladimir Kiryukhin	Non-executive Director	Ceased to be a Director on 11 November 2010
Alexander Popov	Non-executive Director	
Dmitry Razumov	Non-executive Director	
Jivko Savov	Non-executive Director	Ceased to be a Director on 16 June 2010
Anatoly Tikhonov	Non-executive Director	
Artem Volynets	Non-executive Director	Appointed as a Director on 16 June 2010
Barry Cheung Chun-Yuen	Independent non-executive Director	Appointed as a Director on 27 January 2010
Peter Nigel Kenny	Independent non-executive Director	
Philip Lader	Independent non-executive Director	
Elsie Leung Oi-sie	Independent non-executive Director	

Particulars of appointment 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 of directorship agreed but subject to the provisions 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 of directorship agreed but subject to the provisions under the Articles of Association. 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

Mr. Vladislav Soloviev was re-designated from a non-executive Director of UC RUSAL to an executive Director of UC RUSAL with effect from 9 April 2010. He was appointed as First Deputy Chief Executive Officer of UC RUSAL and a member of the Executive Committee of UC RUSAL on the same date. This change was part of the Company's programme to strengthen the team of top managers and further improve the management system of UC RUSAL as a public company. Mr. Soloviev's biographical details are set on page 054 of this Annual Report.

Mr. Soloviev signed an employment contract with effect from 9 April 2010. There is no fixed length of service specified in the employment contract but it may be terminated in accordance with Russian labour legislation by UC RUSAL by giving two months' notice to Mr. Soloviev and may be terminated by Mr. Soloviev by giving two weeks' notice to UC RUSAL. Mr. Soloviev is entitled to emoluments of USD2.3 million per annum which has been determined with reference to his experience, duties and responsibilities with UC RUSAL. He is also entitled to a discretionary management bonus which will be decided based on his performance.

Mr. Soloviev has no interests in Shares within the meaning of Part XV of the SFO. Save as disclosed or referred to above, Mr. Soloviev is independent from and has no relationship with any director, senior management, substantial shareholder or controlling shareholder of UC RUSAL nor does he hold or has he held any directorship in any other listed public companies in the three years preceding his appointment or any other position with UC RUSAL or its subsidiaries.

e. Change of particulars of Directors

Mr. Philip Lader's term as a member on the board of Lloyd's of London concluded during the second quarter of 2010.

Ms. Elsie Leung Oi-sie 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.

Mr. Vladislav Soloviev resigned as a director of each of United Oil Group LLC, EuroSibEnergo Plc, EuroSibPower Company OJSC, En+ Power Limited, Norilsk Nickel and OJSC NK RussNeft on 1 April 2010, 8 April 2010, 18 April 2010, 8 April 2010, 11 March 2011 and 14 January 2010 respectively.

Mr. Oleg Deripaska ceased to be the chairman of the board of OJSC Russian Machines on 30 June 2010 but remained on the board of OJSC Russian Machines. Mr. Deripaska has been a member of the board of directors of OJSC Irkutskenergo and Norilsk Nickel since 19 November 2010 and 31 July 2010 respectively. Mr. Deripaska has been the chairman of the board and the chief executive officer of En+ since 23 December 2010 and ceased to be the chief executive officer of En+ Management LLC with effect from 23 December 2010.

Ms. Tatiana Soina was chief financial officer of the Company until 24 October 2010 and was appointed Head of Control, Internal Audit and Co-ordination of Business on 25 October 2010.

Mr. Dmitry Razumov's term as a member of the board of directors of Norilsk Nickel, MFK Bank and Solgalise Insurance Company concluded in 2010.

Mr. Artem Volynets was appointed as a non-executive director of Eurosibenergo Plc on 5 July 2010 and as a non-executive director of Hong Kong Mercantile Exchange Limited on 25 August 2010. On 19 November 2010 he was appointed as a member of the board of OJSC Irkutskenergo. With effect from 24 December 2010, Mr. Volynets was appointed the chief executive officer of each of En+ and En+ Management LLC, the latter appointment until 23 December 2015.

f. Resignation of non-executive Directors

Mr. Jivko Savov resigned as a non-executive Director of UC RUSAL with effect from 16 June 2010 due to other business engagements.

Mr. Igor Ermilin resigned as a non-executive Director of UC RUSAL with effect from 11 November 2010 due to other business engagements.

Mr. Vladimir Kiryukhin resigned as a non-executive Director of UC RUSAL with effect from 11 November 2010 due to other business engagements.

g. Appointment of executive Directors

Ms. Vera Kurochkina was appointed as an executive Director of UC RUSAL with effect from 11 November 2010.

Ms. Kurochkina's biographical details are set on page 055 of this Annual Report.

Ms. Kurochkina signed an appointment letter with the Company with effect from 11 November 2010. The length of service of Ms. Kurochkina as an executive Director has been determined in accordance with the Articles of Association. Ms. Kurochkina's appointment may be terminated by Ms. Kurochkina giving the Company one month's notice of termination and/or otherwise terminated in accordance with the Articles of Association. As an executive Director, Ms. Kurochkina is not entitled to a Director's fee. Ms. Kurochkina will hold office as an executive Director until the next following annual general meeting of the Company and shall then be eligible for re-election at such meeting. Ms. Kurochkina's directorship is subject to retirement by rotation in accordance with the Articles of Association.

As at 31 December 2010, Ms. Kurochkina was interested in 215,993 Shares, representing approximately 0.001% of the total issued share capital of UC RUSAL.

Save as disclosed above, Ms. Kurochkina does not have any interests in Shares within the meaning of Part XV of the SFO. Save as disclosed or referred to above, Ms. Kurochkina is independent from and has no relationship with any director, senior management, substantial shareholder or controlling shareholder of UC RUSAL nor does she hold or has she held any directorship in any other listed public companies in the past three years or any other position with UC RUSAL or its subsidiaries.

Mr. Alexander Livshits was appointed as an executive Director of UC RUSAL with effect from 11 November 2010.

Mr. Livshits' biographical details are set on page 055 of this Annual Report.

Mr. Livshits signed an appointment letter with the Company with effect from 11 November 2010. The length of service of Mr. Livshits as an executive Director has been determined in accordance with the Articles of Association. Mr. Livshits' appointment may be terminated by Mr. Livshits giving the Company one month's notice of termination and/or otherwise terminated in accordance with the Articles of Association. As an executive Director, Mr. Livshits is not entitled to a Director's fee. Mr. Livshits shall hold office as an executive Director until the next following annual general meeting of the Company and shall then be eligible for re-election at such meeting. Mr. Livshits' directorship is subject to retirement by rotation in accordance with the Articles of Association. Mr. Livshits remained as a director for international and special projects of the Company upon his appointment as an executive Director of the Company becoming effective.

Mr. Livshits does not have any interests in Shares within the meaning of Part XV of the SFO. Save as disclosed or referred to above, Mr. Livshits is independent from and has no relationship with any director, senior management, substantial shareholder or controlling shareholder of UC RUSAL nor does he hold or has he held any directorship in any other listed public companies in the past three years or any other position with UC RUSAL or its subsidiaries.

h. Appointment of non-executive Director

Mr. Artem Volynets was appointed as a non-executive Director of UC RUSAL with effect from 16 June 2010.

Mr. Volynets' biographical details are set on page 059 of this Annual Report.

Mr. Volynets signed an appointment letter with UC RUSAL with effect from 16 June 2010. The length of service of Mr. Volynets as a non-executive Director has been determined in accordance with the Articles of Association. Mr. Volynets' appointment may be terminated by Mr. Volynets giving UC RUSAL one month's notice of termination and/or otherwise in accordance with the Articles of Association. Mr. Volynets is entitled to a Directors' fee of GBP120,000 per annum. Additional fees may be payable for being a member of a Board committee (GBP10,000 per annum) or chairing a Board committee (GBP15,000 per annum). Mr. Volynets' directorship is subject to retirement by rotation in accordance with the Articles of Association.

As at 31 December 2010, Mr. Volynets was interested in 2,807,917 Shares, representing approximately 0.02% of the total issued share capital of UC RUSAL.

Save as disclosed above, Mr. Volynets does not have any interests in Shares within the meaning of Part XV of the SFO. Save as disclosed or referred to above, Mr. Volynets is independent from and has no relationship with any director, senior management, substantial shareholder or controlling shareholder of UC RUSAL nor does he hold or has he held any directorship in any other listed public companies in the past three years or any other position with UC RUSAL or its subsidiaries.

i. Changes to the composition of the Corporate Governance and Nominations Committee and the Remuneration Committee

Mr. Vladislav Soloviev resigned as a member of the Corporate Governance and Nominations Committee and the Remuneration Committee of UC RUSAL with effect from 16 June 2010. Mr. Soloviev continues to maintain his position as an executive Director and First Deputy Chief Executive Officer of UC RUSAL.

Mr. Volynets was appointed as a member of the Corporate Governance and Nominations Committee of UC RUSAL and as a member of the Remuneration Committee with effect from 16 June 2010.

14. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTERESTS IN SHARES AND IN SHARES OF ASSOCIATED CORPORATIONS OF UC RUSAL

As at 31 December 2010, 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 2010	Percentage of issued share capital as at 31 December 2010
Oleg Deripaska	Beneficiary of a trust (Note 1)	7,202,910,267(L)	47.41%
	Beneficial Owner	33,705,000(L)	0.22%
	TOTAL	**7,236,615,267(L)**	**47.63%**
Victor Vekselberg	Beneficiary of a trust (Note 2)	3,710,590,137(L)	24.42%
Artem Volynets	Beneficial Owner	2,807,917(L)	0.02%
Vera Kurochkina	Beneficial Owner	215,993(L)	0.001%
Tatiana Soina	Beneficial Owner	172,794(L)	0.001%

(L) Long position
(S) Short position
Notes - See notes to the next table.

Interests in the shares of associated corporations of UC RUSAL

As at 31 December 2010, 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 Stock Exchange of Hong Kong Limited 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 2010 (Note 3)	Percentage of issued share capital as at 31 December 2010
Oleg Deripaska	Beneficiary of a trust (Note 1)	3,066,435,341(L)	20.18%
Victor Vekselberg	Beneficiary of a trust (Note 2)	354,230,862(S)	2.33%

(L) Long position

(S) Short position

(Note 1) These interests were directly 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 2010, held 100% of the share capital of Fidelitas Investments Ltd., which, as at 31 December 2010, held 100% of the share capital of B-Finance Ltd. As at 31 December 2010, 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 2010.

(Note 2) 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 a 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 and underlying Shares held by SUAL Partners by virtue of the SFO.

(Note 3) These underlying Shares are unlisted physically settled options.

Other than as disclosed, as at 31 December 2010, 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

The following Directors are interested in and/or are directors of the respective companies, being businesses which compete or are likely to compete, either directly or indirectly with the Company: Messrs Deripaska, Volynets and Soloviev (En+); Messrs Vekselberg and Blavatnik (Sual Partners); and Mr. Glasenberg (Glencore). 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 En+ and the Group in order to protect minority shareholders' interests and to manage the affairs of the Group independently of En+. The independent non-executive Directors make recommendations on the entering into 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 95.35% of the shares in En+.

En+'s strategy is to focus on businesses which extract raw materials for energy production, generate electricity and produce 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 date of this report, nine of the Directors were nominated by En+ and three of such Directors were also directors of En+. The majority of the overlapping Directors as at the date of this report, namely Messrs. Deripaska and Soloviev, were executive Directors (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+. 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 that nine Directors are nominated by En+ and the CEO, the First Deputy Chief Executive Officer and one other Director are also directors of En+ because the Group's day-to-day operations are managed by six executive Directors, each of whom is nominated by En+, 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 cost 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) a fixed tariff set by the Russian Government currently applies to approximately 50% of the electricity supplies purchased from companies controlled by the Controlling Shareholder. The remainder is purchased primarily at prices determined independently of these power producers by an independent market council that sets applicable daily prices on the basis of a pricing model applied across Russia and is entitled to apply market smoothing mechanisms. As a result, there would be relatively limited price impact in switching to suppliers unrelated to the Controlling Shareholder except to the extent the Group was to obtain supplies from higher-cost coal producers;

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

(d) even with the staged reduction of the proportion of each supply contract which is subject to regulated tariffs in accordance with existing regulations in Russia, which are expected to reduce such regulated proportion to zero by 1 January 2011, the Group is currently already a very large volume user with significant negotiating power in the Russian power market. Based on past consumption patterns, it is expected that for the year ending 31 December 2011, the Group will consume approximately 28% 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, has provided a pledge over 5% of the Shares in favour of VEB as more fully described in section 17 (Share Pledges) below.

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 the smelter). One of CEAC's assets is the KAP, based in Montenegro, which manufactures a wide range of aluminium alloys. CEAC employs more than 1,700 people and produces 80,000 tonnes of aluminium annually. KAP's main suppliers are the electricity company of Montenegro, the Port of Bar, Montenegro Railways and bauxite mines. 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 128,000 tonnes of semi-finished aluminium alloys. 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. Victor 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, Ent and Glencore proportionately to their holdings of Shares, has provided a pledge over 5% of the Shares in favour of VEB as more fully described in section 17 (Share Pledges) below.

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 100% owned by Glencore's management and key employees, none of which 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 Nominations 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 42% and 40% of its excess alumina in monetary terms in 2009 and 2010 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 45% 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, has provided a pledge over 5% of the Shares in favour of VEB as more fully described in section 17 (Share Pledges) below.

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 44% of Century Aluminium Company, a NASDAQ-quoted company whose assets include: the Ravenswood aluminium smelter, a 49.7% equity interest in the Mt. Holly aluminium smelter, a 100% equity interest in the Hawesville aluminium smelter and a 100% equity interest in the Nordural 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 2010, 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	Percentage of issued share capital as at 31 December 2010
Oleg Deripaska	Beneficiary of a trust *(Note 1)*	7,202,910,267(L)	47.41%
	Beneficial owner	33,705,000(L)	0.22%
	TOTAL	7,236,615,267(L)	47.63%
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%
Victor Vekselberg *(Note 2)*	Beneficiary of a trust	3,710,590,137(L)	24.42%
TCO Holdings Inc. *(Note 2)*	Interest of controlled corporation	3,710,590,137(L)	24.42%
TZ Columbus Services Limited *(Note 2)*	Trustee (other than a bare trustee)	3,710,590,137(L)	24.42%
Renova Holding Limited *(Note 2)*	Interest of controlled corporation	3,710,590,137(L)	24.42%
Renova Metals and Mining Limited *(Note 2)*	Interest of controlled corporation	3,710,590,137(L)	24.42%
SUAL Partners *(Note 2)*	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 3)*	Interest of controlled corporation	2,586,499,596(L)	17.02%
Onexim Group Limited *(Note 3)*	Interest of controlled corporation	2,586,499,596(L)	17.02%
Onexim *(Note 3)*	Beneficial owner	2,586,499,596(L)	17.02%
Glencore Holding AG *(Note 4)*	Interest of controlled corporation	1,328,988,048(L)	8.75%
Glencore *(Note 4)*	Interest of controlled corporation	1,328,988,048(L)	8.75%
Glencore Group Funding Limited *(Note 4)*	Interest of controlled corporation	1,328,988,048(L)	8.75%
Glencore Finance (Bermuda) Ltd *(Note 4)*	Interest of controlled corporation	1,328,988,048(L)	8.75%
Amokenga Holdings *(Note 4)*	Beneficial owner	1,328,988,048(L)	8.75%
State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)"	Person having a security interest in Shares	759,650,744(L)	5.00%
	Beneficial owner	477,090,000(L)	3.14%
	TOTAL	1,236,740,744(L)	8.14%

(L) Long position
Notes – See notes to the next table.

Interests and short positions in underlying Shares

Name of Shareholder	Capacity	Number of underlying Shares as at 31 December 2010 *(Note 5)*	Percentage of issued share capital as at 31 December 2010
Oleg Deripaska *(Note 1)*	Beneficiary of a trust	3,066,435,341(L)	20.18%
Fidelitas Investments Ltd. *(Note 1)*	Interest of controlled corporation	3,066,435,341(L)	20.18%
B-Finance Ltd. *(Note 1)*	Interest of controlled corporation	3,066,435,341(L)	20.18%
En+ *(Note 1)*	Beneficial owner	3,066,435,341(L)	20.18%
Victor Vekselberg *(Note 2)*	Beneficiary of a trust	354,230,862(S)	2.33%
TCO Holdings Inc. *(Note 2)*	Interest of controlled corporation	354,230,862(S)	2.33%
TZ Columbus Services Limited *(Note 2)*	Trustee (other than a bare trustee)	354,230,862(S)	2.33%
Renova Holding Limited *(Note 2)*	Interest of controlled corporation	354,230,862(S)	2.33%
Renova Metals and Mining Limited *(Note 2)*	Interest of controlled corporation	354,230,862(S)	2.33%
SUAL Partners *(Note 2)*	Beneficial owner	354,230,862(S)	2.33%
Glencore Holding AG *(Note 4)*	Interest of controlled corporation	41,807,668(L)	0.28%
		1,309,620,048(S)	8.62%
Glencore *(Note 4)*	Interest of controlled corporation	41,807,668(L)	0.28%
		1,309,620,048(S)	8.62%
Glencore Group Funding Limited *(Note 4)*	Interest of controlled corporation	41,807,668(L)	0.28%
		1,309,620,048(S)	8.62%
Glencore Finance (Bermuda) Ltd *(Note 4)*	Interest of controlled corporation	41,807,668(L)	0.28%
		1,309,620,048(S)	8.62%
Amokenga Holdings *(Note 4)*	Beneficial owner	41,807,668(L)	0.28%
		1,309,620,048(S)	8.62%

(L) Long position
(S) Short position

(Note 1) These interests were directly 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 2010, held 100% of the share capital of Fidelitas Investments Ltd., which, as at 31 December 2010, held 100% of the share capital of B-Finance Ltd. As at 31 December 2010, 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 2010.

(Note 2) 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 3) 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 4) Amokenga Holdings 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, which is controlled by Glencore Holding AG as to 85%. In light of the fact that Glencore Holding AG, Glencore, 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, in accordance with the SFO, the interest of Amokenga Holdings are deemed to be, and have therefore been included in the interests of the Glencore Entities.

(Note 5) These underlying Shares represent physically settled unlisted derivatives.

As of the date of this Annual Report, no shareholder has notified the Company of a change in ownership of its 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

En+ restructured its new facilities agreement with Deutsche Bank AG, London Branch dated 19 January 2010 in connection with debt of not more than approximately USD1.04 billion by entering into a secured facility agreement with VTB Capital plc in an amount of USD900 million on 29 October 2010. As a result, En+'s security granted over 15% of the outstanding Shares as security for the performance of its obligations under the new facilities agreement was discharged. Pursuant to the provisions of the secured facility agreement, En+ created security over 11% of the outstanding Shares (9.9% (represented by 1,504,108,472 Shares) by way of assignment of title to those shares to the secured party and 1.1% (represented by 167,123,164 Shares) by way of possession by the secured party of the certificate of title to the Shares) in favour of VTB Capital plc. The security arrangement is on a percentage basis so that if more Shares are issued, En+ is required to continue to maintain security over 11% of the issued share capital of the Company. If En+ defaults under the terms of the restructuring, its lender(s) under the secured facility agreement may exercise the security and seek to sell the Shares secured by En+. This in turn may, amongst other things, result in the sale of Shares into the market that would not otherwise occur and/or trigger an acceleration of the Group's indebtedness under the Company's debt.

On 30 September 2010, the Company entered into arrangements with Sberbank and VEB under which Sberbank agreed to provide the Company with a facility in the aggregate amount of USD4,583,168,657 to repay in full the outstanding principal amount of its debt owed to VEB and interest capitalised on that amount under which funds were advanced by VEB to the Company for the refinancing of the Company's debt raised for its acquisition of its shareholding in Norilsk Nickel and VEB agreed to provide a guarantee with a limit of USD2,250,000,000 to secure the Company's obligations under the facility. On 30 September 2010, the Company entered into a guarantee issuance agreement with VEB pursuant to which, amongst other things, the Company is obliged to pay to VEB any amounts requested from VEB by Sberbank under the guarantee. The Company's obligations under the guarantee issuance agreement are secured by a pledge over 5% of the Company's shares provided by the Major Shareholders pro rata to their holdings in the Company. As part of these obligations, En+ provided security over a total of 405,310,826 Shares, Onexim over a total of 145,543,433 Shares, SUAL over a total of 135,103,608 Shares and Amokenga over a total of 73,692,877 Shares. All of the pledged Shares were pledged pursuant to a security interest agreement dated 30 September 2010 which provides that VEB may by written notice, sell pledged Shares in the circumstances of particular events of default (including the Company's failure to meet its obligations under the guarantee issuance agreement) subject to an ability of the Major Shareholders to remedy the relevant defaults within a specified period. The security arrangement is on a percentage basis so that if more Shares are issued, the Major Shareholders are required to continue to maintain security over 5% of the issued share capital of the Company. If the Company defaults under the terms of the guarantee issuance agreement and the default is not remedied by the Major Shareholders, VEB may exercise the security and seek to sell the Shares secured by the Major Shareholders. This in turn may, amongst other things, result in the sale of Shares into the market that would not otherwise occur.

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 Group's 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 USD88,025,000. 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 financial statements.

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 paid a chairman's fee of USD400,000 per annum during the last financial year which was paid monthly.

2 *Non-executive Directors*

(a) Commencing on 27 January 2010, all non-executive Directors were paid a pro-rated GBP 120,000 per annum, paid monthly; 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 paid additional fees for committee assignments at the rate of GBP 15,000 per annum for acting as the chairman and

GBP 10,000 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 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% restricted Shares, vesting annually in equal amounts over three years with no performance conditions other than continued employment; and

(ii) 50% performance Shares, vesting in three equal tranches over three years, subject to the CEO's continued employment and each of such subsequent year's substantial achievement of that prior year's business plan and such Shares being in the form of restricted Shares, with each tranche to be released after a further two-year holding period from the date of vesting and subject to continued employment through 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. IPO Bonus and other Management/ Employee Bonus Shares

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. Subsequent to the meeting of the Remuneration Committee, the Board passed resolutions for the issue of the bonus. In particular, that:

(a) the CEO's bonus was USD70,314,558 in the form of 50,625,000 bonus Shares at the Offer Price of HK$10.80 per bonus Share and using an applicable exchange rate of HK$1 = USD0.1286045866; and

(b) the bonus of certain members of senior management and employees of the Company was USD13,950,000, 60% of which was in the form of 6,026,216 bonus Shares at the Offer Price of HK$10.80 per bonus Share and using an applicable exchange rate of HK$1 = USD0.1286045866.

Accordingly, the Board resolved to issue, and the Company issued and allotted on 13 April 2010:

(a) 50,625,000 bonus Shares to the CEO; and

(b) 6,026,216 bonus Shares to certain members of senior management and other employees, out of which a total of 172,794 bonus Shares were issued to Ms. Tatiana Soina, a Director at the time, 2,807,917 bonus Shares were issued to Artem Volynets and 215,993 bonus Shares were issued to Vera Kurochkina, both of whom were subsequently appointed as Directors during the financial year.

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). As a consequence, the Company applied for the admission of 2,832,560 additional Global Depositary Shares representing the 56,651,216 newly issued Shares on Euronext Paris.

On the recommendation of the Remuneration Committee, the Board also adopted in principle a management incentive compensation plan, the details of which remain to be specified. It is expected that the management incentive compensation plan will involve short-term and long-term elements, and a mixture of cash and stock incentive compensation, and that the stock portion will include restricted Shares, some of which will vest only if performance criteria are met going forward.

The implementation of certain aspects of this future compensation arrangements may require the consent of the Company's lenders under its debt restructuring agreements.

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.

The Company has not adopted any employee share option schemes.

20. PENSION SCHEMES

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

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).

Date	Announcement
1. LISTINGS/GLOBAL OFFERING	
1.1 HONG KONG LISTING	
21 January 2010	Announcement to correct certain statements in the Prospectus
25 January 2010	Announcement of listing on the Stock Exchange by way of placing
26 January 2010	Announcements to clarify certain statements reported in the press about the Company and a letter received by the Stock Exchange from the Minister of Mines, Energy and Hydraulics of the Republic of Guinea
1 March 2010	Announcement that the stabilisation period in connection with the Global Offering ended and the Over-allotment Option lapsed on 26 February 2010
1.2 EURONEXT PARIS LISTING	
21 January 2010	Euronext Listing Prospectus
25 January 2010	Announcement of approval of Euronext Listing Prospectus
27 January 2010	NYSE Euronext welcomes UC RUSAL to its European market
1 March 2010	Announcement that the stabilisation period in connection with the Global Offering ended and the Over-allotment Option lapsed on 26 February 2010

2. MONTHLY RETURNS

4 February 2010	Monthly Return for the month ended 31 January 2010
4 March 2010	Monthly Return for the month ended 28 February 2010
9 April 2010	Monthly Return for the month ended 31 March 2010
5 May 2010	Monthly Return for the month ended 30 April 2010
4 June 2010	Monthly Return for the month ended 31 May 2010
7 July 2010	Monthly Return for the month ended 30 June 2010
5 August 2010	Monthly Return for the month ended 31 July 2010
2 September 2010	Monthly Return for the month ended 31 August 2010
5 October 2010	Monthly Return for the month ended 30 September 2010
3 November 2010	Monthly Return for the month ended 31 October 2010
2 December 2010	Monthly Return for the month ended 30 November 2010
4 January 2011	Monthly Return for the month ended 31 December 2010
2 February 2011	Monthly Return for the month ended 31 January 2011
2 March 2011	Monthly Return for the month ended 28 February 2011
4 April 2011	Monthly Return for the month ended 31 March 2011

3. ANNUAL, INTERIM AND QUARTERLY FINANCIAL INFORMATION

22 February 2010	Announcement of full year production results for 2009
24 February 2010	Press release: UC RUSAL announces full year production results for 2009
12 April 2010	Press release: UC RUSAL announces 2009 full year results
	Announcement of full year preliminary results for 2009
30 April 2010	Issue of 2009 Annual Report
14 May 2010	Press release: UC RUSAL announces 2010 first quarter results
	Announcement of results for the three months ended 31 March 2010
31 August 2010	Announcement of interim results for the six months ended 30 June 2010 and change in board lot size from 24,000 Shares to 6,000 Shares
31 August 2010	Issue of 2010 Interim Report
27 October 2010	Press release: UC RUSAL'S net profit increased by USD97 million in the first half of 2010 as result of a reassessment of Norilsk Nickel results
	Announcement of amendments to 2010 Interim Report and announcement of interim results for the six months ended 30 June 2010
12 November 2010	Press release: UC RUSAL announces 2010 results for the nine months ended 30 September 2010
	Announcement of results for the nine months ended 30 September 2010
31 March 2011	Announcement of annual results for year ended 31 December 2010

4. OTHER ANNOUNCEMENTS AND PRESS RELEASES

Date	Announcement
11 January 2010	Press Release: UC RUSAL announces new appointments in the Aluminium Division
2 February 2010	Press Release: UC RUSAL informs about an explosion at Shelekhov Powder metallurgy
4 February 2010	Press Release: UC RUSAL pays creditors USD2.143 billion
9 February 2010	Press Release: UC RUSAL's Aluminium Division confirms compliance with health, safety, environment and quality management systems under ISO 9001, ISO 14001 and OHSAS 18001
11 February 2010	Announcement of change of Company name from "United Company RUSAL Limited" to "United Company RUSAL Plc"
19 February 2010	Press Release: Guinean Government and UC RUSAL establish a commission to develop cooperation in Guinea
1 March 2010	Press Release: UC RUSAL announces new appointment in the Engineering and Construction Division
9 March 2010	Announcement of settlement of claims with Norden A/S (against UC RUSAL subsidiary RTI Ltd)
10 March 2010	Press Release: UC RUSAL announces restart of idled smelting capacity at Novokuznetsk smelter
22 March 2010	Announcements of update on claim by Republic of Guinea (against UC RUSAL subsidiary Russkij Aluminij LLC)
	Press Release: UC RUSAL wins appeal in Friguia case in Guinean court
24 March 2010	Announcement of change in principal place of business in Hong Kong
25 March 2010	Announcement of date of Board meeting to be held on 9 April 2010
12 April 2010	Press Release: UC RUSAL strengthens its senior management team
	Announcement of re-designation of Mr. Vladislav Soloviev as executive Director
12 April 2010	Announcement of the restart of Ewarton Works Plant
	Press Release: UC RUSAL plans to restart Ewarton alumina refinery in Jamaica
14 April 2010	Announcement of issue and allotment of IPO bonus Shares
14 April 2010	Next Day Disclosure Return
20 April 2010	Press release: UC RUSAL completes the commissioning of potline 5 at its Irkutsk Aluminium Smelter
23 April 2010	Announcement that the Company has exceeded annual caps for the year ended 31 December 2009 in relation to two continuing connected transactions

Date	Announcement
30 April 2010	Announcement of date of Annual General Meeting of the Company to be held on 9 June 2010
30 April 2010	Issue of proposal for re-election of directors, general mandates to issue securities and repurchase shares and notice of annual general meeting
30 April 2010	Issue of proxy form for use by shareholders at Annual General Meeting
3 May 2010	Announcement of the proposed issue by OJSC RUSAL Bratsk, an indirect wholly owned subsidiary of the Company, of up to RUR 30 billion worth of corporate bonds
3 May 2010	Announcement of a meeting of the Board to be held on Thursday, 13 May 2010
4 May 2010	Announcement of information relating to the total number of shares and voting rights made pursuant to Article L. 233-8 II of the French Code de commerce and article 223-16 of the General Regulations of the Autoritè des marchès financiers
24 May 2010	Announcement of registration of the prospectus for the potential issue of Ruble bonds
10 June 2010	Announcement of the resignation of Mr. Jivko Savov as non-executive Director, appointment of Mr. Artem Volynets as non-executive Director and changes to the composition of the corporate governance and nominations committee and the remuneration committee
10 June 2010	Press release: UC RUSAL announces management change
	Press release: UC RUSAL and HKUST launch five-year education and research joint project
	Announcement of poll results of Annual General Meeting held on 9 June 2010
15 June 2010	Press release: UC RUSAL delegation visits the Republic of Guinea
18 June 2010	Press release: UC RUSAL and FGC UES sign a production agreement for new power cables
23 June 2010	Press release: UC RUSAL announces structural changes and appoints Steven Hodgson as International Sales Director
28 June 2010	Press release: UC RUSAL intends to convene an extraordinary general meeting of MMC Norilsk Nickel
	Press release: UC RUSAL's statement
2 July 2010	Press release: UC RUSAL announces structural changes and new appointment
7 July 2010	Press release: UC RUSAL to submit Norilsk Nickel EGM request by 20 July
15 July 2010	Press release: Norilsk Nickel management refuses to provide UC RUSAL with voting papers from disputed AGM elections
23 July 2010	Press release: UC RUSAL restarts Ewarton Alumina Refinery in Jamaica
26 July 2010	Press release: UC RUSAL announces structural changes
28 July 2010	Press release: UC RUSAL's position regarding the publication of the 2010 AGM voting papers on the corporate website of Norilsk Nickel
29 July 2010	Press release: VEB approves project financing for the completion of the construction of the Boguchanskaya HPP and the first start-up complex of the Boguchansky Aluminium Smelter
3 August 2010	Press release: UC RUSAL declares that board of directors of MMC Norilsk Nickel did not decide to create a conciliation commission
6 August 2010	Press release: UC RUSAL convenes extraordinary general meeting of Norilsk Nickel's shareholders to elect new board
10 August 2010	Press release: UC RUSAL to refinance USD4.5 billion loan
11 August 2010	Press release: UC RUSAL files request for arbitration against Interros in the London Court of International Arbitration
	Press release: Arbitration involving Interros International Investments Limited
	Announcement of commencement of arbitration involving Interros International Investments Limited
16 August 2010	Press release: UC RUSAL files suit in Krasnoyarsk arbitration court in connection with MMC Norilsk Nickel's failure to provide AGM voting ballots
16 August 2010	Announcement of the grant of security over shares of En+ Group Limited
18 August 2010	Announcement of date of Board meeting to be held on 30 August 2010
31 August 2010	Press release: UC RUSAL announces management and structural changes
	Announcement of resignation of Ms. Tatiana Soina as Chief Financial Officer and appointment of Mr. Evgeny Kornilov as Chief Financial Officer
31 August 2010	Press release: UC RUSAL to launch Russian Depository Receipts Programme
	Announcement of intention to launch Russian Depository Receipts Program
8 September 2010	Press release: UC RUSAL launches 'Save Norilsk Nickel' website to promote its action plan to enhance value for all shareholders
12 September 2010	Announcement of the entering into of continuing connected transactions (raw material purchase agreements) with Energoprom Management
15 September 2010	Press release: UC RUSAL poses seven questions to the management of MMC Norilsk Nickel
16 September 2010	Press release: Prosecutor General's Office confirms violations found in MMC Norilsk Nickel AGM
16 September 2010	Press release: Oleg Deripaska to deliver inaugural lecture to launch President's Forum at HKUST
17 September 2010	Announcement of change of address of registered office in Jersey

Date	Announcement
17 September 2010	Press release: UC RUSAL nominates three independent non executive directors to MMC Norilsk Nickel Board
20 September 2010	Press release: UC RUSAL to launch new social initiative programme "Territory of RUSAL"
21 September 2010	Press release: Oleg Deripaska spoke to the audience of 3,000 to launch UC RUSAL President's Forum at HKUST
27 September 2010	Press release: UC RUSAL signs letter of intent to acquire stake in NORINCO sales subsidiary
27 September 2010	Press release: UC RUSAL CEO Oleg Deripaska visits PRC in Russian President's delegation
28 September 2010	Press release: UC RUSAL files law suit against MMC Norilsk Nickel to overrule AGM Board election
1 October 2010	Press release: ISS recommends voting "for" early termination of the Norilsk Nickel Board and "for" two independent directors
4 October 2010	Press release: UC RUSAL completes refinancing of VEB loan
	Announcement of entering into of arrangements with OJSC Savings Bank of the Russian Federation for the refinancing of the Company's VEB debt
5 October 2010	Press release: UC RUSAL announces new appointment
6 October 2010	Press release: ARMENAL reaches 100,000 tonne production mark
8 October 2010	Press release: Glass Lewis recommends voting "FOR" early termination of the Norilsk Nickel Board and "FOR" two independent directors
13 October 2010	Press release: UC RUSAL offers its assistance to MAL
18 October 2010	Press release: Bridging Russia and China
21 October 2010	Press release: UC RUSAL thanks minority shareholders for their support
25 October 2010	Press release: UC RUSAL on Interros' statement
28 October 2010	Press release: Response to article in the Kommersant daily newspaper
1 November 2010	Press release: UC RUSAL responds to Norilsk Nickel press release on KPMG due diligence report
1 November 2010	Announcement of date of Board meeting to be held on 11 November 2010
2 November 2010	Press release: UC RUSAL requests Norilsk Nickel EGM voting papers
9 November 2010	Press release: UC RUSAL requests minutes of Norilsk Nickel Management Board meetings
12 November 2010	Press release: UC RUSAL appoints new members to its Board of Directors
	Announcement of resignation of each of Mr. Vladimir Kiryukhin and Mr. Igor Ermilin as non-executive Directors and appointment of Mr. Alexander Livshits and Ms. Vera Kurochkina as executive Directors
12 November 2010	Press release: UC RUSAL reduces its board lot size by 6 times to 1,000 shares
	Announcement of further change in board lot size from 6,000 Shares to 1,000 Shares
24 November 2010	Announcement of Board approval for the entering into of continuing connected transactions
24 November 2010	Press release: UC RUSAL and NORINCO agree upon establishment of aluminium production and marketing joint ventures
	Announcement of the proposed entering into by the Company of aluminium production and marketing joint ventures with China North Industries Corporation
29 November 2010	Press release: UC RUSAL denies statement by Gujarat Foils
1 December 2010	Press release: UC RUSAL to launch landmark Russian Depository Receipts programme
	Announcement of an update on the status of the Russian Depository Receipts Program
8 December 2010	Press release: UC RUSAL's landmark Russian Depository Receipts programme registered at the FSFM
	Announcement of registration with the Russian Federal Service for the Financial Markets of certain documents relating to the Russian Depository Receipts Program
9 December 2010	Press release: UC RUSAL wins Ministry of Education and Science's bid to implement high-tech production projects
13 December 2010	Press release: UC RUSAL's board lot reduced today to 1,000 shares
16 December 2010	Press release: UC RUSAL's 2011 industry view and outlook
	Announcement of the Company's review of the outlook for the global aluminium industry in 2011
17 December 2010	Press release: UC RUSAL's RDRs listed on MICEX and RTS
	Announcement of the listing of the Russian Depository Receipts on MICEX and RTS on 16 December 2010
20 December 2010:	Press release: UC RUSAL comments on sale of quasi treasury shares by MMC Norilsk Nickel
21 December 2010	Press release: UC RUSAL announces finalizing terms of USD300 million trade finance
23 December 2010	Press release: UC RUSAL requests Extraordinary General Meeting of Norilsk Nickel's shareholders
24 December 2010	Press release: UC RUSAL's RDRs start trading on MICEX and RTS
28 December 2010	Announcement of the entering into of a continuing connected transaction, being the Fuel Oil Supply Contract with Achinsk Cement
29 December 2010	Press release: UC RUSAL's statement connection with the offer made by the MMC to acquire the Company's stake in Norilsk Nickel
31 December 2010	Press release: UC RUSAL and Ministry of Energy agree upon terms and conditions of the Company's operation on the wholesale electricity market

Date	Announcement
3 January 2011	Announcement of the entering into of continuing connected transactions, being the Provision of Power Contracts entered into in accordance with 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
18 January 2011	Announcement of the entering into of continuing connected transactions with Energoprom Management, a connected person of the Company under the Listing Rules
20 January 2011	Press release: UC RUSAL to participate in the sale of Emission Reduction Units under the Kyoto Protocol
26 January 2011	Press release: UC RUSAL resumes construction works at the BEMO site
1 February 2011	Press release: RUSAL launches renewed Save Norilsk Nickel website ahead of Norilsk Nickel EGM
7 February 2011	Press release: Voting and transfer of quasi-treasury shares held by Norilsk Nickel subsidiaries halted by Nevis Court
8 February 2011	Press release: UC RUSAL nominates candidates to Norilsk Nickel Board of Directors
	Press release: UC RUSAL's statement in relation to press release by Corbiere Holdings Limited on 7 February 2011
14 February 2011	Press release: UC RUSAL approves final parameters of Ruble bond issue
	Press release: Regarding applications to the English and U.S. Courts to compel discovery of information regarding important transactions
	Announcement of the approval of the issue of Ruble Bonds
	Announcement of production results for the year ended 31 December 2010
	Announcement regarding letter received from MMC Norilsk Nickel proposing to acquire from the Company 20% of the outstanding ordinary shares of MMC Norilsk Nickel
	Announcement of resumption of operations at Windalco-Kirkvine Works Plan in 2011
15 February 2011	Announcement of the entering into of continuing connected transactions, being the 2011 Raw Material Supply Contracts
	Press release: UC RUSAL's comment to Norilsk Nickel Press Release
16 February 2011	Announcement of the issue of Ruble bonds by the Company
17 February 2011	Announcement to correct certain statements in 14 February 2011 production results announcement
21 February 2011	Press release: UC RUSAL clarifies position regarding completion of Buyback of Norilsk Nickel shares
24 February 2011	Press release: Glass Lewis recommends voting "For" early termination
25 February 2011	Press release: UC RUSAL's application against Trafigura for information disclosure granted by US District Court of Connecticut
28 February 2011	Press release: UC RUSAL's statement regarding Nevis court decision
1 March 2011	Press release: UC RUSAL's statement regarding London court decision
2 March 2011	Press release: UC RUSAL announces that the book with respect to the Ruble bond issue is closed with over 2 times oversubscription
	Announcement: Book close of the Ruble bonds
3 March 2011	Announcement: Announcement made pursuant to rule 13.10 of the Listing Rules – response to enquiries made by the Stock Exchange
4 March 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
	Announcement: 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
10 March 2011	Press release: US Federal Court orders The Bank of New York Mellon to provide Norilsk evidence to UC RUSAL
11 March 2011	Press release: UC RUSAL makes debt repayments totalling USD835 million
	Announcement: Prepayments under the International Override Agreement
18 March 2011	Announcement of date of Board meeting to be held on 30 March 2011
	Announcement of exceeding of 2009 annual caps for continuing connected transactions
	Announcement of update on aluminium sales contracts – continuing connected transactions
	Press release: 2010 Nobel Laureate in Economic Sciences Professor Christopher Pissarides to speak at UC RUSAL President's Forum at HKUST
23 March 2011	Press release: UC RUSAL welcomes the new board at Norilsk Nickel
28 March 2011	Announcement: Continuing connected transactions
	Announcement: Continuing connected transactions
	Announcement: Continuing connected transactions
	Press release: UC RUSAL signs MOU with China's Xinshan Aluminum Industry Demonstration Park
31 March 2011	Announcement: Continuing connected transaction
4 April 2011	Press release: UC RUSAL announces opening of the book with respect to RUSAL bonds issue by OJSC RUSAL Bratsk
	Announcement: Issue of the Ruble bonds
6 April 2011	Press release: UC RUSAL CEO Oleg Deripaska visits Guinea with the Russian government delegation
11 April 2011	Press release: UC RUSAL appoints Igor Makarov chief legal officer
15 April 2011	Announcement: Book close of the Ruble bonds
	Press release: UC RUSAL announces the closing of the book with respect to series 08 Ruble bond issue

5. OTHER PUBLICATIONS

8 April 2010	Invitation to the annual results analyst presentation
12 April 2010	Annual results analyst presentation
31 August 2010	2010 interim results presentation
12 November 2010	9M 2010 results presentation
31 March 2011	2010 annual results presentation

6. TRANSACTIONS BY DIRECTORS AND RELEVANT OFFICERS (PUBLISHED ON THE AMF's WEBSITE)

21 April 2010	Information No. 210D1925 relating to the transfer of 16,920,000 shares by the CEO on 13 April 2010

7. OTHER FILINGS OF THE COMPANY (MADE PURSUANT TO THE JERSEY COMPANIES LAW)

8 January 2010	Prospectus pursuant to the IPO
15 January 2010	Prospectus pursuant to the IPO
20 January 2010	Registrar's consent to the issue of a prospectus
26 January 2010	Special resolution amending the Company's memorandum and articles of association, conditional on the IPO, approving the Global Offering and the issue of shares thereunder, granting the directors mandates, conditional on the completion of the Global Offering, to issue and repurchase shares and reappointing all existing directors on the IPO
27 January 2010	Special resolution amending the Company's articles of association
27 January 2010	Change in status of the Company to a public company
27 January 2010	Change in name of the Company to United Company RUSAL Plc
26 February 2010	Annual return of the Company for the year ended 31 December 2009
21 June 2010	Special resolutions passed at the annual general meeting of the Company
25 June 2010	Public company accounts for 2009
21 September 2010	Notice of change of registered office

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 financial statements.

26. CHARITABLE DONATIONS

Charitable donations of the Company amounted to USD9 million in 2010 and USD4 million in 2009. Charitable donations in both years related to UC RUSAL's donations to various charities, including orphanages, cancer treatment hospitals and nursing homes.

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 financial statements presented in this report, being 30 March 2011, are disclosed in note 36 to the financial statements. The details of the events subsequent to 30 March 2011 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 2010 in which a Director is or was materially interested, either directly or indirectly.

On behalf of the Board

WONG PO YING, ABY
COMPANY SECRETARY
28 April 2011

2010 5.7 MLN T

+7.3%

Construction Industries Aluminium Demand DEVELOPED MARKETS

SOURCE: BROOK HUNT

Corporate Governance Report

pp101–111

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.

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 the date of this Annual Report, the Board consists of the Directors listed below and their attendance record for the ten Board meetings held by the Board during the Review Period is as follows:

Attendance at meetings	19.02.2010	09.04.2010	22.04.2010[1]	13.05.2010[1]	09.06.2010	27.07.2010[1]	30.08.2010	11.11.2010	15.12.2010[1]	29.12.2010[1]
EXECUTIVE DIRECTORS										
Mr. Oleg Deripaska (Chief Executive Officer)	X	X	X	X	X	X	A	A	X	X
Mr. Vladislav Soloviev (First Deputy Chief Executive Officer)	X	X	X	X	X	X	X	X	X	X
Mr. Petr Sinshinov (Deputy Chief Executive Officer)	X[2]	X[2]	X	X	T	X	X[2]	T	X	X
Ms. Tatiana Soina (Chief Financial Officer until 24 October 2010)	X	X	X	X	T	X	X	X	X	X
Ms. Vera Kurochkina								X	X	X
Mr Alexander Livshits								T	X[2]	X
NON EXECUTIVE DIRECTORS										
Mr. Victor Vekselberg	X	X	X	A	X	X	X[3]	X[3]	X	A
Mr Dmitry Afanasiev	X	X	A	X	T	X	X[2]	X	X[2]	A
Mr. Len Blavatnik	X	X	X	X	X[3]	X	X	X[4]	X	X[4]
Mr. Igor Ermilin	X[2]	X[2]	A	A	T	X	X[5]			
Mr. Ivan Glasenberg	X	X	X	X	X[6]	X	X	X	X	X
Mr. Vladimir Kiryukhin	X[2]	X[2]	A	A	A	A	X[5]			
Mr. Alexander Popov	X	X	X	X	X	X	X	X	X	X
Mr. Dmitry Razumov	X[7]	X	X	X	X	X	X[7]	X	X	X
Mr. Jivko Savov	X[2]	A	A	A	X[2]					
Mr. Anatoly Tikhonov	X[8]	X	X	A	X	X	X	X	X	A
Mr. Artem Volynets						X	X	X	X	X
INDEPENDENT NON-EXECUTIVE DIRECTORS										
Mr. Barry Cheung Chun-yuen	X	X	X	X	X	X	X	T	X	X
Dr. Peter Nigel Kenny	X	X	X	X	X	X	X	X	X	X
Mr. Philip Lader	A	X	X	A	X	X	X	T	A	X
Ms. Elsie Leung Oi-sie	X	X	X	X	X	X	X	X	X	X

X Present
A Absent
T By telephone
1 Teleconference
2 Represented by Mr Vladislav Soloviev as alternate director
3 Represented by Mr Maksim Goldman as alternate director
4 Represented by Mr Alexander Genin as alternate director
5 Represented by Mr Artem Volynets as alternate director
6 Represented by Mr Gary Mischa Fegel as alternate director
7 Represented by Mr Christophe Francois Charlier as alternate director
8 Represented by Mr Andrey Sapelin as alternate director

Biographical details of the above Directors are set out in the section headed Profiles of Directors and Senior Management on pages 053 to 067 of this Annual Report.

Mr. Vladislav Soloviev was appointed to the newly established position of First Deputy Chief Executive Officer on 9 April 2010 and became an executive Director and ceased to be a non-executive Director. This change was part of the Company's programme to strengthen the team of top managers and further improve the management system of UC RUSAL as a public company.

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 2010, ten Board meetings were held.

At the Board meeting held on 30 March 2011, the Directors approved, among other things, the annual results of the Company for the year ended 31 December 2010.

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 in accordance with written resolutions. These mandates are described on pages 070 to 071 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

Two shareholder agreements have been entered into: the Shareholders' Agreement with the Company and the Shareholders Agreement between Major Shareholders Only. 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) 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. Compliance with, and deviation from, A1.8 of the CG Code

A1.8 of the CG Code states that "If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should not be dealt with by way of circulation or by a committee (except an appropriate board committee set up for that purpose pursuant to a resolution passed in a board meeting) but a board meeting should be held. Independent non-executive directors who, and whose associates, have no material interest in the transaction should be present at such board meetings."

Due to the size and nature of the Board, physical meetings are scheduled approximately every two months 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. This is due, in large part, to the fact that the Group was born out of a merger of the aluminium and alumina assets of En+, SUAL Partners and Glencore, who remain major players in those and other connected industries and continue to transact with the Group. In order to continue its business, the Company needs to continue to regularly transact with these Major Shareholders and entities affiliated to them and, accordingly, Directors may have corresponding interests by virtue of their directorships or beneficial ownership of 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 2010, there were several instances where written resolutions were circulated involving business in which Directors or substantial shareholders had interests that were considered material by the Board (including, for instance, some of the transactions set out in section 10 (Connected Transactions) of the Directors' Report).

Where written resolutions have been passed during the financial year, the Company has sought to comply with the spirit of A1.8 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 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), those interested Directors have not been prohibited from voting on and counting in the quorum in relation to the resolution (and circulation of the written resolution 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 made such a determination, 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 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 is the Chairman and is chiefly responsible for maintaining the effective operation of the Board. Mr. Vekselberg also chairs Board meetings, briefs Board members on issues discussed at Board meetings and takes responsibility for ensuring that 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 2010 is indicated on page 102 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 Directors passed during the Review Period, the majority of the independent non-executive Directors had signed most of the resolutions. During the Review Period, the independent non-executive Directors of the Company did not propose any objection to the proposed resolutions at Board meetings and proposals of other meetings.

6. NOMINATION OF DIRECTORS

The Company established a corporate governance and nominations committee with written terms of reference which were amended to be in compliance with the CG Code on and from the Listing Date.

The primary functions of the Corporate Governance and Nominations Committee are to develop, recommend and annually review corporate governance guidelines for the Company and its consolidated subsidiaries, to oversee corporate governance matters and to make recommendations to the Board in relation to the appointment and removal of Directors. The Corporate Governance and Nominations 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 Nominations Committee is required to determine the 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 Nominations 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, ensuring that appointees have enough time to devote to the position.

The Corporate Governance and Nominations Committee consists of a majority of independent non-executive Directors. The members are as follows[20]: 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 (appointed with effect from 16 June 2010). Mr. Vladislav Soloviev was a member of the Corporate Governance and Nominations Committee until 16 June 2010. The Corporate Governance and Nominations Committee has held six meetings during the Review Period. At these meetings the Corporate Governance and Nominations Committee considered, amongst other things, (i) The Code for Securities Transactions by Directors of the Company and The Code for Securities Transactions by Relevant Officers of the Company, (ii) the annual plan of the Corporate Governance and Nominations Committee, (iii) the recommendation of qualified individuals to the Board including Mr. Artem Volynets, Mr. Alexander Livshits and Ms. Vera Kurochkina, (iv) the CG Code, (v) the internal policy for general meetings, and (vi) the terms of reference of the Standing Committee.

The members of the Corporate Governance and Nominations Committee have regularly attended and actively participated in meetings. The following is the attendance record of the meetings held by the Corporate Governance and Nominations Committee during the Review Period:

Attendance at meetings Member	22.03.2010[1]	09.04.2010	09.06.2010	30.07.2010	30.08.2010	11.11.2010
Mr. Philip Lader	X	X	X	X	X	T
Dr. Peter Nigel Kenny	X	X	X	X	X	X
Mr. Vladislav Soloviev	X	A	X			
Mr. Ivan Glasenberg	X	X	A	A	X	X
Mr. Barry Cheung Chun-yuen	X	X	X	X	X	T
Mr. Artem Volynets				X	X	X

X Present
A Absent
T By telephone
1 Teleconference

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 Directors chosen to retire at this annual general meeting are Mr. Oleg Deripaska, Mr. Vladislav Soloviev, Mr. Victor Vekselberg, Mr. Alexander Popov, Mr. Dmitry Razumov and Mr. Philip Lader, who will offer themselves up for re-election as Directors. Under article 23.1 of the Articles of Association, Mr. Artem Volynets, Mr. Alexander Livshits and Ms. Vera Kurochkina will hold office until the forthcoming annual general meeting and will be eligible for re-election at the forthcoming annual general meeting. Accordingly, Mr. Artem Volynets, being eligible, will offer himself for re-election as a non-executive Director and Mr. Alexander Livshits and Ms. Vera Kurochkina, being eligible, will offer himself and herself respectively for re-election as an executive Director.

20 Mr. Vladislav Soloviev, an executive Director, resigned as a member of the Corporate Governance and Nominations Committee with effect from 16 June 2010 and Mr. Artem Volynets was appointed with effect from 16 June 2010.

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 which were amended to be in compliance with the CG Code on and from the Listing Date. The primary function of the Remuneration Committee is to make recommendations to the Board on the remuneration package of the Directors and senior management, and to evaluate and make recommendations on employee benefit arrangements. 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. Mr Vladislav Soloviev resigned as a member of the Remuneration Committee with effect from 16 June 2010.

The Remuneration Committee has held three meetings during the Review Period. At those meetings the Remuneration Committee discussed and recommended that the Board approve the issue of the IPO bonus Shares and the management incentive compensation plan. 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 2010:

Attendance at meetings Member	09.06.2010	30.08.2010	01.11.2010[1]
Mr. Philip Lader (Chairman)	X	X	X
Dr. Peter Nigel Kenny	X	X	X
Mr. Vladislav Soloviev	X		
Mr. Barry Cheung Chun-Yuen	X	X	X
Mr. Len Blavatnik	A	X	X
Mr. Artem Volynets		X	X

X Present
A Absent
[1] Teleconference

The total remuneration, including the basic salary, performance-linked salary, incentive-linked salary and discretionary bonus of the Directors in 2010 amounted to approximately USD88 million. All other independent non-executive Directors are only entitled to receive Director's fees but not other remuneration. Other bonuses payable to the Directors and senior management in connection with the Listing or otherwise, are detailed in the Directors' Report on pages 092 to 093 of this Annual Report.

8. AUDIT COMMITTEE WORK AND COMPOSITION

The Company established an audit committee with written terms of reference which were amended to be in compliance with the CG Code on and from the Listing Date.

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, and two non-executive Directors, Mr. Alexander Popov and Mr. Dmitry Razumov. Dr. Peter Nigel Kenny holds relevant professional qualifications and knowledge related to accounting and financial management.

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.

Up to the date of this Annual Report, the Audit Committee has held 7 meetings. The Company's external auditors are regularly invited to attend meetings of the Audit Committee. At the meeting on 9 April 2010, members of the Audit Committee reviewed the financial statements for the year ended 31 December 2009 and at a meeting on 30 March 2011, members of the Audit Committee reviewed the financial statements for the year ended 31 December 2010. The Audit Committee is of the opinion that such 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 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 2010:

Attendance at meetings Member	19.02.2010	09.04.2010	13.05.2010	09.06.2010	30.08.2010	11.11.2010	15.12.2010
Dr. Peter Nigel Kenny (Chairman)	X	X	X	X	X	X	X
Mr. Philip Lader	T	X	A	X	X	T	A
Mr. Dmitry Razumov[1]	X	X	X	X	X	X	X
Mr. Alexander Popov	X	X	X	X	X	X	X
Ms. Elsie Leung Oi-sie	X	X	X	X	X	X	X

X Present
A Absent
T By telephone
1 Represented by Mr. Christophe Francois Charlier as his alternate

9. AUDITORS' REMUNERATION IN RESPECT OF AUDIT AND NON-AUDIT SERVICES

For the year ended 31 December 2010, 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:

AUDIT SERVICES	For the year ended 31 December 2010 USD'000
Annual audit services	10,923
Annual non-audit services	200

10. DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements for the year ended 31 December 2010 in accordance with applicable law and IFRS and that these 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 financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

> select suitable accounting policies and apply them consistently;
> make judgements 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 financial statements; and
> prepare the 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 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 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 112 to 113 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 Department of Internal Control, which is responsible for developing and monitoring the Company's risk management policies. The Department of Internal 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 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 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.

For the year ended 31 December 2010, the Board considered 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 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 2010, 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 to the members of United Company RUSAL Plc

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") set out on pages 114 to 190, which comprise the Consolidated and Company Statements of Financial Position as at 31 December 2010, 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 109, 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 2010 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 2010 not being available, we were unable to obtain sufficient appropriate audit evidence in relation to the Group's estimate of the share of profit and other comprehensive income of Norilsk Nickel of USD2,451 million and USD20 million, respectively, for the year ended 31 December 2010, and the carrying value of the Group's investment in Norilsk Nickel of USD10,671 million as at 31 December 2010 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 2010 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.

Stuart Poyner
For and on behalf of ZAO KPMG
Member of Chamber of Auditors of Russia
and Recognized Auditor

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Block C
10 Presnenskaya Naberezhnaya
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30 March 2011

Consolidated Statement Of Income

For the year ended 31 December 2010

USD million	Note	Year ended 31 December 2010	2009
REVENUE	5	**10,979**	8,165
Cost of sales		**(7,495)**	(6,710)
GROSS PROFIT		**3,484**	1,455
Distribution expenses		**(553)**	(566)
Administrative expenses		**(762)**	(713)
Loss on disposal of property, plant and equipment		**(19)**	(5)
Impairment of non-current assets	15, 23	**(49)**	(68)
Other operating expenses	6	**(70)**	(166)
RESULTS FROM OPERATING ACTIVITIES		**2,031**	(63)
Finance income	7	**99**	1,321
Finance expenses	7	**(1,529)**	(1,987)
Share of profits/(losses) and impairment of associates	17	**2,435**	1,417
Share of (losses)/profits and impairment of jointly controlled entities	18	**(25)**	151
PROFIT BEFORE TAXATION		**3,011**	839
Income tax	8	**(144)**	(18)
NET PROFIT FOR THE YEAR		**2,867**	821
Attributable to:			
Shareholders of the Company		**2,867**	821
NET PROFIT FOR THE YEAR		**2,867**	821
EARNINGS PER SHARE			
Basic and diluted earnings per share (USD)	14	**0.19**	0.06

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 121 to 190.

Consolidated Statement Of Comprehensive Income

For the year ended 31 December 2010

USD million	Note	Year ended 31 December 2010	2009
NET PROFIT FOR THE YEAR		**2,867**	821
OTHER COMPREHENSIVE INCOME			
Actuarial (losses)/gains on post retirement benefit plans (refer to note 27(a))		**(6)**	29
Share of other comprehensive income of associate		**20**	130
Foreign currency translation differences for foreign operations		**(50)**	(270)
		(36)	**(111)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,831**	710
Attributable to:			
Shareholders of the Company		**2,831**	710
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,831**	710

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 121 to 190.

Consolidated Statement Of Financial Position

As at 31 December 2010

USD million	Note	31 December 2010	31 December 2009
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	**5,875**	6,088
Intangible assets	16	**4,085**	4,112
Interests in associates	17	**11,151**	8,968
Interests in jointly controlled entities	18	**1,136**	778
Financial investments	19	**111**	54
Deferred tax assets	21	**85**	144
Other non-current assets		**104**	118
TOTAL NON-CURRENT ASSETS		**22,547**	20,262
CURRENT ASSETS			
Inventories	22	**2,429**	2,150
Trade and other receivables	23	**1,058**	1,238
Cash and cash equivalents	24	**491**	236
TOTAL CURRENT ASSETS		**3,978**	3,624
TOTAL ASSETS		**26,525**	23,886
EQUITY AND LIABILITIES			
EQUITY	25		
Share capital		**152**	–
Share premium		**15,782**	13,641
Other reserves		**3,095**	3,081
Currency translation reserve		**(3,577)**	(3,527)
Accumulated losses		**(3,996)**	(6,863)
TOTAL EQUITY		**11,456**	6,332
NON-CURRENT LIABILITIES			
Loans and borrowings	26	**10,602**	11,117
Provisions	27	**402**	385
Deferred tax liabilities	21	**415**	512
Derivative financial liabilities	28	**660**	510
Other non-current liabilities		**22**	62
TOTAL NON-CURRENT LIABILITIES		**12,101**	12,586
CURRENT LIABILITIES			
Loans and borrowings	26	**1,361**	2,752
Current taxation	21(e)	**40**	44
Trade and other payables	29	**1,365**	1,911
Derivative financial liabilities	28	**78**	60
Provisions	27	**124**	201
TOTAL CURRENT LIABILITIES		**2,968**	**4,968**
TOTAL LIABILITIES		**15,069**	**17,554**
TOTAL EQUITY AND LIABILITIES		**26,525**	**23,886**
NET CURRENT ASSETS/(LIABILITIES)		**1,010**	**(1,344)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**23,557**	18,918

Approved and authorised for issue by the board of directors on 30 March 2011.

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 121 to 190.

Statement Of Financial Position Of the Company

As at 31 December 2010

USD million	Note	31 December 2010	31 December 2009
ASSETS			
NON-CURRENT ASSETS			
Investments in subsidiaries	20	**18,915**	14,687
Loans to group companies		**17**	–
Other non-current assets		**12**	66
TOTAL NON-CURRENT ASSETS		**18,944**	14,753
CURRENT ASSETS			
Loans to group companies		**1,815**	2,657
Other receivables	23	**29**	38
Cash and cash equivalents	24	**–**	2
TOTAL CURRENT ASSETS		**1,844**	2,697
TOTAL ASSETS		**20,788**	17,450
EQUITY AND LIABILITIES			
EQUITY	25		
Share capital		**152**	–
Share premium		**15,782**	13,641
Additional paid-in capital		**776**	100
Accumulated losses		**(7,798)**	(8,308)
TOTAL EQUITY		**8,912**	**5,433**
NON-CURRENT LIABILITIES			
Loans and borrowings	26	**8,671**	8,859
Other non-current liabilities	33(c)	**1,578**	45
TOTAL NON-CURRENT LIABILITIES		**10,249**	8,904
CURRENT LIABILITIES			
Loans and borrowings	26	**855**	1,954
Trade and other payables	29	**772**	1,159
TOTAL CURRENT LIABILITIES		**1,627**	**3,113**
TOTAL LIABILITIES		**11,876**	**12,017**
TOTAL EQUITY AND LIABILITIES		**20,788**	**17,450**
NET CURRENT ASSETS/(LIABILITIES)		**217**	**(416)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,161**	**14,337**

Approved and authorised for issue by the board of directors on 30 March 2011.

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 121 to 190.

Consolidated Statement Of Changes In Equity

As at 31 December 2010

USD million	Note	Share capital	Share premium	Other reserves	Currency translation reserve	Accumulated losses	Total equity
BALANCE AT 1 JANUARY 2010		**–**	**13,641**	**3,081**	**(3,527)**	**(6,863)**	**6,332**
Total comprehensive income/(loss) for the year		–	–	14	(50)	2,867	2,831
Capitalisation issuance of shares	25(a)	135	(135)	–	–	–	–
Shares issued upon Global Offering, net of related expenses of USD48 million	25(a)	16	2,172	–	–	–	2,188
Shares issued on exercise of Fee Warrants	25(a)	–	36	–	–	–	36
Issuance of shares as compensation to management	25(a)	1	68	–	–	–	69
BALANCE AT 31 DECEMBER 2010		**152**	**15,782**	**3,095**	**(3,577)**	**(3,996)**	**11,456**
BALANCE AT 1 JANUARY 2009		–	12,517	2,912	(3,257)	(7,684)	4,488
Total comprehensive income/(loss) for the year		–	–	159	(270)	821	710
Shares issued upon restructuring of deferred consideration	25(f)	–	1,124	–	–	–	1,124
Other changes resulting from transactions with entities under common control		–	–	10	–	–	10
BALANCE AT 31 DECEMBER 2009		–	13,641	3,081	(3,527)	(6,863)	6,332

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 121 to 190.

Consolidated Statement Of Cash Flows

For the year ended 31 December 2010

USD million	Year ended 31 December 2010	2009
OPERATING ACTIVITIES		
NET PROFIT FOR THE YEAR	**2,867**	821
Adjustments for:		
Depreciation (note 9(b))	**481**	569
Amortisation (note 9(b))	**17**	17
Impairment of non-current assets (notes 15, 23)	**49**	68
Loss on disposal of financial investments (note 7)	**12**	–
Shares issued as compensation to management	**69**	–
Gain on restructuring (note 7(c))	**–**	(1,209)
Gain on fair-value adjustment on financial investments (note 19)	**(57)**	(77)
Impairment loss on trade and other receivables (note 6)	**18**	92
Impairment/(reversal of impairment) of inventories	**27**	(251)
Provision/(reversal of provision) for legal claims (note 6)	**15**	(5)
(Reversal of tax provision)/tax provision	**(46)**	13
Change in fair value of derivative financial liabilities	**246**	570
Foreign exchange (gains)/losses	**(67)**	22
Loss on disposal of property, plant and equipment	**19**	5
Loss on disposal of intangible assets	**1**	12
Interest expense	**1,250**	1,258
Interest income	**(17)**	(35)
Income tax expense	**144**	18
Share of (profits)/losses and impairment of associates (note 17)	**(2,435)**	(1,417)
Share of losses/(profits) and impairment of jointly controlled entities (note 18)	**25**	(151)
	2,618	320
(Increase)/decrease in inventories	**(282)**	993
Increase in trade and other receivables	**(4)**	(42)
Decrease/(increase) in prepaid expenses and other assets	**93**	(8)
(Decrease)/increase in trade and other payables	**(480)**	69
(Decrease)/increase in provisions	**(36)**	1
CASH GENERATED FROM OPERATIONS	**1,909**	1,333
Income taxes paid	**(171)**	(47)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**1,738**	1,286

Consolidated Statement Of Cash Flows

For the year ended 31 December 2010

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USD million	Year ended 31 December 2010	2009
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	**10**	57
Interest received	**7**	19
Acquisition of property, plant and equipment	**(361)**	(239)
Proceeds from disposal of entity under common control	**–**	25
Dividends from associates	**295**	–
Dividends from jointly controlled entities	**28**	16
Acquisition of intangible assets	**(6)**	(5)
Contributions to jointly controlled entities	**(431)**	(176)
Changes in restricted cash	**16**	2
NET CASH USED IN INVESTING ACTIVITIES	**(442)**	(301)
FINANCING ACTIVITIES		
Proceeds from borrowings	**4,798**	1,568
Repayment of borrowings	**(7,116)**	(1,850)
Restructuring fees	**(84)**	(204)
Listing related expenses	**(82)**	–
Interest paid	**(623)**	(965)
Repayment of Fee Warrants	**(153)**	–
Proceeds from the Global Offering	**2,236**	–
NET CASH USED IN FINANCING ACTIVITIES	**(1,024)**	(1,451)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**272**	(466)
Cash and cash equivalents at beginning of the year	**215**	685
Effect of exchange rate fluctuations on cash and cash equivalents	**(1)**	(4)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 24)	**486**	215

Restricted cash amounted to USD5 million and USD21 million at 31 December 2010 and 31 December 2009, 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 25(a)).

(ii) On 7 December 2009, the Company issued 742 shares upon restructuring of the deferred consideration for the acquisition of 25% plus 1 share of Norilsk Nickel. Details of the transaction are set out in notes 17(a) and 25(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 121 to 190.

Notes To The Consolidated Financial Statements

For the year ended 31 December 2010

1. BACKGROUND

a. Organisation

United Company RUSAL Plc (the "Company" or "UC RUSAL"), formerly United Company RUSAL Limited was established by the controlling shareholder of RUSAL Limited ("RUSAL") as a limited liability company under the laws of Jersey on 26 October 2006. In January 2010, the Company successfully completed a dual placing on The Stock Exchange of Hong Kong Limited and Euronext Paris ("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".

On 27 January 2010, the Company completed the Global Offering. The Company issued 1,636,363,646 new shares in the form of shares listed on The Stock Exchange of Hong Kong Limited, and in the form of global depositary shares ("Global Depositary Shares" or "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 2010 and 31 December 2009 was as follows:

	31 December 2010	31 December 2009
En+ Group Limited ("En+")	**47.41%**	53.35%
Onexim Holdings Limited ("Onexim")	**17.02%**	19.16%
SUAL Partners Limited ("SUAL Partners")	**15.80%**	17.79%
Amokenga Holdings Limited ("Amokenga Holdings")	**8.75%**	9.70%
Management held (including 0.22% held by the CEO of the Company)	**0.27%**	–
Publicly held	**10.75%**	–
TOTAL	**100%**	100%

En+ is controlled by Mr. Oleg Deripaska. SUAL Partners is controlled by Mr. Victor Vekselberg and Mr. Len Blavatnik together. Onexim is controlled by Mr. Mikhail Prokhorov. Amokenga Holdings is a wholly owned subsidiary of Glencore International AG ("Glencore") which is controlled by its management and key employees.

Related party transactions are detailed in note 33.

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, 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

Notes To The Consolidated Financial Statements

For the year ended 31 December 2010

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 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 2010. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on 1 January 2010 are set out in note 38.

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.

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 policies in note 3 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 ("RUR"), 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 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 2009, except for adoption of revised IFRS 3 Business Combinations (2008) and amended IAS 27 (2008) Consolidated and Separate Financial Statements with effect from 1 January 2010. The revisions address, among other things, accounting for step acquisitions, require acquisition-related costs to be recognised as expenses and remove the exception for changes in contingent consideration to be accounted for by adjusting goodwill. The revisions also address how non-controlling interests in subsidiaries should be measured upon acquisition and require the effects of transactions with non-controlling interests to be recognised directly in equity. Any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. The adoption of the revised and amended standards did not have any significant impact on the Group's consolidated financial statements. Certain insignificant comparative amounts have been reclassified to conform with the current year's presentation.

In its interim condensed consolidated financial information as at and for the nine and three months ended 30 September 2010 the Group accounted for its share in the Group's equity investments based on the financial information of associates as at and for the six months ended 30 June 2010. In these annual consolidated financial statements the reporting period of the Group and its associates was synchronised.

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.

a. Basis of consolidation

(i) **Subsidiaries and non-controlling interests**
Subsidiaries are entities controlled by the Group. Control exists when the Company 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.

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.

Notes To The Consolidated Financial Statements

For the year ended 31 December 2010

(iv) **Associates and jointly controlled entities (equity accounted investees)**

Associates are those entities in which the Group has significant influence, but not 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 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.

(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. Foreign currency differences arising on retranslation are recognised in the statement of income, except for differences arising on the retranslation of available-for-sale equity instruments 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. 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, in whole or in part, the relevant amount of the currency translation reserve is transferred to the statement of income as part of the gain or loss on disposal.

c. Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not classified as at fair value through profit or loss, 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 debt 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.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(h)(i)), and foreign currency differences on available-for-sale equity instruments (see note 3(b)(i)), are recognised in other comprehensive income and presented within equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the statement of income.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities at initial recognition of three months or less.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses. 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.

(ii) Derivative financial instruments

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.

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.

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.

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 of any derivative instrument that does not qualify 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 (see note 3(o)). 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.

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.

(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.

(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 on 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 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 principally 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.

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 cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

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 available-for-sale financial asset is calculated by reference to its fair value.

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 (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. Any cumulative loss in respect of an available-for-sale financial asset recognised in the statement of comprehensive income, and presented in equity, is transferred to 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 and available-for-sale financial assets that are debt securities, the reversal is recognised in the statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognised in the statement of comprehensive 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 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

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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. Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

k. 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.

l. 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.

(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.

m. Revenue

(i) 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.

n. Other expenses

(i) 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.

o. Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, 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. Dividend income is recognised on the date that the Group's right to receive payment is established.

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.

p. 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 using the statement of financial position method, providing for 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. 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.

q. 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 first is 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.

r. 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.

s. Related parties

For the purposes of the consolidated financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;
(iii) the party is an associate of the Group or joint venture in which the Group is a venturer;
(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

4. SEGMENT REPORTING

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 meets any of the quantitative thresholds for determining reportable segments.

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.

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

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of non-current segment assets used by the segments in their operations. Inter-segment pricing is determined on a consistent basis using market benchmarks.

(i) **Reportable segments**

Year ended 31 December 2010

USD million	Aluminium	Alumina	Energy	Mining and Metals	Total segment result
Revenue from external customers	**9,208**	**611**	**209**	**–**	**10,028**
Inter-segment revenue	**200**	**1,873**	**–**	**–**	**2,073**
TOTAL SEGMENT REVENUE	**9,408**	**2,484**	**209**	**–**	**12,101**
SEGMENT PROFIT	**2,244**	**49**	**48**	**2,451**	**4,792**
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/(EXPENSE) 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)**

Year ended 31 December 2009

	Aluminium USD million	Alumina USD million	Energy USD million	Mining and Metals USD million	Total segment result USD million
Revenue from external customers	6,770	438	149	–	7,357
Inter-segment revenue	123	1,446	–	–	1,569
TOTAL SEGMENT REVENUE	6,893	1,884	149	–	8,926
SEGMENT PROFIT/(LOSS)	300	(223)	29	1,437	1,543
IMPAIRMENT OF NON-CURRENT ASSETS	(20)	(46)	–	–	(66)
SHARE OF LOSSES OF ASSOCIATES	–	(20)	–	–	(20)
SHARE OF PROFITS OF JOINTLY CONTROLLED ENTITIES	–	–	151	–	151
DEPRECIATION/AMORTISATION	(450)	(116)	(10)	–	(576)
NON-CASH EXPENSES OTHER THAN DEPRECIATION	114	39	–	(4)	149
ADDITIONS TO NON-CURRENT SEGMENT ASSETS DURING THE YEAR	164	62	8	–	234
Segment assets	11,381	2,509	204	8,557	22,651
Interests in associates	–	401	–	–	401
Interests in jointly controlled entities	–	–	778	–	778
TOTAL SEGMENT ASSETS					23,830
Segment liabilities	(2,919)	(528)	(19)	–	(3,466)
TOTAL SEGMENT LIABILITIES					(3,466)

(ii) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

USD million	Year ended 31 December 2010	2009
REVENUE		
Reportable segment revenue	**12,101**	8,926
Elimination of inter-segment revenue	**(2,073)**	(1,569)
Unallocated revenue	**951**	808
CONSOLIDATED REVENUE	**10,979**	8,165

USD million	Year ended 31 December 2010	2009
PROFIT		
Reportable segment profit	**4,792**	1,543
Impairment of non-current assets	**(49)**	(68)
Share of losses of associates	**(16)**	(20)
Share of (losses)/profits of jointly controlled entities	**(25)**	151
Finance income	**99**	1,321
Finance expenses	**(1,529)**	(1,987)
Unallocated expenses	**(261)**	(101)
CONSOLIDATED PROFIT BEFORE TAXATION	**3,011**	839

USD million	31 December 2010	31 December 2009
ASSETS		
Reportable segment assets	**26,255**	23,830
Elimination of inter-segment receivables	**(463)**	(530)
Unallocated assets	**733**	586
CONSOLIDATED TOTAL ASSETS	**26,525**	23,886

USD million	31 December 2010	31 December 2009
LIABILITIES		
Reportable segment liabilities	**(2,843)**	(3,466)
Elimination of inter-segment payables	**463**	530
Unallocated liabilities	**(12,689)**	(14,618)
CONSOLIDATED TOTAL LIABILITIES	**(15,069)**	(17,554)

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For the year ended 31 December 2010

(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 under construction 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 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 2010	2009
Netherlands	**2,770**	1,906
Russia	**2,283**	1,469
Turkey	**867**	467
Japan	**663**	413
USA	**626**	739
Norway	**605**	361
South Korea	**427**	507
Italy	**266**	171
Greece	**250**	102
Sweden	**204**	172
United Kingdom	**181**	250
Germany	**139**	118
Canada	**–**	12
Other countries	**1,698**	1,478
	10,979	8,165

USD million	Specified non-current assets 31 December 2010	31 December 2009
Russia	**4,754**	4,956
Ireland	**312**	302
Ukraine	**270**	241
Guinea	**210**	225
Sweden	**147**	141
Guyana	**28**	29
Unallocated	**16,826**	14,368
	22,547	20,262

5. REVENUE

USD million	Year ended 31 December 2010	2009
SALES OF PRIMARY ALUMINIUM AND ALLOYS	**9,208**	6,770
Third parties	***4,798***	*4,172*
Related parties – companies capable of exerting significant influence	***4,117***	*2,418*
Related parties – companies under common control	***293***	*180*
SALES OF ALUMINA AND BAUXITE	**611**	438
Third parties	***363***	*265*
Related parties – companies capable of exerting significant influence	***241***	*173*
Related parties – companies under common control	***7***	*–*
SALES OF FOIL	**293**	243
Third parties	***283***	*239*
Related parties – companies under common control	***10***	*4*
OTHER REVENUE INCLUDING CHEMICALS AND ENERGY	**867**	714
Third parties	***589***	*512*
Related parties – companies capable of exerting significant influence	***15***	*11*
Related parties – companies under common control	***22***	*26*
Related parties – associates	***241***	*165*
	10,979	8,165

6. OTHER OPERATING EXPENSES

USD million	Year ended 31 December 2010	2009
Impairment loss on trade and other receivables	**(18)**	(92)
(Provision)/reversal of provision for legal claims	**(15)**	5
Reversal of tax provision/(tax provision)	**46**	(13)
Charitable donations	**(9)**	(4)
Other operating expenses	**(74)**	(62)
	(70)	(166)

7. FINANCE INCOME AND EXPENSES

USD million	Note	Year ended 31 December 2010	2009
FINANCE INCOME			
Interest income on third party loans and deposits		**14**	32
Interest income on loans to related parties – *companies under common control*		**3**	3
Foreign exchange gain		**25**	–
Revaluation of financial instruments	19	**57**	77
Gain on extinguishment of debt [c]		**–**	1,209
		99	1,321
FINANCE EXPENSES			
Interest expense on bank loans wholly repayable within five years and other bank charges		**(1,157)**	(1,033)
Revaluation of derivative financial instruments	28, 30(c)(i)	**(246)**	(570)
Interest expense on company loans from related parties - *companies capable of exerting significant influence* [b]		**(73)**	–
Interest expense on deferred consideration - *companies capable of exerting significant influence* [b]		**–**	(163)
Listing and restructuring related expenses		**(21)**	(86)
Foreign exchange loss		**–**	(73)
Loss on disposal of financial investments [a]		**(12)**	–
Interest expense on provisions		**(20)**	(62)
		(1,529)	(1,987)

(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) Upon completion of the debt restructuring in December 2009 (refer to note 26(c)), deferred consideration payable to Onexim was partially converted into shares of the Company (refer to notes 17(a) and 25(f)), while the remaining part of the deferred consideration payable was classified as loans and borrowings in accordance with the terms of the debt restructuring. As a result, the Company has changed the presentation of interest expenses related to deferred consideration from "interest expense on deferred consideration – companies capable of exerting significant influence" to "interest expense on company loans from related parties – companies capable of exerting significant influence".

(c) During the year ended 31 December 2009 the Group recognised a gain on extinguishment of debt in amount of USD1,209 million consisting of USD740 million related to restructuring of the deferred consideration (refer to notes 17(a) and 26) and USD469 million related to the extinguishment of existing debt and the recognition of the new debt at fair value at the date of restructuring (for details of the debt restructuring refer to note 26).

8. INCOME TAX

USD million	Year ended 31 December 2010	2009
Current tax – overseas		
Current tax for the year	**200**	82
(Over)/under provision in respect of prior years	**(15)**	9
Deferred tax		
Origination and reversal of temporary differences	**(41)**	(73)
ACTUAL TAX EXPENSE	**144**	18

Pursuant to the rules and regulations of Jersey, the Company is subject to income tax in Jersey at an applicable tax rate of 0%. The Company is a tax resident of Cyprus with 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 25%; Guinea of 0%; China of 25%; Kazakhstan of 20%; Australia of 31.3%; Jamaica of 33.3%; Ireland of 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 differ 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 2010 were 9.92% and 15.65% for different subsidiaries (31 December 2009: 10.1% and 16.5%). 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 2009 were the same as for the year ended 31 December 2010 except as noted above.

	Year ended 31 December			
	2010		2009	
	USD million	%	USD million	%
Profit before taxation	**3,011**	**100%**	839	100%
Income tax at tax rate applicable for Russian subsidiaries	**602**	**20%**	168	20%
Non-deductible expenses	**2**	**0.1%**	17	2%
Change in unrecognised deferred tax assets	**(20)**	**(0.7%)**	141	17%
(Over)/under-provision in prior years	**(15)**	**(0.5%)**	9	1%
Effect of different income tax rates	**(425)**	**(14%)**	(317)	(38%)
ACTUAL TAX EXPENSE	**144**	**5%**	18	2%

9. PROFIT FOR THE YEAR

Profit for the year is arrived at after charging/(crediting):

a. Personnel costs

	Year ended 31 December	
USD million	2010	2009
Wages and salaries	990	902
Contributions to defined contribution retirement plans	116	120
Contributions to defined benefit retirement plans	10	(4)
	1,116	1,018

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	2010	2009
Amortisation of intangible assets	**17**	17
Depreciation (net of amount included in inventories)	**481**	569
(Reversal of impairment losses)/impairment losses in respect of:		
– property, plant and equipment	**37**	68
– interests in associates	**(1,399)**	(929)
– interests in jointly controlled entities	**–**	(144)
Mineral restoration tax	**21**	30
(Decrease)/increase in provisions (including provisions for legal claims)	**(11)**	80
Auditors' remuneration	**11**	9
Operating lease charges in respect of property	**8**	16
Cost of inventories (note 22)	**3,918**	**3,140**

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10. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the disclosure requirements of section 161 of the Hong Kong Companies Ordinance is as follow:

	Year ended 31 December 2010		
USD thousand	Directors' fees	Salaries, allowances, benefits in kind and discretionary bonuses	Total
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			
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 UC RUSAL to an Executive Director of UC RUSAL with effect from 9 April 2010. He was appointed as First Deputy Chief Executive Officer of UC RUSAL and a member of the Executive Committee of UC RUSAL 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 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.

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.

(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

USD thousand	Directors' fees	Year ended 31 December 2009 Salaries, allowances, benefits in kind and discretionary bonuses	Total
EXECUTIVE DIRECTORS			
Oleg Deripaska (note (a))	–	27,891	27,891
Petr Sinshinov (note (b))	–	423	423
Tatiana Soina (note (c))	–	1,053	1,053
NON-EXECUTIVE DIRECTORS			
Victor Vekselberg (Chairman)	494	–	494
Dmitry Afanasiev	187	–	187
Len Blavatnik	203	–	203
Alexander Bulygin (note (a))	139	–	139
Ivan Glasenberg	236	–	236
Vladimir Kiryukhin (note (f))	187	–	187
Michael Nossal (note (e))	221	–	221
Alexander Popov	187	–	187
Dmitry Razumov	281	–	281
Jivko Savov (note (g))	141	–	141
Vladislav Soloviev	280	–	280
Anatoly Tikhonov (note (g))	187	–	187
INDEPENDENT NON-EXECUTIVE DIRECTORS			
Nigel Kenny	261	–	261
Philip Lader	262	–	262
Elsie Leung Oi-Sie (note (d))	16	–	16
Simon Thompson (note (e))	223	–	223
	3,505	29,367	32,872

(a) Oleg Deripaska became CEO of the Company with effect from 1 January 2009, replacing Alexander Bulygin, who was CEO of the Company and resigned from the position of CEO on 31 December 2008. Alexander Bulygin resigned from his position as a member of the Board of Directors in November 2009.

(b) Petr Sinshinov was appointed as an Executive Director in November 2009.

(c) Tatiana Soina was appointed as an Executive Director in November 2009.

(d) Elsie Leung Oi-Sie, an Independent Non-executive Director of the Company, was appointed as a member of the Board of Directors in November 2009.

(e) Michael Nossal and Simon Thompson resigned from their positions as members of the Board of Directors in November 2009.

(f) Vladimir Kirykhin was appointed as a member of the Board of Directors in June 2009.

(g) Jivko Savov and Anatoly Tikhonov were appointed as members of the Board of Directors in March 2009.

Retirement scheme contributions to the directors, who are members of management, are not dislcosed as the amount is considered not significant for either year presented. There are no retirement scheme contributions to non-executive directors.

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11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two were directors during the years ended 31 December 2010 and 2009, respectively, whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the other individuals are as follows:

USD thousand	Year ended 31 December 2010	2009
SALARIES AND BONUSES(*)	**24,241**	3,673

(*) Included in salaries and bonuses is remuneration in the form of shares of the Company for services performed in connection with the Global Offering. The amount of such bonus approximates USD5,384 thousand.

The emoluments of the other individuals with the highest emoluments are within the following bands:

	Year ended 31 December 2010 Number of individuals	2009 Number of individuals
HK$8,000,001-HK$8,500,000 (US$ 1,000,001 – US$ 1,100,000)	**–**	1
HK$9,500,001-HK$10,000,000 (US$ 1,200,001 – US$ 1,300,000)	**–**	1
HK$10,000,001-HK$10,500,000 (US$1,300,001 – US$ 1,400,000)	**–**	1
HK$45,000,001-HK$50,000,000 (US$ 5,200,001 – US$ 5,800,000)	**1**	–
HK$55,000,001-HK$60,000,000 (US$ 7,100,001 – US$ 7,800,000)	**1**	–
HK$80,000,001-HK$85,000,000 (US$ 10,400,001 – US$ 11,030,000)	**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 disclosed 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 2010 and 2009.

The Company is subject to external capital requirements as described in note 26.

13. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The profit attributable to equity shareholders of the company includes profits of USD510 million for the year ended 31 December 2010 and profits of USD1,049 million for the year ended 31 December 2009, which relate to the financial statements of the Company.

14. EARNINGS PER SHARE

The calculation of basic 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 2010 and 31 December 2009.

Weighted average number of shares:

	Year ended 31 December 2010	2009
Issued ordinary shares at beginning of the year	**1,237,000**	11,628
Effect of capitalisation issue (refer to note 25(a))	**13,498,763,000**	12,743,110,100
Issuance of shares on the Global Offering (refer to note 25(a))	**1,491,175,287**	–
Issuance of shares on warrant conversion (refer to note 25(a))	**24,213,707**	–
Effect of shares issued as compensation to management	**52,460,578**	–
Effect of share issuance (refer to note 25(a))	**–**	49
Effect of share subdivision (refer to note 25(a))	**–**	1,156,023
WEIGHTED AVERAGE NUMBER OF SHARES AT END OF THE YEAR	**15,067,849,572**	12,744,277,800
NET PROFIT FOR THE YEAR (USD MILLION)	**2,867**	821
EARNINGS PER SHARE (USD)	**0.19**	0.06

	Year ended 31 December 2010	2009
Effect of warrants issuance	**–**	8,966,377
Weighted average number of shares at end of the year adjusted for warrants issuance	**15,067,849,572**	12,753,244,177
DILUTED EARNINGS PER SHARE (USD)	**0.19**	0.06

There were no outstanding dilutive instruments during the year ended 31 December 2010.

On 24 December 2009, the Company undertook a share split of 1:100 as further described in note 25(a). Immediately prior to the Global Offering, the Company issued 13,498,763,000 shares to its existing shareholders as a capitalisation share issue. These transactions have been given retroactive effect for the purposes of calculating earnings per share.

On 27 January 2010, the Company issued 1,610,292,840 ordinary shares upon the Global Offering and 26,070,806 ordinary shares on the conversion of the Fee Warrants (refer to note 25(a)).

The weighted average number of shares for the year ended 31 December 2010 includes the effect of the shares issued as compensation to management (refer to note 25(a)) from the date of Global Offering, 27 January 2010.

No dividends were declared and paid during the years presented.

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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 2009	3,522	5,569	1,340	171	672	1,467	12,741
Additions	6	12	114	3	1	103	239
Disposals	(5)	(29)	(11)	(3)	–	(65)	(113)
Transfers	108	66	87	(49)	–	(212)	–
Transfers to intangible assets	–	–	–	–	–	(19)	(19)
Foreign currency translation	(24)	(21)	(11)	(1)	(17)	(27)	(101)
BALANCE AT 31 DECEMBER 2009	3,607	5,597	1,519	121	656	1,247	12,747
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
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES							
Balance at 1 January 2009	1,255	2,927	895	56	653	353	6,139
Depreciation charge	144	242	138	4	–	–	528
Impairment loss (note (a))	9	10	2	–	1	46	68
Disposals	(4)	(17)	(11)	(2)	–	(5)	(39)
Transfers	8	31	–	1	–	(40)	–
Foreign currency translation	1	1	(9)	(9)	(16)	(5)	(37)
BALANCE AT 31 DECEMBER 2009	1,413	3,194	1,015	50	638	349	6,659
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
NET BOOK VALUE							
AT 31 DECEMBER 2009	2,194	2,403	504	71	18	898	6,088
AT 31 DECEMBER 2010	2,105	2,284	505	62	26	893	5,875

During the years ended 31 December 2010 and 2009, 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 2010 and 2009 are advances to suppliers of property, plant and equipment of USD112 million and USD132 million, respectively.

a. Impairment

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 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 that were no longer considered recoverable of USD37 million and USD68 million at 31 December 2010 and 31 December 2009, respectively.

b. Security

The carrying value of property, plant and equipment subject to lien under loan agreements was USD1,393 million as at 31 December 2010 (31 December 2009: USD866 million) refer to note 26.

c. The analysis of the net book value of properties is as follows:

The Group

USD million	31 December 2010	31 December 2009
OWNED PROPERTIES		
In the Russian Federation	**1,882**	1,975
Outside the Russian Federation	**223**	219
	2,105	2,194
Representing		
LAND AND BUILDINGS	**2,105**	2,194

16. INTANGIBLE ASSETS

USD million	Goodwill	Other intangible assets	Total
COST			
Balance at 1 January 2009	4,081	502	4,583
Additions	–	5	5
Disposals	–	(12)	(12)
Transfers from property, plant and equipment	–	19	19
Foreign currency translation	(70)	–	(70)
BALANCE AT 31 DECEMBER 2009	4,011	514	4,525
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**
AMORTISATION AND IMPAIRMENT LOSSES			
Balance at at 1 January 2009	(67)	(329)	(396)
Amortisation charge	–	(17)	(17)
BALANCE AT 31 DECEMBER 2009	(67)	(346)	(413)
Balance at 1 January 2010	(67)	(346)	(413)
Amortisation charge	–	(17)	(17)
BALANCE AT 31 DECEMBER 2010	**(67)**	**(363)**	**(430)**
NET BOOK VALUE			
AT 31 DECEMBER 2009	3,944	168	4,112
AT 31 DECEMBER 2010	**3,926**	**159**	**4,085**

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 SUAL and the Glencore Businesses.

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 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 USD2,472 per tonne for primary aluminium in 2011, USD2,503 in 2012, USD2,410 for 2013 and USD2,312 for 2014-2017 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;
> Real foreign currency exchange rates applied to convert operating costs of the Group denominated in RUR into USD were RUR28.5 for one USD in 2011, RUR26.9 in 2012, RUR25.7 in 2013, RUR24.8 in 2014, RUR23.8 in 2015-2017 and thereafter. Inflation of 5.7% – 8.3% in RUR and 2.8% in USD was assumed in determining recoverable amounts;
> The pre-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 an impairment.

Based on results of impairment testing, management concluded that no impairment should be recorded in these consolidated financial statements as at 31 December 2010.

At 31 December 2009, management analysed changes in the economic environment and developments in the aluminium industry and the Group's operations since 31 December 2008 and performed an impairment test for goodwill at 31 December 2009 using the following assumptions to determine the recoverable amount of the segment:

> Total production was estimated based on adjusted sustainable production levels of 4.1 million metric tonnes of primary aluminium, of 7.8 million metric tonnes of alumina and of 11.7 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 USD2,101 per metric tonne for primary aluminium in 2010, USD2,181 in 2011, USD2,201 in 2012, USD2,286 for 2013-2016 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;
> Real foreign currency exchange rates applied to convert operating costs of the Group denominated in RUR into USD were RUR29.50 for one USD in 2010, RUR25.80 for one USD in 2011, RUR24.30 for one USD in 2012, RUR23.20 for one USD in 2013-2016 and thereafter. Inflation of 3.5 – 8.5% in RUR and 2.8% in USD was assumed in determining recoverable amounts;
> The pre-tax discount rate was estimated in nominal terms based on the weighted average cost of capital basis and was 15.10%.
> A terminal value was derived following the forecast period assuming a 2.8% annual growth rate;

Based on results of impairment testing, management concluded that no impairment should be recorded in these consolidated financial statements as at 31 December 2009.

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 24% and would not lead to an impairment;
> A 5% increase in the projected level of operating costs would have resulted in a 20% decrease in the recoverable amount and would not lead to an additional impairment;
> A 1% increase in the discount rate would have resulted in a 10% change in the recoverable amount and would not lead to an additional impairment.

17. INTERESTS IN ASSOCIATES

USD million	31 December 2010	2009
Balance at beginning of the year	**8,968**	7,536
Acquired	**–**	23
Group's share of post acquisition profits/(losses) including reversal of impairment	**2,435**	1,417
Dividends received	**(295)**	–
Group's share of other comprehensive income	**20**	130
Foreign currency translation	**23**	(138)
BALANCE AT END OF THE YEAR	**11,151**	**8,968**
GOODWILL INCLUDED IN INTERESTS IN ASSOCIATES	**5,602**	5,585

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, RUR1 par value	25.13%	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	Liabilities	Revenues	Profit
31 DECEMBER 2010				
100 per cent	**24,056**	**6,140**	**14,204**	**4,401**
Group's effective interest including post acquisition adjustments	**12,918**	**1,864**	**3,527**	**1,036**
31 DECEMBER 2009				
100 per cent	22,962	8,530	10,943	2,274
Group's effective interest including post acquisition adjustments	13,520	2,698	2,959	488

a. OJSC MMC Norilsk Nickel

In November 2007, the Group entered into a number of agreements with Onexim Holdings Limited relating to the purchase of a 25%+1 share in OJSC MMC Norilsk Nickel (thereafter "Norilsk Nickel"). On 24 April 2008, (the Completion date), the acquisition was completed for a total consideration of USD13,230 million including deferred consideration of USD2,700 million.

On 1 December 2009 the Group entered into an amendment agreement with Onexim Holdings Limited to restructure the outstanding deferred consideration in the amount of USD2,700 million plus accrued interest. In accordance with the amendment agreement, part of the Group's obligations with a nominal value of USD1,820 million was converted into ordinary shares of the Company representing approximately 6% of the Company's share capital post conversion. The remaining amount of USD880 million of deferred consideration plus interest is to be settled on terms similar to those agreed under the international override agreement (refer to note 26).

The Group engaged an independent appraiser to determine the fair values of assets acquired and liabilities assumed upon acquisition of the equity investment in Norilsk Nickel. The purchase price allocation resulted in goodwill of USD6,970 million recognised upon acquisition as part of the carrying value of investment in an associate.

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The carrying value and market value of the Group's investment in Norilsk Nickel as at 31 December 2010 and 31 December 2009 were as follows:

USD million	31 December 2010	31 December 2009
CARRYING VALUE	**10,671**	8,557
MARKET VALUE (a)	**11,186**	6,707

(a) Market value is determined by multiplying the quoted bid price per share on the Russian Trading System stock exchange on the year-end date by the number of shares held by the Group.

At 31 December 2010 the Group reassessed the recoverable amount of the Group's investment in Norilsk Nickel after application of the equity method of accounting. Changes in the economic environment including nickel and other industries as well as a significant appreciation of the share price of Norilsk Nickel resulted in full reversal of the remainder of the previously recognized impairment. The amount of reversal included in the Group's share in profits/(losses) and impairment of associates in 2010 was USD1,399 million (2009: USD929 million).

At the date of these consolidated financial statements the Group was unable to obtain consolidated financial statements of Norilsk Nickel as at and for the year ended 31 December 2010. Consequently the Group estimated its share in the profits and comprehensive income of Norilsk Nickel for the year ended 31 December 2010 at USD1,052 million and USD20 million, respectively 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 year. It is uncertain whether these estimates will require material adjustment once the consolidated financial statements of Norilsk Nickel become available.

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES

The Group has the following movements in investments in jointly controlled entities:

USD million	31 December 2010	2009
Balance at the beginning of the year	**778**	506
Contributions to jointly controlled entities	**441**	176
Group's share of post acquisition (losses)/profits including reversal of impairment	**(25)**	151
Dividends received	**(28)**	(16)
Foreign currency translation	**(30)**	(39)
BALANCE AT THE END OF THE YEAR	**1,136**	778

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

Summary of the consolidated financial statements of jointly controlled entities – Group's effective interest is presented below:

USD million	31 December 2010	31 December 2009
Non-current assets	**1,183**	1,066
Current assets	**99**	119
Non-current liabilities	**(73)**	(42)
Current liabilities	**(73)**	(365)
NET ASSETS	**1,136**	778
Income	**377**	454
Expenses	**(402)**	(447)
(LOSS)/PROFIT FOR THE YEAR	**(25)**	7
Foreign currency translation differences for foreign operations	**(30)**	(39)

19. FINANCIAL INVESTMENTS

In the second half of 2008 the Group acquired a derivative financial instrument linked to the share price of Norilsk Nickel for a total consideration of USD554 million. Under the terms of the contract the Group had an option to acquire up to 5% of the issued shares of Norilsk Nickel from a third party on certain future dates at the market prices prevailing at those future dates.

In October 2009 the Group partially unwound this arrangement in respect of an option to acquire 3% of the shares of Norilsk Nickel and received consideration in respect of the unwinding of the option to acquire 0.13% of the shares of Norilsk Nickel, the value of which approximated USD23 million on the date of unwind. In August 2010 in accordance with the terms of the option, a proportion of the remaining instrument expired, the value of which approximated USD14 million. Management estimated the fair value of the remaining financial instrument at 31 December 2010 and 2009 at USD111 million and USD54 million, respectively. The change in fair value is included in "finance income" in the consolidated statement of income.

20. INVESTMENTS IN SUBSIDIARIES

The Company

	31 December	
USD million	2010	2009
Unlisted shares, at cost	**25,821**	23,043
Less: impairment	**(6,906)**	(8,356)
	18,915	14,687

Details of the principal subsidiaries are set out in note 34 to the consolidated financial statements. The decrease in the amount of impairment loss relates to partial reversal of previously recorded impairment of the Company's investments in subsidiaries.

Notes To The Consolidated Financial Statements

For the year ended 31 December 2010

21. DEFERRED TAX ASSETS AND LIABILITIES

a. Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following temporary differences:

	Assets		Liabilities		Net	
USD million	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Property, plant and equipment	**50**	35	**(599)**	(567)	**(549)**	(532)
Inventories	**25**	20	**(3)**	(11)	**22**	9
Trade and other receivables	**8**	10	**(5)**	(6)	**3**	4
Derivative financial liabilities	**147**	114	**–**	–	**147**	114
Others	**102**	60	**(55)**	(23)	**47**	37
DEFERRED TAX ASSETS/(LIABILITIES)	**332**	239	**(662)**	(607)	**(330)**	(368)
Set off of deferred taxation	**(247)**	(95)	**247**	95	**–**	–
NET DEFERRED TAX ASSETS/(LIABILITIES)	85	144	(415)	(512)	(330)	(368)

b. Movement in deferred tax assets/(liabilities) during the year

USD million	1 January 2009	Recognised in the statement of income	Foreign currency translation	31 December 2009
Property, plant and equipment	(523)	(9)	–	(532)
Inventories	56	(47)	–	9
Derivative financial liabilities	–	114	–	114
Trade and other receivables	4	–	–	4
Other items	13	15	9	37
TOTAL	(450)	73	9	(368)

USD million	1 January 2010	Recognised in the statement of income	Foreign currency translation	31 December 2010
Property, plant and equipment	**(532)**	**(17)**	**–**	**(549)**
Inventories	**9**	**13**	**–**	**22**
Derivative financial liabilities	**114**	**33**	**–**	**147**
Trade and other receivables	**4**	**(1)**	**–**	**3**
Other items	**37**	**13**	**(3)**	**47**
TOTAL	**(368)**	**41**	**(3)**	**(330)**

c. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

USD million	31 December 2010	31 December 2009
Deductible temporary differences	**369**	359
Tax loss carry-forwards	**353**	383
	722	742

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 USD million	31 December 2010	31 December 2009
Without expiry	**11**	21
2020	**3**	–
2019	**9**	51
2018	**13**	13
2017	**3**	3
2016	**2**	2
2015	**22**	3
2014	**64**	64
2013	**188**	188
2012	**2**	2
2011	**36**	36
	353	383

d. Unrecognised deferred tax liabilities

Retained earnings of the Group's subsidiaries where dividend distributions are subject to taxation included USD3,952 million and USD3,506 million as at 31 December 2010 and 31 December 2009, 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 2010	31 December 2009
Net income tax payable/(receivable) at the begining of the year	**29**	(12)
Income tax for the year	**185**	91
Income tax paid	**(171)**	(47)
Translation difference	**(23)**	(3)
	20	29
Represented by:		
Income tax payable	**40**	44
Prepaid income tax (note 23)	**(20)**	(15)
NET INCOME TAX PAYABLE	**20**	29

22. INVENTORIES

The Group

USD million	31 December 2010	31 December 2009
Raw materials and consumables	**1,104**	954
Work in progress	**690**	621
Finished goods and goods held for resale	**763**	676
	2,557	2,251
Provision for inventory obsolescence	**(128)**	(101)
	2,429	2,150

Inventories at 31 December 2010 and 31 December 2009 are stated at cost.

Inventories with a carrying value of USD545 million and USD489 million were pledged as collateral for secured bank loans at 31 December 2010 and 31 December 2009, respectively (see note 26).

The analysis of the amount of inventories recognised as an expense is as follows:

USD million	Year ended 31 December 2010	2009
Carrying amount of inventories sold	**3,891**	3,391
Write-down of inventories/(reversal of write-down)	**27**	(251)
	3,918	3,140

23. TRADE AND OTHER RECEIVABLES

The Group

USD million	31 December 2010	31 December 2009
Trade receivables from third parties	**241**	207
Impairment loss on trade receivables	**(63)**	(44)
NET TRADE RECEIVABLES FROM THIRD PARTIES	**178**	163
TRADE RECEIVABLES FROM RELATED PARTIES, INCLUDING:	**35**	63
Companies capable of exerting significant influence	*35*	*49*
Impairment loss	*(10)*	*(11)*
NET TRADE RECEIVABLES FROM COMPANIES CAPABLE OF EXERTING SIGNIFICANT INFLUENCE	**25**	38
Companies under common control	*7*	*20*
Impairment loss	*–*	*(1)*
NET TRADE RECEIVABLES FROM ENTITIES UNDER COMMON CONTROL	**7**	19
Related parties – associates	**3**	6
VAT recoverable	**474**	617
Impairment loss on VAT recoverable	**(49)**	(54)
NET VAT RECOVERABLE	**425**	563
Advances paid to third parties	**196**	118
Impairment loss on advances paid	**(6)**	–
NET ADVANCES PAID TO THIRD PARTIES	**190**	118
ADVANCES PAID TO RELATED PARTIES, INCLUDING	**55**	59
Related parties – companies capable of exerting significant influence	*1*	*–*
Related parties – companies under common control	*2*	*1*
Related parties – associates	*52*	*58*
PREPAID EXPENSES	**20**	48
PREPAID INCOME TAX	**20**	15
PREPAID OTHER TAXES	**17**	37
Other receivables from third parties	**101**	117
Impairment loss on other receivables	**(19)**	(19)
NET OTHER RECEIVABLES FROM THIRD PARTIES	**82**	98
OTHER RECEIVABLES FROM RELATED PARTIES, INCLUDING	**36**	74
Related parties – companies capable of exerting significant influence	*1*	*3*
Related parties – companies under common control	*19*	*13*
Related parties – associates	*16*	*58*
	1,058	1,238

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.

As at 31 December 2010, USD51 million of VAT recoverable of the Group subsidiary domiciled in Ukraine was reclassified from current to non-current assets as the Group did not expect to recover these amounts within the next 12 months. The impairment of the related carrying value of the outstanding VAT recoverable of USD12 million was included in the impairment of non-current assets in the consolidated statement of income.

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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 2010	31 December 2009
Current	**183**	205
PAST DUE 0-90 DAYS	**22**	7
Past due 91-365 days	**6**	10
Past due over 365 days	**2**	4
Amounts past due	**30**	21
	213	226

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 2010	Year ended 31 December 2009
Balance at the beginning of the year	**(56)**	(35)
Impairment loss recognised	**(17)**	(21)
BALANCE AT THE END OF THE YEAR	**(73)**	(56)

As at 31 December 2010 and 31 December 2009, the Group's trade receivables of USD73 million and USD56 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 2010	31 December 2009
OTHER RECEIVABLES	**29**	38

24. CASH AND CASH EQUIVALENTS

The Group

USD million	31 December 2010	31 December 2009
Bank balances, USD	**329**	164
Bank balances, RUR	**125**	32
Bank balances, other currencies	**17**	12
Cash in transit	**–**	2
Short-term bank deposits	**15**	5
CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS	**486**	215
Restricted cash	**5**	21
CASH AND CASH EQUIVALENTS IN THE STATEMENT OF FINANCIAL POSITION	**491**	236

As at 31 December 2010 and 31 December 2009 included in cash and cash equivalents was restricted cash of USD5 million and USD21 million, respectively, for letters of credit pledged with the banks.

The Company

USD million	31 December 2010	31 December 2009
BANK BALANCES, USD	**–**	2

25. EQUITY

a. Share capital

	31 December 2010		31 December 2009	
	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	**12,370**	**1,237,000**	11,628	11,628
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 warrant conversion	**260,708**	**26,070,806**	–	–
Issuance of shares as compensation to management	**566,512**	**56,651,216**	–	–
Ordinary shares issued during the year	**–**	**–**	742	742
Effect of 1:100 share split	**–**	**–**	–	1,224,630
ORDINARY SHARES AT THE END OF THE YEAR OF USD0.01 EACH, ISSUED AND PAID	**151,930,148**	**15,193,014,862**	12,370	1,237,000

On 1 December 2009, the authorised share capital was increased from 11,628 to 13,500 ordinary shares of USD1.00 each and on 7 December 2009, 742 new ordinary shares were issued to Onexim Holdings Limited upon restructuring of the deferred consideration (refer to note 17(a)).

On 24 December 2009, the Company undertook a share split of 1:100 thereby increasing the number of authorised ordinary shares from 13,500 to 1,350,000 and the number of issued ordinary shares from 12,370 to 1,237,000.

Pursuant to the written resolutions of the Company's shareholders on 26 December 2009, the authorised share capital of the Company was increased from USD13,500, comprising 1,350,000 ordinary shares of USD0.01 each, to USD200,000,000, comprising 20,000,000,000 ordinary shares of USD0.01 each, in conjunction with the Global Offering.

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 has been 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.

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.

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.

b. 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 and cumulative unrealised gains and losses on its available-for-sale investments which have been recognised directly in equity.

c. 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.

d. 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).

e. Movement in components of equity within the Company

USD million	Share capital	Share premium	Additional paid-in capital	Accumulated losses	Total
BALANCE AT 1 JANUARY 2009	–	12,517	100	(9,357)	3,260
Total comprehensive income for the year	–	–	–	1,049	1,049
Shares issued upon restructuring of deferred consideration	–	1,124	–	–	1,124
BALANCE AT 31 DECEMBER 2009	–	13,641	100	(8,308)	5,433
BALANCE AT 1 JANUARY 2010	–	13,641	100	(8,308)	5,433
Total comprehensive income for the year	–	–	–	510	510
Capitalisation issuance of shares	135	(135)	–	–	–
Shares issued upon Global Offering, net of related expenses	16	2,172	–	–	2,188
Shares issued on exercise of Fee Warrants	–	36	–	–	36
Issuance of shares as compensation to management	1	68	–	–	69
Other changes resulting from transactions under common control (refer to note 33(c))	–	–	676	–	676
BALANCE AT 31 DECEMBER 2010	**152**	**15,782**	**776**	**(7,798)**	**8,912**

f. Changes in equity

On 1 December 2009 the Group entered into an amendment agreement in relation to a stock purchase agreement between the Group, Onexim Holdings Limited and certain other parties relating to the acquisition of shares in Norilsk Nickel to restructure the outstanding amount of deferred consideration in the amount of USD2,700 million plus accrued interest (refer to note 17(a)), by converting a portion of the deferred consideration with a nominal value of USD1,820 million into shares of the Company with the remaining USD880 million plus interest being payable on terms similar to those agreed under the international override agreement ("IOA"). The issue of additional shares resulted in an increase in share premium in the amount of USD1,124 million. The value of shares issued upon restructuring of the deferred consideration was determined by multiplying the number of shares issued, after giving effect to the share split and capitalisation share issue, by the price per share upon the Global Offering of USD1.39 per share.

26. 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 2010	31 December 2009
Non-current liabilities		
Secured bank loans	**10,071**	9,677
Unsecured bank loans	**–**	856
Unsecured company loans	**531**	584
	10,602	11,117
Current liabilities		
Secured bank loans	**1,228**	2,091
Unsecured bank loans	**–**	293
Unsecured company loans	**102**	216
Accrued interest	**31**	152
	1,361	2,752

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For the year ended 31 December 2010

Terms and debt repayment schedule as at 31 December 2010 (*)

USD million	TOTAL	2011	2012	2013
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
RUR – 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 is based on the expected repayments forecasted by the Company using the Group's financial model which considers 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 are secured by pledges of shares of the following Group companies:

Company names	Share
Norilsk Nickel	25%+1
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	Share
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

> Inventories with a carrying amount of USD545 million;

The secured bank loans are 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 and 2009 rights, including all monies and claims, arising out of all sales contracts between the Group's trading subsidiaries and ultimate customers, were assigned to secure restructured international debt.

As at 31 December 2010 and 2009 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 nominal value of the Group's loans and borrowings was USD12,566 million at 31 December 2010.

a. Refinancing of the VEB Loan

On 30 September 2010 the Savings Bank of the Russian Federation ("Sberbank") and the Company signed a new loan agreement to refinance the VEB loan of USD4,583 million (including interest capitalised on the principal amount) extending the maturity date to 7 December 2013. The maturity date may be extended by 18 months if the Company provides evidence that maturity of the debt owed by the Group to international lenders has been extended by an additional 3 years or refinanced for the same period.

The new loan bears interest rate of LIBOR 1Y plus 5% per annum, payable on a quarterly basis. Sberbank is entitled to increase the interest rate to up to LIBOR 1Y plus 7% per annum upon occurrence of certain events. The Group paid a one-time commission of 2% of the principal amount.

The new loan is guaranteed by VEB in the amount of USD2,250 million with the guarantee expiring on 30 January 2014. Under the guarantee, the Group will pay a commission of 1.5% per annum on the amount outstanding under the guarantee on a quarterly basis.

In connection with the refinancing of the VEB loan and as a condition to the international lenders of the Group granting the consents required under the IOA, the Company agreed to make certain amendments to the IOA. According to the amendments the Company is obliged to ensure that:

a) an amount equal to USD120 million will be repaid to the international lenders out of the net proceeds of disposals, equity and quasi equity fundraisings by no later than 30 June 2012. Such repayments shall not count towards the USD2.4 billion equity/quasi equity raising and asset disposal requirement currently set out in the IOA. The USD120 million repayment above relates to the amount of net proceeds required to be paid to the international lenders only (and so it is expected that the Company may need to raise more than this amount in order to satisfy its obligations to the Russian and Kazakh lenders and Onexim); and

b) an amount equal to USD148 million less the amount of the consent fee paid to the international lenders shall be repaid to the international lenders by way of voluntary repayments to be made in equal amounts on a quarterly basis during the remainder of 2010, 2011, 2012 and 2013. At the same time the Company may need to voluntarily prepay the same proportion to the Onexim, Russian and Kazakh facilities.

Further, in the event the Company is notified by Sberbank or otherwise becomes aware in accordance with the terms of new loan that the margin applicable to the new loan will exceed 5 per cent per annum, the Company will propose amendments to the IOA in order to ensure, to the extent possible, that such an increase in the margin applicable to the new loan does not adversely affect the interests of the international lenders. In the event such amendments are not approved by the relevant majority of the international lenders by the date on which the margin applicable to the Sberbank loan increases, an event of default will occur under the IOA.

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For the year ended 31 December 2010

Terms and debt repayment schedule as at 31 December 2009 (*)

USD million	TOTAL	2010	2011	2012	2013
SECURED BANK LOANS					
VARIABLE					
USD – Libor + 1.6% and less	132	33	33	33	33
USD – Libor + 7%	6,181	1,811	425	721	3,224
EUR – EURIBOR + 7%	71	21	5	8	37
RUR – refinancing rate of RCB + 3%	164	42	17	24	81
FIXED					
USD – fixed at 8%	9	2	1	1	5
USD – fixed at 8.49%	4,496	–	–	–	4,496
USD – fixed at 10.25%	715	182	74	100	359
UNSECURED BANK LOANS					
VARIABLE					
RUR – refinancing rate of RCB + 3%	491	126	52	71	242
FIXED					
USD - fixed at 8%	436	110	44	59	223
USD - fixed at 8.35%	23	6	3	3	11
EUR - fixed at 8%	199	51	21	28	99
	12,917	2,384	675	1,048	8,810
UNSECURED COMPANY LOANS					
VARIABLE					
USD - Libor + 7%	800	216	53	94	437
TOTAL	**13,717**	**2,600**	**728**	**1,142**	**9,247**
Accrued interest	152	152	–	–	–
TOTAL	**13,869**	**2,752**	**728**	**1,142**	**9,247**

(*) The debt repayment schedule presented in the table above was based on the expected repayments forecasted by the Company using the Group's financial model which considers 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	Share
Norilsk Nickel	25%+1
Gershvin Investments Corp Limited	100%
RUSAL Bratsk	25%
RUSAL Krasnoyarsk	25%
Albaco	100%
Khakas Aluminium Smelter;	100%
Tameko;	100%
Noirieux.	100%
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 Achinsk	39% less 1
Rusal Novokuznetsk	39% less 1
SUAL	39% less 1
Rusal Sayanogorsk	35%
Rusal Bratsk	25% + 1
Rusal Krasnoyarsk	25%+1

The secured bank loans were also secured by the following:

- Properties, plant and equipment with a carrying amount of USD866 million;
- Inventories with a carrying amount of USD489 million;

b. Fair value of loans and borrowings

The Group initially recognises loans and borrowings at fair value and subsequently measures them at amortised cost.

In December 2009 the Group restructured its loans and borrowings and deferred consideration payable to Onexim. On the date of restructuring the Group assessed whether the transaction should be accounted for as an extinguishment of debt. For this purpose the Group discounted the expected cash flows under the loan and other agreements subsequent to restructuring at interest rates established for each facility prior to restructuring. Where the difference between the discounted amount and the present value of an existing facility exceeded 10%, the Group accounted for the restructuring of such loans as an extinguishment of debt with the resulting gain recognised immediately in the statement of income.

The expected cash flows for loans and borrowings and deferred consideration following the restructuring were projected based on the Group's financial model which incorporates a cash sweep mechanism stipulated by the international override agreement and included restructuring and other related fees. As a result the Group concluded that loans and borrowings with the carrying value of USD7,442 million should be accounted for as extinguished debt.

The following significant assumptions were made in assessing the fair value of new debt replacing the extinguished amounts upon restructuring:

- The forecast repayment schedule, including interest and principal repayments and excluding restructuring and other related fees of USD287 million payable immediately as presented in the table below;
- The nominal interest rates, including cash and paid-in-kind interest were determined based on expected net debt to EBITDA ratios as presented in the table below; and
- The discount rate was determined by reference to the yield curve for securities with B- credit rating, which management believes to approximate the characteristics of the Group's loans and borrowings following the restructuring as presented in the table below.

Date	Ratio of total net debt to Covenant EBITDA	Cash pay margin	PIK margin	Discount rate	Amount of repayment including principal, cash and PIK interest, USD million
7.12.09-31.12.09	More than 15	1.75% p.a.	5.25% p.a.	10.29%	11
31.03.10	7.5 to 15	1.75% p.a.	3.75% p.a.	10.44%	1,644
30.06.10	4.0 to 7.5	2.25% p.a.	2.25% p.a.	10.58%	500
30.09.10	4.0 to 7.5	2.25% p.a.	2.25% p.a.	10.75%	235
31.12.10	4.0 to 7.5	2.25% p.a.	2.25% p.a.	10.88%	205
31.03.11	4.0 to 7.5	2.25% p.a.	2.25% p.a.	11.03%	92
30.06.11	4.0 to 7.5	2.25% p.a.	2.25% p.a.	11.18%	301
30.09.11	4.0 to 7.5	2.25% p.a.	2.25% p.a.	11.33%	251
31.12.11	3.0 to 4.0	3.00% p.a.	1.00% p.a.	11.48%	348
31.03.12	3.0 to 4.0	3.00% p.a.	1.00% p.a.	11.63%	78
30.06.12	3.0 to 4.0	3.00% p.a.	1.00% p.a.	11.78%	80
30.09.12	3.0 to 4.0	3.00% p.a.	1.00% p.a.	11.92%	82
31.12.12	3.0 to 4.0	3.00% p.a.	1.00% p.a.	12.07%	1,048
31.03.13	Less than 3.0	3.50% p.a.	n/a	12.22%	93
30.06.13	Less than 3.0	3.50% p.a.	n/a	12.37%	96
30.09.13	Less than 3.0	3.50% p.a.	n/a	12.52%	97
31.12.13	Less than 3.0	3.50% p.a.	n/a	12.67%	3,641

The resulting gain on extinguishment of debt of USD469 million, net of restructuring and other related fees of USD237 million was recognised in the statement of income in relation to loans and borrowings. In addition the Group recognised a gain on extinguishment of the deferred consideration payable to Onexim of USD740 million, net of restructuring fees of USD50 million, which includes a gain on conversion to shares of USD696 million and a gain on restructuring of the remaining amount payable of USD44 million.

A decrease in expected EBITDA by 10% results in an insignificant decrease of the fair value of debt.

Application of the yield curve applicable to securities with B and CCC+ credit rating would result in an increase/(decrease) of the fair value of debt by USD114 million and USD225 million, respectively.

The nominal value of the Group's loans and borrowings and deferred consideration was USD13,649 million and USD894 million at 31 December 2009.

c. Debt restructuring

On 7 December 2009 the Group completed restructuring negotiations with its lenders, in order to establish financial stability and to put the necessary arrangements in place to allow the Group to meet its obligations when they fall due as part of ongoing operations. The restructuring arrangements contained a number of terms and conditions, including conditions subsequent. As part of the debt restructuring, the Group entered into an international override agreement with its international lenders implementing the long-term restructuring of the Group's debt to the international lenders with all conditions precedent having been satisfied by 7 December 2009 and signed amendments to the bilateral loan agreements with its Russian and Kazakh lenders providing for long-term restructuring of these loans on similar terms, except in the case of the loan agreement with VEB, which was then extended until 29 October 2010. On 30 September 2010, the VEB loan was refinanced with Sberbank, for details of refinancing refer to note 26(a) above.

The Group's main purpose of the debt restructuring was to match its principal repayment and interest payment obligations with its cash generating capacity in an appropriate way. The debt restructuring seeks to do this by: (1) deferring the maturity dates of the Group's principal repayment obligations (and, in the case of Onexim, converting a substantial liability into equity); (2) providing for earlier repayments of principal only out of excess cash flow and the proceeds of asset disposals and equity and subordinated and other debt fund raisings; and (3) providing for the capitalisation of significant portions of the Group's interest payment obligations while its ratio of total net debt to Covenant EBITDA (as defined in the override agreement) is high.

The details of the principal restructuring terms are set out below:

The international and Russian and Kazakh override agreements impose certain obligations on the Group during the override period (four years from the override date as defined in the international override agreement) and harmonises the pricing and amortisation schedules of existing facilities. The international override agreement contains standard financial covenants, including the maintenance of specified ratios, such as free cashflow to net finance charges, total net debt to Covenant EBITDA and total net debt to equity (as defined in the international override agreement), tested on a quarterly basis, and a minimum cash balance at USD100 million at the end of each calendar month. The Company paid an upfront fee to the restructuring lenders, including 0.5% of the lenders' exposure in cash and nominal strike warrants ("fee warrants") entitling the restructuring lenders to 1% of the Company's fully diluted share capital as at the effective date of the international override agreement.

In addition, the Group will be allowed to incur capital expenditure for maintenance within the limits as specified in the international override agreement and will be prohibited from incurring certain capital expenditure for development.

Margin

During the override period, the restructured debt bears interest at the currently applicable base rate (either LIBOR or Euribor depending on the denomination of the debt), plus a margin that varies depending on the ratio of total net debt to Covenant EBITDA (as defined in the international override agreement), and includes cash and payment-in-kind ("PIK") components, as follows:

Ratio of total net debt to Covenant EBITDA	Total margin	Cash pay margin	PIK margin
More than 15	7.00% p.a.	1.75% p.a.	5.25% p.a.
7.5 to 15	5.50% p.a.	1.75% p.a.	3.75% p.a.
4.0 to 7.5	4.50% p.a.	2.25% p.a.	2.25% p.a.
3.0 to 4.0	4.00% p.a.	3.00% p.a.	1.00% p.a.
Less than 3.0	3.50% p.a.	3.50% p.a.	N/A

Until the first interest period commencing after receipt of audited consolidated financial statements of the Group for the year ended 31 December 2009 the applicable total margin was set at 7.00% per annum, including a 1.75% per annum cash pay margin and a 5.25% per annum PIK margin. If a material event of default (breach of conditions subsequent, payment default or failure to meet event of default cumulative amount targets as defined in the international override agreement) has occurred, the applicable PIK margin will increase by 2% per annum, so long as the total margin does not exceed 7%.

During the year ended 31 December 2010, the Company reduced the applicable total margin to 5.5% per annum and then to 4.5% per annum.

Repayment

No fixed amortisation schedule applies during the override period, with all remaining debt outstanding becoming due at the end of the override period as referred to above. Following the override period, subject to certain conditions being met, the existing international lenders have agreed to provide new debt facilities on certain agreed terms. The Company has the option to refinance any indebtedness outstanding as at the end of the override period out of any other sources.

However, the net proceeds raised from asset disposals and equity, subordinated and other debt fund raisings (including the proceeds of the Global Offering) and excess cashflow (subject to the Group being allowed to retain a USD400 million cash buffer) must be applied to repay the Group's outstanding indebtedness on a pro rata basis.

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Disposal and Equity Injection Undertakings, Debt Repayment Targets

The Company is obliged to dispose of assets and/or raise equity or subordinated debt by the end of the override period sufficient to generate net proceeds of at least USD2.4 billion. Compliance with this obligation is tested only once, at the end of the override period. The Company is also obliged to ensure that the debt of the Group (other than debt from VEB, which was refinanced with Sberbank, for details of refinancing refer to note 26(a) above and Onexim) is repaid during the override period in the following amounts:

Test dates	Target cumulative amount	Event of default cumulative amount	Percentage of share capital (a)
	USD million		%
31 December 2010	1,400	750	0.75
30 September 2011	3,000	2,000	0.75
30 September 2012	4,000	3,000	1.25
End of override period	5,000	4,000	1.50

(a) percentage of share capital of the Company for which equity compensation warrants shall be issued is calculated on the relevant issue date without taking into account any warrants then in issue.

If the target cumulative amounts (as defined in the international override agreement) are not met and/or on the third and fourth test dates certain leverage ratios are not met, the Company will be obliged to issue zero strike warrants ("equity compensation warrants") to the international lenders representing equity in specified percentages. The issuance of such warrants would have an immediate dilutive effect on shareholders. Failure to meet the event of default cumulative amount targets will result in an event of default.

Dividends

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 (the VEB loan was refinanced with Sberbank, refer to note 26(a) above) and Onexim) 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.

Warrants

Warrants were automatically converted into the Company's shares for no more than their nominal value on the date of the Global Offering. International lenders had an option to require the Company to settle the fee warrants (issued on the first day of the override period) in cash in lieu of shares at a price per share equal to the offering price less commissions, fees and expenses relating to the Global Offering. Otherwise, shares into which warrants are converted following the Global Offering would be subject to a lock-up of 180 days following the date of completion of the Global Offering (or such shorter lock-up period as may apply to the Company's shareholders). The fee warrants for which the lenders elected the cash settlement option have been settled in cash in the amount of USD153 million subsequent to 31 December 2009.

Equity compensation warrants that may be issued by the Company during the override period will be convertible into the Company's shares either at any further public offering of the Company's shares, upon a change of control or at the end of the override period. Shares for which warrants are exercised may be sold by the relevant lenders subject to the Company's right of first refusal.

Events of Default

The events of default include non-payment and non-compliance with financial covenants, repayment targets and conditions subsequent (see below). In addition the events of default include customary conditions such as government intervention, insolvency/insolvency proceedings, the agreement/compliance with the agreement becoming unlawful, change of business, change of control, misrepresentation, amendments of charter, cross-default and material adverse change. The events of default also include situations when there is an adverse outcome in litigation involving any member of the Group, except certain currently pending litigation or alleged claims, in excess of USD50 million in aggregate for that member of the Group.

The occurrence of an event of default may lead to acceleration and realisation by the lenders of the security provided, if the required majority of lenders so elects.

The Group is also required to continue to provide on a periodic basis various reports, certificates and other supporting documentation to the lenders during a certain set period after the override date.

The Company

USD million	31 December 2010	2009
Non-current liabilities		
Secured bank loans	**8,140**	8,275
Unsecured company loans	**531**	584
	8,671	8,859
Current liabilities		
Secured bank loans	**713**	1,560
Unsecured company loans	**102**	216
Unsecured loans from related parties	**15**	30
Accrued interest	**25**	148
	855	1,954

Terms and debt repayment schedule as at 31 December 2010

USD million	TOTAL	2011	2012	2013
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:

Company names	Share
Norilsk Nickel	25%+1

> 5% of the Company's shares by the Company's four major shareholders pro rata to their shareholdings in the Company.

In accordance with the international override agreement the loans are secured by pledges of shares of the Group's subsidiaries as described above.

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Terms and debt repayment schedule as at 31 December 2009

USD million	TOTAL	2010	2011	2012	2013
SECURED BANK LOANS					
VARIABLE					
USD - Libor + 7%	5,339	1,560	362	621	2,796
FIXED					
USD – fixed at 8.49%	4,496	–	–	–	4,496
	9,835	1,560	362	621	7,292
UNSECURED COMPANY LOANS					
VARIABLE					
USD - Libor + 7%	800	216	53	94	437
TOTAL	10,635	1,776	415	715	7,729
UNSECURED LOANS FROM RELATED PARTIES					
Interest free	30	30	–	–	–
	10,665	1,806	415	715	7,729
Accrued interest	148	148	–	–	–
TOTAL	10,813	1,954	415	715	7,729

The secured bank loans are secured by pledges of shares of the following group companies:

Company names	Share
Norilsk Nickel	25%+1
Gershvin Investments Corp Limited	100%
RUSAL Bratsk	25%
RUSAL Krasnoyarsk	25%

In accordance with the international override agreement the loans are secured by pledges of shares of the Group's subsidiaries as described above.

27. PROVISIONS

USD million	Pension liabilities	Site restoration	Provisions for legal claims	Tax provisions	Total
Balance at 1 January 2009	184	251	64	63	562
Provisions made during the year	29	80	35	43	187
Provisions reversed during the year	(25)	(12)	(40)	(30)	(107)
Actuarial gains	(29)	–	–	–	(29)
Provisions utilised during the year	(18)	(6)	–	–	(24)
Foreign currency translation	(3)	–	–	–	(3)
BALANCE AT 31 DECEMBER 2009	138	313	59	76	586
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**
NON-CURRENT	118	284	–	–	402
CURRENT	16	38	40	30	124
	134	322	40	30	526

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 2009 and 2010 was 57,659 and 63,451, respectively. The number of pensioners as at 31 December 2009 and 2010 was 32,010 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 Jamaica the Company owns 65% of Alumina Partners of Jamaica (Alpart) and 93% of West Indies Alumina Company (Windalco). During the year ended 31 December 2009, production at Alpart was halted and all employees were made redundant. From 1 June 2009 onwards, all contributions to the pension plan were halted. The pension plan is presently being wound-up. As at 31 March 2010, the pension plan of Windalco also entered into wind-up mode. In the winding-up, it is expected that Alpart and Windalco will receive a share of the surplus once all benefits are settled. For accounting purposes, both assets and liabilities have been set to equal zero as per the reporting date. Any surplus distributions to the employer will be recognised if and when information on the size of such a surplus allocation is reliably measured.

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.

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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 2010	31 December 2009
Current service cost	**7**	9
Past service costs recognised during the year	**3**	(13)
Interest cost	**20**	29
Actuarial expected return on plan assets	**(10)**	(16)
Acquisitions/divestments	**(14)**	(6)
NET EXPENSE RECOGNISED IN THE STATEMENT OF INCOME	**6**	3

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 2010	31 December 2009
Present value of defined benefit obligations	**272**	315
Fair value of plan assets	**(132)**	(189)
PRESENT VALUE OF OBLIGATIONS	**140**	126
Unrecognised past service cost	**(6)**	(9)
Assets not recognised	**–**	21
NET LIABILITY IN THE STATEMENT OF FINANCIAL POSITION	**134**	138

Changes in the present value of the net liability are as follows:

USD million	31 December 2010	31 December 2009
Net liability at beginning of the year	**138**	184
Net expense recognised in the statement of income	**6**	3
Contributions paid into the plan by the employers	**(15)**	(18)
Actuarial losses/(gains) charged directly to equity	**6**	(36)
Foreign currency translation	**(1)**	(2)
Changes in assets not recognised charged to the statement of comprehensive income	**–**	7
NET LIABILITY AT END OF THE YEAR	**134**	138

The change of the present value of the defined benefit obligations is as follows:

USD million	31 December 2010	31 December 2009
Present value of defined benefit obligations at beginning of the year	**315**	362
Service cost	**7**	9
Interest cost	**20**	29
Actuarial losses/(gains)	**11**	(18)
Currency exchange losses	**(11)**	(5)
Past service cost	**–**	(13)
Contributions by employees	**3**	4
Benefits paid	**(13)**	(19)
Translation difference	**(1)**	(2)
Settlement and curtailment gain	**(59)**	(32)
PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS AT THE END OF THE YEAR	**272**	315

Movement in fair value of plan assets:

USD million	31 December 2010	31 December 2009
Fair value of plan assets at the beginning of the year	**189**	191
Actuarial expected return on plan assets	**10**	16
Contributions paid into the plans by the employers	**15**	18
Contributions paid into the plans by the employees	**3**	4
Benefits paid by the plan	**(13)**	(19)
Settlements	**(66)**	(34)
Investment gains	**5**	18
Currency exchange losses	**(11)**	(5)
FAIR VALUE OF PLAN ASSETS AT THE END OF THE YEAR	**132**	189

Actuarial gains and losses recognised in the consolidated statement of comprehensive income:

USD million	Year ended 31 December 2010	Year ended 31 December 2009
Cumulative amount at beginning of the year	**25**	(4)
Recognised during the year	**(6)**	29
CUMULATIVE AMOUNT AT THE END OF THE YEAR	**19**	25

The principal assumptions used in determining the pension obligation for the Group's plans are shown below:

% per annum	31 December 2010	31 December 2009
Discount rate (weighted average)	**6.5**	8.7
Expected return on plan assets (weighted average)	**5.5**	8.8
Future salary increases (weighted average)	**6.1**	6.7
Future pension increases (weighted average)	**2.2**	2.5
Medical claims growth (weighted average)	**–**	15.0
Staff turnover (weighted average)	**3.0**	3.0

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For the year ended 31 December 2010

At 31 December 2010 the fair value of plan assets comprised investments in different asset categories as follows:

Asset class	USD million	%
Equity	**50**	38
Fixed income	**54**	41
Real estate	**7**	5
Cash equivalents	**21**	16
TOTAL PLAN ASSETS	**132**	100

The Group expects to pay the defined benefit retirement plans an amount of USD16 million during the 12 month period beginning on 1 January 2011.

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 2010, using the projected unit credit method as stipulated by IAS 19.

The key actuarial assumptions (weighted average, weighted by DBO) are as follows:

% per annum	31 December 2010	31 December 2009
Discount rate	**6.5**	8.7
Expected return on plan assets	**5.5**	8.8
Future salary increases	**6.1**	6.7
Future pension increases	**2.2**	2.5
Medical claims growth	**–**	15.0
Staff turnover	**3.0**	3.0
Mortality	**USSR population table for 1985, Ukrainian population table for 2000**	USSR population table for 1985, Ukrainian population table for 2000, GAM94
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 2010	31 December 2009
Present value of defined benefit obligations (DBO)	**272**	315
Fair value of plan assets	**132**	189
Deficit in plan	**140**	126

The actuarial valuation shows that the Group's obligations are 49 % covered by the plan assets held as at 31 December 2010 (31 December 2009: 60%). 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 2010	31 December 2009
Timing of cash outflows	**2011: USD38 million**	2010: USD48 million
	2012 -2016: USD153million	2011 -2016: USD144 million
	2017-2027: USD73 million	2017-2027: USD63 million
	2028–2095:USD342 million	2028 – 2095: USD336 million
Risk free discount rate before adjusting for inflation	**2.06%**	2.30%

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.

c. Provisions for legal claims

The Group's subsidiaries are subject to a variety of lawsuits and claims in an ordinary course of business. As at 31 December 2010, 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 USD40 million (31 December 2009: USD59 million). The amount of claims, where management assesses outflow as possible approximates USD18 million (31 December 2009: USD32 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 2010, management of the Group assessed certain tax claims with high probability of outflow and decreased the provision by USD46 million. At each reporting date the Directors have assessed the provisions for taxation and concluded that the provisions and disclosures are adequate.

28. DERIVATIVE FINANCIAL LIABILITIES

In November and December 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 pricing mechanism contained in the contracts includes a price-adjustment feature linked to quarterly average LME aluminium price, whereby the base price of electricity in the contract is increased by a certain ratio multiplied by the excess of an actual average LME aluminium price for the quarter over a set strike price. Whenever the actual average LME aluminium price for the quarter is equal or below a set strike price the price-adjustment feature is nil.

The strike price for one of the contracts has been set at 1,800 USD/tonne (or RUB54,000/tonne) for the entire duration of the contract and for the other two contracts the strike price has been set as follows:

Year	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016 and after**
Strike price, USD/tonne	1,949	1,990	2,002	1,998	1,987	1,976	2,000

The Group concluded that the price adjustment feature linked to movements in the LME aluminium price is not clearly and closely related to the host contract and therefore represents an embedded derivative, which shall be separated from the host contract and accounted for at fair value.

The fair value of the embedded derivatives was valued using Monte-Carlo and Black Scholes models.

The fair value of the embedded derivatives at inception of the contracts were measured at nil. Subsequent changes in fair value of the embedded derivatives were derived based on the following significant assumptions which were based on the observable market data and management estimates:

	31 December 2010	31 December 2009
LME aluminium price at inception of the contracts	**USD1,908/tonne**	USD1,908/tonne
LME aluminium price at the reporting date	**USD2,351/tonne**	USD2,170/tonne
Historical aluminium price annual volatility	**14.0% to 29.7%**	19.4% to 33.4%
Annual growth rate for aluminium price forward contracts	**0.05%**	3.4%
Risk-free rate, adjusted for country risk premium of 1.77% at 31 December 2010 (31 December 2009: 1.84%)	**1.9% to 5.4%**	2.1% to 5.2%

The estimates of the fair value of the embedded derivatives are particularly sensitive to changes in the LME aluminium price. A change in the aluminium price by USD100/tonne would result in a change in fair value estimates of approximately USD237 million.

The following table illustrates the expected expiry of the embedded derivatives and related notional electricity volumes:

	31 December 2010		31 December 2009	
31 December	Notional electricity volumes KWh million	Derivative financial liability USD million	Notional electricity volumes KWh million	Derivative financial liability USD million
2010	**–**	**–**	30,920	60
2011	**44,418**	**78**	44,418	61
2012	**45,401**	**73**	45,401	65
2013	**45,353**	**94**	45,353	63
2014	**45,531**	**95**	45,531	63
2015 and thereafter	**220,663**	**398**	220,663	258
	401,366	**738**	432,286	570

The revaluation of the embedded derivatives resulted in a loss of USD240 million and loss of USD570 million for the years ended 31 December 2010 and 2009, respectively, and is included in finance expenses. The loss recognised during the year ended 31 December 2010 is related primarily to a sharp increase in the LME price between 31 December 2010 and 31 December 2009 as well as the passage of time.

The contractual commitments to acquire electricity under the contracts have been disclosed in note 31 to the consolidated financial statements and were measured excluding the embedded derivative price-adjustment.

29. TRADE AND OTHER PAYABLES

USD million	31 December 2010	31 December 2009
ACCOUNTS PAYABLE TO THIRD PARTIES	**399**	710
ACCOUNTS PAYABLE TO RELATED PARTIES, INCLUDING:	**37**	210
Related parties – companies capable of exerting significant influence	***19***	*83*
Related parties – companies under common control	***15***	*115*
Related parties – associates	***3***	*12*
ADVANCES RECEIVED	**236**	168
ADVANCES RECEIVED FROM RELATED PARTIES, INCLUDING:	**356**	485
Related parties – companies capable of exerting significant influence	***292***	*429*
Related parties – companies under common control	***55***	*55*
Related parties – associates	***9***	*1*
OTHER PAYABLES AND ACCRUED LIABILITIES	**180**	189
OTHER PAYABLE AND ACCRUED LIABILITIES RELATED PARTIES, INCLUDING:	**23**	47
Related parties – companies capable of exerting significant influence	***18***	*31*
Related parties – companies under common control	***–***	*12*
Related parties – associates	***5***	*4*
OTHER TAXES PAYABLE	**134**	98
NON-TRADE PAYABLES TO THIRD PARTIES	**–**	4
	1,365	1,911

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 2010	31 December 2009
DUE WITHIN TWELVE MONTHS OR ON DEMAND	**436**	920

The Company

USD million	31 December 2010	31 December 2009
TRADE AND OTHER PAYABLES	**772**	1,159

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

a. Fair values

Management believes that, except as set out in the paragraph below, 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.

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 2010
The Group

	Level 1 USD million	Level 2 USD million	Level 3 USD million	Total USD million
ASSETS				
Financial investments	–	–	**111**	**111**
	–	–	111	111
LIABILITIES				
Derivative financial liabilities	–	–	**738**	**738**
	–	–	738	738

As at 31 December 2009
The Group

	Level 1 USD million	Level 2 USD million	Level 3 USD million	Total USD million
ASSETS				
Financial investments	–	–	54	54
	–	–	54	54
LIABILITIES				
Derivative financial liabilities	–	–	570	570
	–	–	570	570

The movement in the balance of Level 3 fair value measurements is as follows:

Financial investments:	USD million
At 1 January 2009	–
Changes in fair value estimation recognised during the year	77
Partial unwind and settlement	(23)
BALANCE AT 31 DECEMBER 2009/1 JANUARY 2010	54
Changes in fair value estimation recognised during the year	57
BALANCE AT 31 DECEMBER 2010	111

Derivative financial instruments:	USD million
At 1 January 2009	–
Changes in fair value estimation recognised during the year	570
BALANCE AT 31 DECEMBER 2009/1 JANUARY 2010	570
Changes in fair value estimation recognised during the year	240
Realised portion of electricity contracts recognised in cost of sales	(75)
Foreign exchange loss	3
BALANCE AT 31 DECEMBER 2010	738

b. Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, overdrafts 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.

The Group does not apply hedge accounting in order to manage volatility in the statement of income.

(i) Commodity price risk

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 (see note 28). 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 estimates of the fair value of the embedded derivatives are particularly sensitive to changes in the London Metal Exchange ("LME") aluminium prices.

Other commodity derivatives

From time to time the Group enters into forward sales and purchase contracts for a portion of its anticipated primary aluminium sales and purchases to reduce the risk of fluctuating prices on these sales. During the years ended 31 December 2010 and 2009 the Group recognised a net loss of USD6 million and nil, respectively, in respect of such forward sales and purchase contracts.

The fair value of such derivative contracts outstanding at 31 December 2010 and 2009 was a net liability of USD3 million and a net asset of USD1 million, respectively.

(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 26). The Group's policy is to manage its interest cost 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.

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For the year ended 31 December 2010

The Group	31 December 2010 Effective interest rate %	31 December 2010 USD million	31 December 2009 Effective interest rate %	31 December 2009 USD million
FIXED RATE LOANS AND BORROWINGS				
Loans and borrowings	**7%-8.5%**	**1,105**	8%-10.25%	5,878
		1,105		5,878
VARIABLE RATE LOANS AND BORROWINGS				
Loans and borrowings	**1.9%-10.75%**	**10,827**	2.27%-13.58%	7,839
		10,827		7,839
		11,932		13,717

The Company

	31 December 2010 Effective interest rate %	31 December 2010 USD million	31 December 2009 Effective interest rate %	31 December 2009 USD million
FIXED RATE LOANS AND BORROWINGS				
Loans and borrowings	**0%**	**15**	0%-8.49%	4,526
		15		4,526
VARIABLE RATE LOANS AND BORROWINGS				
Loans and borrowings	**4.8%-5.78%**	**9,486**	7.67%	6,139
		9,486		6,139
		9,501		10,665

The following table demonstrates the sensitivity to cashflow 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 the same basis for all years presented.

The Group

USD million	Increase/decrease in basis points	Effect on profit before taxation and equity for the year
AS AT 31 DECEMBER 2010		
Basis percentage points	**+20**	**(22)**
Basis percentage points	**-20**	**22**
AS AT 31 DECEMBER 2009		
Basis percentage points	+10	(8)
Basis percentage points	-10	8

(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 RUR, 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 RUR 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.

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. RUR functional currency 2010 USD million	2009 USD million	RUR-denominated vs. USD functional currency 2010 USD million	2009 USD million	Denominated in EUR-denominated vs. USD functional currency 2010 USD million	2009 USD million	other currencies vs. USD functional currency 2010 USD million	2009 USD million
Non-current assets	**–**	–	**11**	40	**12**	–	**–**	3
Trade and other receivables	**–**	–	**364**	321	**110**	102	**22**	111
Cash and cash equivalents	**6**	–	**98**	22	**15**	3	**12**	4
Loans and borrowings	**(573)**	(719)	**(405)**	(492)	**(163)**	(219)	**–**	–
Provisions	**–**	–	**(140)**	(172)	**(29)**	(34)	**(28)**	(30)
Derivative financial liabilities	**–**	–	**(535)**	(404)	**–**	–	**–**	–
Non-current liabilities	**(2)**	–	**–**	–	**(2)**	–	**–**	–
Income taxation	**–**	–	**(8)**	(5)	**(1)**	(2)	**(8)**	(33)
Trade and other payables	**(2)**	(36)	**(287)**	(308)	**(36)**	(87)	**(72)**	(55)
NET EXPOSURE ARISING FROM RECOGNISED ASSETS AND LIABILITIES	**(571)**	(755)	**(902)**	(998)	**(94)**	(237)	**(74)**	–

Foreign currency sensitivity analysis

The following tables indicate the instantaneous change in the Group's profit before taxation (and retained profits/(accumulated losses)) 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.

	Change in exchange rates	Year ended 31 December 2010 USD million Gain/(loss)
Depreciation of USD vs. RUR	**5%**	**(17)**
Depreciation of USD vs. EUR	**5%**	**(5)**
Depreciation of USD vs. other currencies	**5%**	**(4)**

	Change in exchange rates	Year ended 31 December 2009 USD million Gain/(loss)
Depreciation of USD vs. RUR	5%	(12)
Depreciation of USD vs. EUR	5%	(12)
Depreciation of USD vs. other currencies	5%	–

Results of the analysis as presented in the above tables represent an aggregation of the instantaneous effects on the Group entities' profit before taxation 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.

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For the year ended 31 December 2010

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

USD million	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	TOTAL	Carrying amount
	31 December 2010 Contractual undiscounted cash outflow					
Trade and other payables to third parties	815	–	–	–	815	815
Trade and other payables to related parties	416	–	–	–	416	416
Derivative financial liabilities	78	73	285	302	738	738
Loans and borrowings	2,340	2,436	9,887	–	14,663	11,963
	3,649	**2,509**	**10,172**	**302**	**16,632**	**13,932**

USD million	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	TOTAL	Carrying amount
	31 December 2009 Contractual undiscounted cash outflow					
Trade and other payables to third parties	1,071	–	–	–	1,071	1,071
Trade and other payables to related parties	742	–	–	–	742	742
Derivative financial liabilities	60	61	190	259	570	570
Loans and borrowings	3,806	1,674	12,539	–	18,019	13,869
	5,679	1,735	12,729	259	20,402	16,252
Financial guarantees issued:						
Maximum amount guaranteed	260	–	–	–	260	–

The Company

USD million	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	TOTAL	Carrying amount
	31 December 2010 Contractual undiscounted cash outflow					
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**

USD million	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	TOTAL	Carrying amount
	31 December 2009 Contractual undiscounted cash outflow					
Trade and other payables to third parties	249	–	–	–	249	249
Trade and other payables to related parties	910	–	–	–	910	910
Loans and borrowings, including interest payable	2,751	1,147	10,190	–	14,088	10,813
	3,910	1,147	10,190	–	15,247	11,972
Financial guarantees issued:						
Maximum amount guaranteed	260	–	–	–	260	–

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 23. 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 2010 and 2009, the Group has certain concentrations of credit risk as 3.8% and 9.6% of the total trade receivables were due from the Group's largest customer and 4.8% and 13.1% 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 shareholders' 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 USD2,051 million by the end of 2015 (31 December 2009: USD1,778 million). As at 31 December 2010 the outstanding commitment of the Group for construction of the aluminium plant was approximately USD856 million to be committed by the end of 2015 (31 December 2009: USD708 million) and the outstanding commitment for the hydropower station construction was USD279 million to be committed by the end of 2012 (31 December 2009: USD373million).

In July 2010, VEB had approved project financing of RUR50 billion (approximately USD1.7 billion) for the completion of the construction of the BEMO Project. In December 2010, project financing agreements were signed between VEB and the companies of the BEMO Project in the total amount of RUR50 billion. As part of the financing arrangement the Group pledged the following shares of the companies within the BEMO Project: 50% of BALP Limited, 49% of CJSC ZS BoAZ, 51% of CJSC OS BoAZ, 49% of CJSC OS BoGES, 51% of CJSC ZS BoGES. The project financing is also secured by the pledge of 93.72% of OJSC BoGES, 100% of CJSC BoAZ and certain items of property, plant and equipment and other assets of the above companies. These companies are held by the Group and OJSC RusHydro through a number of jointly controlled entities. Under the terms of financing, the hydropower station and the aluminium plant receive funds directly from VEB. In December 2010 and subsequent to the year end the companies of the BEMO project have drawn USD88 million of the project financing.

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 2010 and 2009 approximated USD524 million and USD599 million, respectively. These commitments are due over a number of years.

b. Purchase commitments

Commitments with third parties for purchases of alumina in 2011-2016 under supply agreements are estimated from USD3,782 million to USD3,905 million at 31 December 2010 (31 December 2009: USD4,477 million to USD5,019 million) depending on the actual purchase volumes and applicable prices.

Commitments with related parties for purchases of alumina, bauxite and other raw materials in 2011 under supply agreements are estimated as USD30 million at 31 December 2010 (31 December 2009: USD5 million to USD6 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 2011 – 2012 under long-term agreements are estimated from USD192 million to USD218 million at 31 December 2010 (31 December 2009: USD146 million to USD167 million). Commitments with related parties for purchases of transportation services in 2011 are estimated as nil at 31 December 2010 (31 December 2009: USD14 million).

The Group has committed to purchase electricity during the years 2011 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 2010 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Volumes, KWh million	44,418	45,894	45,898	46,128	46,384	46,735	46,900	46,952	18,300	18,300
timated value, USD million	357	378	381	386	391	397	401	406	100	104

c. Sale commitments

Commitments with third parties for sales of alumina, bauxite and other raw materials in 2011 - 2014 are estimated from USD1,348 million to USD1,581 million at 31 December 2010 (31 December 2009: USD1,684 million to USD1,807 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 2011 – 2012 are estimated from USD305 million to USD306 million at 31 December 2010 (31 December 2009: USD480 million).

Commitments with related parties for sales of primary aluminium in 2011 - 2016 are estimated to range from USD4,730 million to USD6,056 million at 31 December 2010 (31 December 2009: USD3,249 million to USD4,243 million). Commitments with third parties for sales of primary aluminium in 2011 - 2016 are estimated to range from USD1,210 million to USD1,478 million at 31 December 2010 (31 December 2009: USD43 million to USD53 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:

USD million	31 December 2010	31 December 2009
Less than one year	**3**	5
Between one and five years	**18**	22
	21	27

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

The Group is a guarantor of indebtedness of several non-Group controlling shareholder related entities. At 31 December 2010 the Group, either directly or indirectly, has guaranteed promissory notes payable of USD34 million (31 December 2009: USD38 million).

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 2010 and 2009 is USD403 million and USD439 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 (see note 27(c)).

Notes To The Consolidated Financial Statements

For the year ended 31 December 2010

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 ultimate 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)):

USD million	Year ended 31 December 2010	2009
Salaries and bonuses	**73**	46
Share-based and cash compensation to management in connection with the Global Offering	**72**	–
	145	46

b. Transactions with associates and joint ventures

Sales to associates are disclosed in note 5, trade receivables from associates are disclosed in note 23 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 AG 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 23, cash and cash equivalents are disclosed in note 24, 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 25.

Purchases of raw materials and services from related parties and interest income and expense are recurring and for the year were as follows:

USD million	Year ended 31 December 2010	2009
Purchases of raw materials – companies under common control	**165**	124
Purchases of alumina, bauxite and other raw materials – companies capable of exerting significant influence	**142**	133
Purchases of raw materials – associates	**1**	–
Energy costs – companies under common control	**520**	408
Energy costs – companies capable of exerting significant influence	**153**	206
Other costs – companies under common control	**6**	5
Other costs – associates	**141**	112
	1,128	988

The Company

USD million	31 December 2010	2009
Investments in subsidiaries	**18,915**	14,687
Loans to related parties (group companies) (i)	**1,832**	2,657
Trade and other receivables from related parties	**15**	15
Loans and borrowings from related parties	**650**	900
Trade and other payables to related parties	**768**	910
Other non-current liabilities (ii)	**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. Of the total balance, USD1,815 million of loans to related parties was repayable on demand with the remaining balance repayable in 2012.

(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. Upon initial recognition the fair value of the payable was determined by discounting at applicable current interest rates at USD1,057 million with a resultant difference between nominal and fair value recorded directly in equity of the Company. The carrying value of the payable balance as at 31 December 2010 is USD1,158 million.
The remainder of non-current liabilities represents a promissory note payable issued by the Company to a subsidiary in amount of USD553 million, bearing zero interest and repayable on demand but not earlier than 10 December 2013. 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 2010 approximates the fair value upon initial recognition.

d. Related parties balances

At 31 December 2010 included in non-current assets are balances of USD38 million related to companies which are related parties (31 December 2009: USD41 million).

At 31 December 2010 and 31 December 2009, the amount of unsecured company loans including interest payable of USD2 million and USD70 million to a related party amounted to USD635 million and USD870 million, respectively (refer to note 26).

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 2010 and 2009, 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
Guinea Investing Company Limited, Ltd.	British Virgin Islands	16 July 1999	600 shares of USD 1 each	100.0%	Bauxite mining and alumina
OJSC RUSAL Achinsk	Russian Federation	20 April 1994	4,188,531 shares of RUR 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 RUR 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 RUR 0.2 each	100.0%	Smelting
OJSC RUSAL Krasnoyarsk	Russian Federation	16 November 1992	85,478,536 shares of RUR 20 each	100.0%	Smelting
OJSC RUSAL Novokuznetsk	Russian Federation	26 June 1996	53,997,170 shares of RUR 0.1 each	100.0%	Smelting
OJSC RUSAL Sayanogorsk	Russian Federation	29 July 1999	59,902,661,099 shares of RUR 0.068 each	100.0%	Smelting
Khakas Aluminium Smelter Ltd	Russian Federation	23 July 2003	charter fund of RUR10,077,594,515.7	100.0%	Smelting
CJSC Alucom-Taishet	Russian Federation	18 September 2000	8,804 shares of RUR 15,000 each	100.0%	Smelting
RUSAL Resal Ltd	Russian Federation	15 November 1994	charter fund of RUR27,951,217.29	100.0%	Processing
OJSC RUSAL SAYANAL	Russian Federation	29 December 2001	59,902,661,099 shares of RUR 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 RUR2,026,200,136.37	100.0%	Repairs and maintenance
OJSC Russian Aluminium	Russian Federation	25 December 2000	23,124,000,000 shares of RUR 1 each	100.0%	Holding company
Investment and management Ltd	Russian Federation	6 December 2002	charter fund of RUR881,939,909.75	100.0%	Management company
Rusal Global Management B.V.	Russian Federation	8 March 2001	charter fund of RUR50,000	100.0%	Management company
OJSC United Company RUSAL Trading House	Russian Federation	15 March 2000	163,660 shares of RUR 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 RUR 1 each	100.0%	Alumina
OJSC Bauxite-Timana	Russian Federation	29 December 1992	44,500,000 shares of RUR 10 each	80.0%	Bauxite mining
OJSC Severo-Uralsky Bauxite Mine	Russian Federation	24 October 1996	2,386,254 shares of RUR 275.85 each	100.0%	Bauxite mining
OJSC SUAL	Russian Federation	26 September 1996	2,542,941,932 shares of RUR 1 each	100.0%	Primary aluminum and alumina production
OJSC Zaporozhye Aluminum Combine ("ZALK")	Ukraine	30 September 1994	622,729,120 shares of RUR 0.25 each	98.0%	Primary aluminum and alumina production

SUAL-PM LLC	Russian Federation	20 October 1998	charter fund of RUR56,300,959	100.0%	Aluminum powders production
CJSC Kremniy	Russian Federation	3 August 1998	320,644 shares of RUR 1,000 each	100.0%	Silicon production
SUAL-Kremniy-Ural LLC	Russian Federation	1 March 1999	charter fund of RUR 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) owns a 65% interest in the Alpart jointly owned mine and refinery.

35. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 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 3 March 2011, one of the Group's subsidiaries issued 15 million rouble denominated bonds with a par value of 1,000 roubles each on MICEX. Maturity of the bonds is seven years subject to a put option exercisable in three years. Simultaneously, the Group entered into a cross-currency swap with an unrelated financial institution whereby the RUB-denominated bonds with semi-annual coupon payments of 8.3% p.a. were transformed into a USD obligation with a matching maturity of USD530 million bearing interest at 5.13% per annum. The proceeds of the bond issue were used for repayment of part of the Group's outstanding debts.

On 31 December 2010, several aluminium producing subsidiaries of the Group domiciled in Russia entered into Agreements on Provision of Capacity ("APCs") with the Center of Financial Settlements ("CFS"), the System Operator of the United Energy System ("SO"), the Administrator of the Wholesale Energy Trading System ("ATS") and the Market Council on Organization of effective Wholesale and Retail trading of Electricity and Capacity (the "Market Council").

The APCs represent a new form of providing long-term access to guaranteed generation capacity on the wholesale market in Russia. The APCs represent a commitment from generators to construct and provide new capacity over next 10-30 years, and for wholesale customers to contract for such capacity. APCs will partially replace the short-term capacity contracts currently entered into by the Company where the pricing is determined on the basis of available bids and offers. The pricing for APCs is approved by the regulator in a uniform manner for all participants in the wholesale market whereby the prices for future capacity are calculated by reference to the suppliers' operating and capital expenditure and a certain pre-defined margin.

The Group expects that the capacity purchased under the APCs will be utilised in the regular production process and estimates that the purchase commitments will not exceed USD54 million in 2011, partially replacing capacity that would otherwise be purchased on a short-term basis. The estimate is derived based on the information currently available from ATS.

The Group is also evaluating available alternatives to the APCs and is currently in discussion with the relevant governmental authorities regarding a possibility to replace the commitments arising under the APCs by construction projects whereby the Group would act as the investor and ultimately the owner of the newly constructed capacity. The Group expects the discussions to conclude in 2011.

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 (see 'Bauxite 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, provisions – in note 27 and financial investments – in note 19. 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
Revised IAS 24, *Related party disclosures*	1 January 2011
IFRS 9, *Financial Instruments*	1 January 2013
Amendment to IAS 12, *Income taxes*	1 January 2012
Improvements to IFRS	1 January 2011

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 the development 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

28 April 2011

Forward Looking Statements

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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 debt restructuring 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 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.

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A

2009 Annual Report means the annual report issued by the Company dated 29 April 2010.

Achinsk alumina refinery means OJSC RUSAL Achinsk, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Company.

Achinsk Cement means Achinsk Cement Limited Liability 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.

aggregate attributable bauxite production is calculated based on pro rata share of the Group's ownership in corresponding bauxite mines and mining complexes.

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 C1 cash cost means the aluminium cash cost as defined by Brook Hunt, comprising the following elements:

(a) Alumina costs
Brook Hunt's basic analysis uses third party purchase prices for alumina. The exception is for some physically integrated smelters with commonality of ownership between refinery and smelter. In these instances alumina is transferred on a C2 basis plus freight charges*.

(b) Energy costs
The power consumption per tonne of aluminium (MWH/t) figures are based on the total plant consumption and metal production ex casthouse

(c) Labour costs
Labour costs include direct employment costs as well as on-costs (pension, housing allowance etc.) for both salaried and waged employees directly employed by the company. They therefore represent the total cost to the Company of an employee. Subcontractor or employees/ costs are specifically excluded from this category and are included in services/ other costs. Brook Hunt also excludes employees at the casthouse and others engaged post ingot.

Labour costs = average number of employees x average cost of employment
(d) Other costs comprising:
- (i) consumables
- (ii) repair and maintenance materials
- (iii) services/other

* Operating costs (C2) comprise cash costs (C1) plus depreciation (physical assets are amortised on a straight-line basis over 20 years)

AMF means the French Autoritè des marchès 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 28 April 2011.

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.

B

Barnaultransmash means Joint Stock Holding Company "Barnaultransmash", a company incorporated under the laws of the Russian Federation.

Basic Element means Basic Element Limited, a company incorporated in Jersey, of which Mr Oleg Deripaska is the ultimate beneficial owner.

BCP means CJSC BaselCement-Pikalevo, a company incorporated under the laws of the Russian Federation.

BEMO means the companies comprising Boguchanskoye Energy and Metals Complex.

BEMO HPP means the Boguchanskaya hydro power plant.

BEMO Loan means the USD520 million facility agreement dated 15 March 2007 (as amended on 17 August 2007) and made between, among others, Closed Joint Stock Company Boguchansk Aluminium Smelter as the company and Barclays Bank PLC as facility agent.

BEMO Project means the Boguchanskoye Energy & Metals project involving the construction of the BEMO HPP and the Boguchansky aluminium smelter as described in pages 016 and 019 of this Annual Report.

Board means the board of Directors of the Company.

Bogoslovsk aluminium smelter or **Bogoslovsk Alumina Refinery** means Bogoslovsk aluminium smelter, a branch of OJSC SUAL.

Boguchansky aluminium smelter or **BoAZ** means the aluminium smelter project involving the construction of a 588 kilotonnes per year 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 in page 016 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.

C

Cash Operating Cost is a key operating metric of the Group. The following specific parameters are used in the Group's management accounting:

(a) **Aluminium Cash Operating Costs** represent the average weighted costs of aluminium production (including maintenance costs, pot rebuild costs, capacity expansion or capacity closure costs, changes in work in progress/inventory and warehouse costs of commodity aluminium) and sales costs (including transport, security and handling), as well as general administrative costs of the Group's management company.

(b) **Alumina Cash Operating Costs** represent the average weighted costs of calcined alumina production (including changes in inventory, work in progress and warehouse costs of commodity alumina) and sales costs (including transport, security and handling).

CBP-Trade means CBP-Trade Limited Liability Company, a company incorporated in the Russian Federation.

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.

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.

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 and "controlling interest" shall be construed accordingly. En+ is the Controlling Shareholder as at the date of this Annual Report.

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 in the International Override Agreement.

CRU means CRU Strategies Limited, a company incorporated in England and Wales; an independent business analysis and consulting group focused on the mining, metals, power cables, fertiliser and chemicals sectors.

D

debt restructuring agreements and "debt restructuring" means the debt restructuring agreements and the debt restructuring discussed under the heading "Loans and borrowings" in the Management Discussion and Analysis section of this Annual Report.

Developed Markets means those countries which are classified by the FTSE Group as developed markets, including United States of America, United Kingdom, Australia, Germany and France.

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.

E

EBITDA means earnings before interest, taxes, depreciation, and amortisation.

ECD means the Engineering and Construction Division.

En+ means En+ Group Limited, a company incorporated in Jersey and which is a Shareholder of the Company.

Energoprom Management means Energoprom Management JSC.

EPCM means Engineering, Procurement, Construction and Management.

EUR means Euros, the lawful currency of the relevant member states that have adopted the Euro as their currency.

EURIBOR means, in relation to any loan:

(a) the applicable screen rate (being the percentage rate per annum determined by the Banking Federation of the European Union for the relevant period, as displayed on the appropriate page of the Reuters screen); or

(b) (if no screen rate is available for the relevant interest period) 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 European interbank market, as of the specified time (11:00 a.m.) on the quotation day (two TARGET - Trans-European Automated Real-time Gross Settlement Express Transfer - days before the first day of the interest period unless

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market practice differs in the European interbank market in which case the quotation day will be determined by the agent in accordance with market practice in the European interbank market) for the offering of deposits in EUR and for a period comparable to the interest period for that loan

Euronext Paris means the Professional Segment of 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 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.

F

Fee Warrants means nominal strike warrants issued to the restructuring lenders under the International Override Agreement equal in aggregate on conversion to 1% of the Company's fully diluted share capital as at the date of the International Override Agreement.

Finance Charges has the meaning given in the International Override Agreement.

financial year means the financial year ended 31 December 2010.

Friguia means Friguia S.A., a company incorporated in Guinea, which is a wholly owned subsidiary of the Company.

FTSE Group means the British provider of stock market indices including the FTSE 100 Index and the FTSE 250 Index.

G

GBP means Pounds Sterling, the lawful currency of the United Kingdom.

Gcal means gigacalories.

Glavstroy - MOSMEK means OJSC Glavstroy - MOSMEK.

Glencore means Glencore International AG a company incorporated in Switzerland and 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.

H

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.

I

IAI means International Aluminium Institute.

IAS means International Accounting Standard.

IASB means the International Accounting Standards Board.

IFRS means 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.

J

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.

K

KAP means Kombinat Aluminijuma Podgorica (Aluminium Plant Podgorica).

Khakas aluminium smelter means Khakas Aluminium Smelter Limited, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Company.

KraMZ or **LLC KraMZ** means limited liability company "Krasnoyarsk Metallurgical Plant", a company with limited liability incorporated in the Russian Federation and a subsidiary of En+.

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.

L

LLC RUSAL Foil means RUSAL Foil Limited Liability Company, a wholly-owned subsidiary of the Company.
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 Stock Exchange of Hong Kong Limited (as amended from time to time).

LLC GAZ means LLC Torgovo-Zakupochnaya Kompaniya GAZ, a company incorporated under the laws of the Russian Federation.

LLP Bogatyr Komir means the joint venture described on page 019 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 Long-Term Incentive Program.

M

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 Partnership Market Council.

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 CJSC "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.

MLN means million.

MLN UN means million units.

MLN USD means million US dollars.

mt, **MT** or **MLN T** means million tonnes.

MW means thermal megawatts.

Glossary

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N

Natixis means the investment bank listed on the Paris stock exchange and party to the International Override Agreement.

Net Debt is calculated as Total Debt less cash and cash equivalents as at 31 December 2010.

Nikolaev alumina refinery means Mykolayiv 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 or "NkAZ" means OJSC RUSAL Novokuznetsk, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Company.

O

OHSAS 18001 means Occupational Health and Safety Specification (OHSAS) 18001.

OJSC Khimprom means Khimprom Joint Stock Company, a company controlled as to 34% by SUAL Partners

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.

Override Date means 7 December 2009.

Override Period means the period beginning on 7 December 2009 and ending on the earlier of (i) the date on which all amounts payable by the Group to its international lenders under the international loan facilities have been paid in full and no international lender is under any further obligation under the relevant international facility documents; and (ii) the date falling 48 months after 7 December 2009.

P

PIK means payment-in-kind.

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.

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.

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.

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.

Q

Queensland Alumina Limited or **QAL** means Queensland Alumina Limited, a company incorporated in Queensland, Australia, in which the Company indirectly holds a 20% equity interest.

R

RA means OJSC Russian Aluminium.

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.

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 on the Listing Date and ending on the date of this Annual Report.

RSPP means Russian Union of Industrialists and Entrepreneurs.

RTS means OJSC "Russian Trading System" Stock Exchange.

RUR or **Rubles** means Rubles, the lawful currency of the Russian Federation.

RUSAL means RUSAL Limited.

RUSAL Achinsk means RUSAL Achinsk Open Joint-Stock Company, an indirect wholly-owned subsidiary of the Company.

RUSAL Boxitogorsk means OJSC RUSAL Boxitogorsk, 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 Medical Center means RUSAL Medical Center LLC, a company incorporated under the laws of the Russian Federation.

RUSAL RESAL means RUSAL RESAL Limited Liability Company, a wholly-owned subsidiary of the Company.

RUSAL TH means Open Joint Stock Company "United Company RUSAL Trading House", a company incorporated in Russia and 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 Centres operated by the Company.

S

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 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 the Savings Bank of the Russian Federation.

SFO means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Share(s) means ordinary share(s) with nominal value of USD0.01 each in the share capital of the Company.

Shareholder(s) means 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.

Soederberg means a method of primary aluminium reduction using a self-baked anode that utilises the heat of the reduction process in a cell that is introduced into the top of the reduction cell in the form of anode paste and consumed as part of the reduction process.

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 a 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 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.

substantial shareholder has the meaning ascribed to such expression in the Listing Rules.

Glossary

T

T means tonne.

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 in page 017 of this Annual Report.

TGK-5 means OJSC Territorial Generating Company No. 5, a company incorporated under the laws of the Russian Federation.

TGK-6 means OJSC Territorial Generating Company No. 6, a company incorporated under the laws of the Russian Federation.

TGK-7 means OJSC Territorial Generating Company No. 7, a company incorporated under the laws of the Russian Federation.

TGK-9 means OJSC Territorial Generating Company No. 9, a company incorporated under the laws of the Russian Federation.

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 Debt means the Company's loans and borrowings at 31 December 2010.

Total Net Debt has the meaning given in the International Override Agreement.

tpa means tonnes per annum.

U

UN means units.

UN Global Compact is a United Nations initiative to encourage business worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

Urals aluminium smelter or **Urals alumina refinery** means Urals Aluminium Smelter, a branch of OJSC SUAL.

USD, **US$** or **US dollars** means United States dollars, the lawful currency of the United States of America.

V

VAT means value added tax.

VEB means State Corporation "The Bank for Development and Foreign Economic Affairs (Vnesheconombank)".

W

Windalco means West Indies Alumina Company, a company incorporated in Jamaica, in which the Company indirectly holds a 93% interest.

Windalco-Kirvine Works Plant means the alumina refinery in Jamaica owned by the Group and Jamaica Bauxite Mining Limited, representing the Jamaican government.

Working Capital means trade and other receivables and inventories less trade and other payables.

Z

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.

Symbol

+ means an increase by the stipulated percentage of the amount recorded for the previous year.

Appendix A –

Principal terms of the Shareholders' Agreement with the Company

pp201–202

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 has a value in excess of USD150 million, or such Geological Licence has a value in excess of USD100 million.

Each of En+ and Onexim must 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 is reasonably likely to give rise to a right of first refusal.

This right of first refusal will only apply to En+ if the aggregate direct and indirect interest of En+ and its ultimate beneficial owner in Shares exceeds 40% of the total Shares in issue (or such lesser percentage as a result of any dilution on a further Share issue) and will only apply to Onexim if the aggregate direct and indirect interest of Onexim and its ultimate beneficial owner in Shares exceeds 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 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[21].
- 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.

21 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-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) 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 Only

pp203–207

The principal terms of the Shareholders' Agreement between Major Shareholders Only 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 one independent Director.
- For as long as it is required pursuant to the facilities agreement between VEB and the Group, one

Appendix B – Principal terms of the Shareholders' Agreement between Major Shareholders Only

pp203–207

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.

22 For this purpose, Related Party Transaction" means any agreement, transaction or arrangement between any member of the Group on the one hand, and En+, Glencore, SUAL Partners or Onexim (or, in the case of En+, SUAL Partners and Onexim, their beneficial owners) involving the aggregate payment or transfer of value in any calendar year by one or more members of the Group of an amount which, when aggregated with any payment or transfer of value under any related agreement, transaction or arrangement would exceed US$1 million.

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 marketing committee consisting of one member proposed for appointment by each of En+, SUAL Partners and Glencore, whose responsibilities include the review and approval of the Company's marketing strategy, recommending the appointment of marketing directors for aluminium and alumina and recommending to the CEO the removal of marketing directors.
- A health, safety and environmental committee, whose composition, functions and terms of reference are

Appendix B - Principal terms of the Shareholders' Agreement between Major Shareholders Only

to be determined from time to time by the Board.

- A standing committee consisting of four members who may or may not be Directors, one proposed for appointment by each of En+, SUAL Partners, Glencore and Onexim. 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.

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[22] (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 restructuring 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. Currently, the Company does not expect to declare dividends in respect of any year until the Group's ratio of Total Net Debt to Covenant EBITDA is no more than 3 to 1 and other conditions as per the International Override Agreements have been met.

ENCUMBRANCES OVER SHARES

- Until 26 March 2012, and subject to the exception stated below, En+ has agreed not to encumber Shares comprising 40% of the Major Shareholders' Shares. Notwithstanding the foregoing, En+ will 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.
- The Major Shareholders acknowledge that they may be required to pledge in aggregate 5% of the total issued Shares, on a pro rata basis, as security for indebtedness owed by the Group to VEB. The rights of the Major Shareholders to encumber a certain proportion of their Shares as described above is in addition to any such pledge granted by them to VEB.

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 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

23 See footnote 21.

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[23].
> Upon either Glencore or SUAL Partners 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) 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: 486
Euronext (Paris) Rusal/Rual

BOARD OF DIRECTORS:

Executive Directors
Mr. Oleg Deripaska
Mr. Vladislav Soloviev
Mr. Petr Sinshinov
Ms. Tatiana Soina
Mr. Alexander Livshits
Ms. Vera Kurochkina

Non-executive Directors
Mr. Viktor Vekselberg ***(Chairman)***
Mr. Dmitry Afanasiev
Mr. Len Blavatnik
Mr. Anatoly Tikhonov
Mr. Ivan Glasenberg
Mr. Alexander Popov
Mr. Dmitry Razumov
Mr. Artem Volynets

Independent non-executive Directors
Mr. Barry Cheung Chun-Yuen
Dr. Peter Nigel Kenny
Mr. Philip Lader
Ms. Elsie Leung Oi-Sie

REGISTERED OFFICE IN JERSEY

Ogier House
The Esplanade
St Helier JE4 9WG
Jersey

PRINCIPAL PLACE OF BUSINESS

Themistokli Dervi, 12
Palais D'Ivoire House
P.C. 1066
Nicosia
Cyprus

PLACE OF BUSINESS IN HONG KONG

11th Floor
Central Tower
28 Queen's Road Central
Central
Hong Kong

JERSEY COMPANY SECRETARY

Ogier Corporate Services (Jersey) Limited
Ogier House
The Esplanade
St Helier JE4 9WG
Jersey

HONG KONG COMPANY SECRETARY

Ms. Aby Wong Po Ying
Ogier Services (Asia) Limited
11th Floor
Central Tower
28 Queen's Road Central
Central
Hong Kong

JOINT AUDITORS

KPMG
8th Floor, Prince's Building
10 Chater Road, Central
Hong Kong

ZAO KPMG
Naberezhnaya Tower Complex, Block C
10 Presnenskaya Naberezhnaya
Moscow, 123317
Russia

AUTHORISED REPRESENTATIVES

Mr. Vladislav Soloviev
Ms. Aby Wong Po Ying
Mr. Eugene Choi

PRINCIPAL SHARE REGISTRAR

Ogier Corporate Services (Jersey) Limited
Ogier House
The Esplanade
St Helier JE4 9WG
Jersey

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

DEPOSITORY FOR THE GLOBAL DEPOSITARY SHARES LISTED ON EURONEXT PARIS

The Bank of New York Mellon
One Wall Street,
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AUDIT COMMITTEE MEMBERS

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