ANNUAL REPORT
TAMING THE CHALLENGE

2014

RUSAL

FINANCIAL AND OPERATIONAL HIGHLIGHTS

USD million (unless otherwise specified)	2014	2013	2012	2011	2010	2009
Revenue	**9,357**	9,760	10,891	12,291	10,979	8,165
Adjusted EBITDA	**1,514**	651	915	2,512	2,597	596
Adjusted EBITDA Margin	**16.2%**	6.7%	8.4%	20.4%	23.7%	7.3%
EBIT	**942**	(1,804)	60	1,749	2,031	(63)
Share of Profits/ (Losses) from Associates	**500**	84	278	(349)	2,435	1,417
Pre Tax Profit/(Loss)	**147**	(3,241)	(502)	610	3,011	839
(Loss)/Profit	**(91)**	(3,322)	(528)	237	2,867	821
(Loss)/Profit Margin	**(1.0%)**	(34.0%)	(4.8%)	1.9%	26.1%	10.1%
Adjusted Profit/(Loss)	**17**	(666)	(498)	987	792	(1,378)
Adjusted Profit/(Loss) Margin	**0.2%**	(6.8%)	(4.6%)	8.0%	7.2%	(16.9%)
Recurring Profit/(Loss)	**486**	(598)	(8)	1,829	1,683	(1,886)
Basic (Loss)/Earnings Per Share (in USD)	**(0.01)**	(0.22)	(0.04)	0.02	0.19	0.06
Total Assets	**14,857**	20,480	25,210	25,345	26,525	23,886
Equity Attributable to Shareholders of the Company	**2,237**	6,550	10,732	10,539	11,456	6,332
Net Debt	**8,837**	10,109	10,829	11,049	11,472	13,633

ANNUAL REPORT
TAMING THE CHALLENGE

2014

CONTENTS

WE HAVE LEARNT TO HARNESS THE POWER OF WATER TO CONCENTRATE ITS POWER AND CONVERT IT INTO ENERGY. THIS ENERGY FACILITATING PROCESS HAS BREATHED NEW LIFE INTO NEW AND EXISTING REGIONS, CULTIVATING AND ENHANCING OUR SURROUNDINGS.

CORPORATE PROFILE

UC RUSAL is the world's largest producer of primary aluminium and alloys with a particular focus on the production and sale of value-added products.

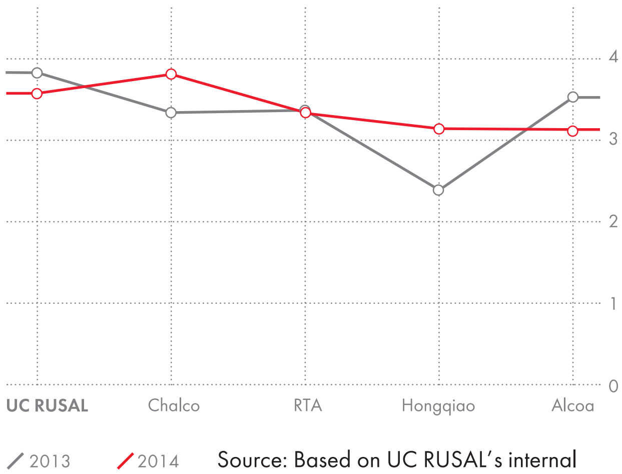
UC RUSAL's upstream business, is vertically integrated to a high degree. It has substantial supplies of bauxite and alumina production capacity. The Company's core smelters are located in Siberia, Russia, benefiting from access to clean hydro-generated electricity and a convenient location to supply to important European and Asian markets.

Global scale and reach

UC RUSAL has unique exposure to the global aluminium market. In 2014 it was the largest aluminium producer in the world and one of the industry leaders in alumina production.

Primary aluminium production (thousand tonnes)

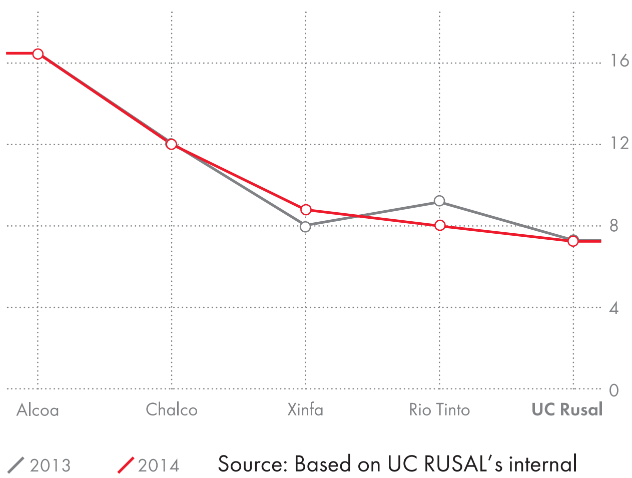
UC RUSAL	Chalco	RTA	Hongqiao	Alcoa
3 857	3 380	3 383	3 158	3 550
3 601	3 840	3 361	2 367	3 125



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

Alumina production (thousand tonnes)

Alcoa	Chalco	Xinfa	Rio Tinto	UC Rusal
16 606	12 020	8 824	9 307	7 253
16 618	12 140	8 050	8 134	7 310



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

Secure access to sources of green, renewable electricity and low CO2 footprint

UC RUSAL has long-term contracts with hydro power plants in Siberia. With over 85% of UC RUSAL's aluminium produced using renewable and environmentally friendly hydro generated electricity, UC RUSAL is targeting to have the best CO2 footprint in the industry.

Focus on higher margin upstream business

Primary aluminium production with a focus on alloys and value-added products. UC RUSAL's target is to increase the production of value-added products by up to 50%, in particular, through improvements to its smelters located in Siberia.

High degree of vertical integration with its upstream business

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

Strong growth potential of the UC RUSAL platform

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

Proprietary R&D and internal EPCM expertise

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

Implementing environmental initiatives

UC RUSAL is the first Russian company to publish a report on its corporate implementation of the UN Global Compact and the first to join the UNDP. By following its environmental policy and undertaking to regularly review and update its provisions, the Company is constantly developing and improving its environmental management system and implementing its principles at all production facilities.

DIVERSIFICATION OPPORTUNITIES THROUGH INVESTMENTS

- As at the Latest Practicable Date, UC RUSAL owns a 27.82% interest in Norilsk Nickel, the world's largest nickel and palladium producer and one of the leading producers of platinum and copper[1].
- UC RUSAL's 50/50 LLP Bogatyr Komir coal joint venture in the Ekibastuz coal basin, one of the largest coal basins in the CIS, providing UC RUSAL with a natural energy hedge.

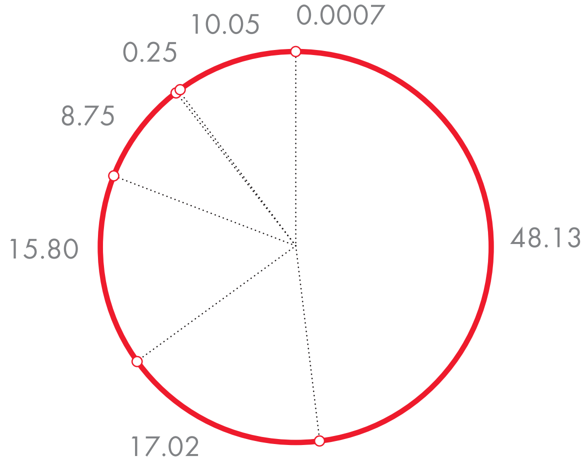
Key facts

In 2014 UC RUSAL accounted for about 6.7% of the world's aluminium output and about 6.9% of the world's alumina production[2], generated from the following facilities located around the world:

- 14 aluminium smelters (5 of which are mothballed)
- 11 alumina refineries
- 8 bauxite mines
- 4 foil mills

UC RUSAL's shares are listed on the Hong Kong Stock Exchange and are also listed on Euronext Paris in the form of Global Depositary Shares and on MOEX and RTS in the form of Russian Depositary Receipts.

Key shareholders



0.0007%	Shares held for vesting under LTIP
48.13%	En+
17.02%	Onexim
15.80%	SUAL Partners
8.75%	Amokenga Holdings*
0.25%**	Directors
10.05%	Public Float

Note: (*) Amokenga Holdings is ultimately controlled by Glencore International Plc.
(**)Including 0.23% directly held by the President of the Company.

1 Source: www.nornik.ru

2 Source: Brook Hunt (A Wood Mackenzie Company).

OUR GLOBAL FOOTPRINT

1. Aluminium
2. Alumina
3. Bauxite
4. Foil
5. Powders
6. Silicon
7. Nepheline ore
8. Cryolite and cathodes
9. Other business

ARMENIA
34 ARMENAL

AUSTRALIA
46 QAL

CHINA
45 Cathode production

GUINEA
27 Compagnie des Bauxites de Kindia (CBK)
28 Dian Dian Bauxite Mine & Alumina Plant Project
26 Friguia Bauxite & Alumina Complex

GUYANA
25 Bauxite Company of Guyana (BCGI)

IRELAND
01 Aughinish Alumina

ITALY
02 Eurallumina

JAMAICA
23 Alpart
24 Windalco

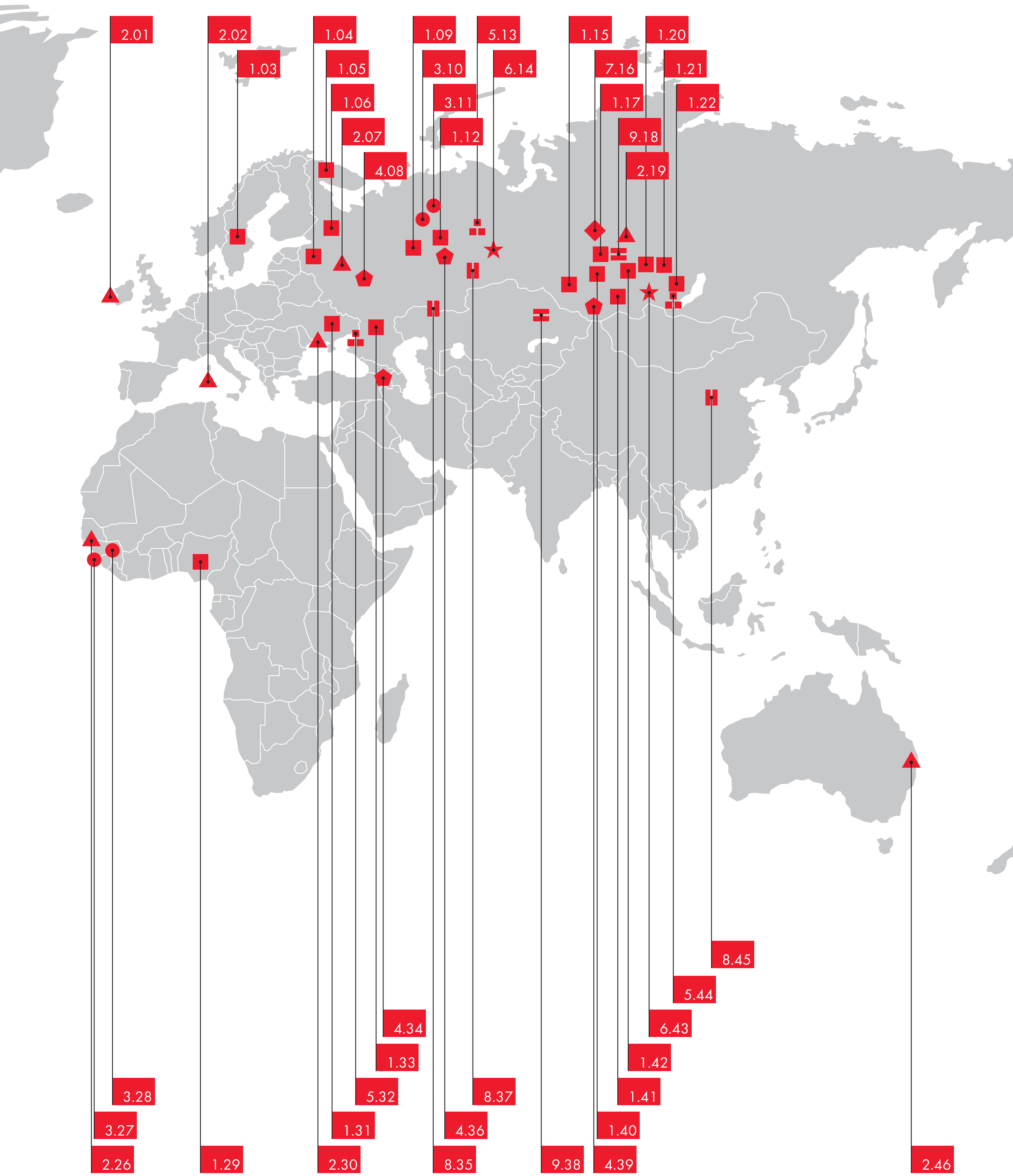
KAZAKHSTAN
38 LLP Bogatyr Komir

NIGERIA
29 ALSCON

RUSSIA
19 Achinsk Alumina Refinery
17 Boguchansky Aluminium Smelter (BEMO)
18 Boguchanskaya HPP (BEMO)
09 Bogoslovsky Alumina Refinery and Aluminium Smelter
07 Boksitogorsk Alumina Refinery
21 Bratsk Aluminium Smelter
22 Irkutsk Aluminium Smelter
05 Kandalaksha Aluminium Smelter
41 Khakas Aluminium Smelter
16 Kia-Shaltyr Nepheline Mine
13 Krasnoturyinsk Powder Metallurgy
42 Krasnoyarsk Aluminium Smelter
06 Nadvoitsy Aluminium Smelter
10 North Urals Bauxite Mine
15 Novokuznetsk Aluminium Smelter
37 Polevskoe Cryolite Plant
08 Sayana Foil
39 SAYANAL
40 Sayanogorsk Aluminium Smelter
44 Shelekhov Powder Metallurgy
43 Silicon (ZAO Kremniy), Shelekhov
35 South Urals Cryolite Plant
20 Taishet Aluminium Smelter
11 Timan Bauxite
12 Urals Aluminium Smelter
36 Urals Foil
14 Urals Silicon
33 Volgograd Aluminium Smelter
32 Volgograd Powder Metallurgy
04 Volkhov Aluminium Smelter

SWEDEN
03 KUBAL

UKRAINE
30 Nikolaev Alumina Refinery
31 Zaporozhye Aluminium Complex


2.01
2.02
1.03
1.04
1.05
1.06
2.07
4.08
1.09
3.10
3.11
1.12
5.13
6.14
1.15
7.16
1.17
9.18
2.19
1.20
1.21
1.22
8.45
5.44
4.34
6.43
1.33
1.42
3.28
5.32
8.37
1.41
3.27
1.31
4.36
1.40
2.26
1.29
2.30
8.35
9.38
4.39
2.46

WHILST WATER IS ONE OF NATURE'S MOST UNPREDICTABLE ELEMENTS, IT IS TODAY'S MOST ECO-FRIENDLY AND RENEWABLE SOURCE OF ENERGY, WHICH STILL HAS MUCH TO OFFER IN THE FUTURE.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

"With time and patience the mulberry leaf becomes a silk gown," so goes the famous Chinese saying. These words highlight the importance of goal-setting and the dedication required to reach these goals. After a few challenging years, UC RUSAL has seen steady progress across its key performance metrics in 2014. Despite a tough start to the year, both profit and cash flow generation improved significantly in the second half. The Board and I are very pleased with this performance trajectory.

In 2014, global primary aluminium demand reached 55.2 million tonnes, recording outstanding growth of 7%. UC RUSAL's in-house supply-demand balance forecast envisages an ex-China deficit of around 1 million tonnes through to 2018.

Against the current backdrop, UC RUSAL's strategy to focus on economically and environmentally efficient production is paying off. The management team has continued to pursue a stringent cost management strategy and with the support of external market factors successfully reduced aluminium cash cost to USD1,671/t in the fourth quarter of 2014. Adjusted EBITDA margin improved to 26.1% in the fourth quarter of 2014, while the Adjusted EBITDA margin for the year was 16.2% against just 6.7% in 2013.

Despite UC RUSAL's steadfast adherence to ongoing strategic production discipline, which resulted in output decreasing by 7% compared to 2013, RUSAL remained the world's largest aluminium company by production.

UC RUSAL's robust financial results are not the only measurement by which the Company should be judged. As a Company which employs 62,000 people, the health and safety of all of our team remains our key priority. We have a dedicated committee for Health, Safety and the Environment at Board level. In 2014, the Company achieved 100% standardisation of jobs within its Business System, including working conditions and safety of performed operations, and proactively conducted a widespread behavioural safety audit.

UC RUSAL's total investment in employee safety reached USD68 million in 2014, with total expenditures on labour and industrial safety for the last 3 years amounting to USD225 million. As in 2013, there were no significant emergencies, incidents, fires or transport accidents in 2014. The lost time accident frequency rate decreased by 13.6%, while the lost time injury severity rate decreased by 10.8%

Total investment in environmental protection between 2012 and 2014 amounted to USD295 million. As an environmentally conscious company, UC RUSAL implemented a range of programmes to curtail hazardous emissions and achieved a reduction in carbon emission intensity per tonne of aluminum of 11% in comparison with 2011.

UC RUSAL constantly upgrades its facilities to increase the amount of recycled and reusable water utilised during the production process. Compared to 2011, industrial waste has decreased by 45%. We are conscious at climate change and are continuously looking to decrease CO2 emissions. In 2014, we reached a goal set in 1990 to decrease emissions by 50% by the beginning of 2015.

No less important are the Company's ongoing modernisation and innovation projects. We continue to invest in the modernisation and upgrade of our existing capacities, as well as building efficient upstream vertical integration and increasing the value-added product mix. A new casting line with 120kt of large diameter billets (460mm) capacity is under construction at the Krasnoyarsk aluminium smelter. In addition, wire rod capacity (KAZ) of 50kt and slab capacity of 105kt (SAZ) were added to the Company's portfolio in the fourth quarter of 2014.

From 2014 to 2016, the Company, together with the Russian Ministry of Education and the Russian Ministry of Industry and Trade, is implementing several R&D projects with ministerial grants exceeding RUB 490 million. In particular, these projects cover the production of Al-Sc alloys, increasing the strength of nano-structured aluminium alloys for use in electrical engineering, as well as producing a new generation of sparingly alloyed heavy duty materials. In addition, energy-saving solutions are being tested for use in the aluminium reduction process with early results showing electricity consumption fell by 300-1,000 kW*h/t of aluminium.

UC RUSAL continued to deliver on its social agenda in 2014. Total investment in charitable and social projects in the reporting period was around USD13 million. We are very proud that one of our four major social initiatives – the "Territory of RUSAL" program – has won in the "Creating the Future" category at the first All-Russian competition held by the Ministry of Education and Science of Russia in 2014 which recognizes employers' work with children, youth and talent pool.

I would also like to mention an important post-reporting period CSR project. On January 17, 2015 the Company officially opened an Ebola center in Guinea, making it the only public company globally to initiate a major construction project to help fight the spread of Ebola. The Company's investment in the construction of the Centre amounts to over USD10 million.

Looking to the future, we forecast aluminium demand growth, while the ex-China market deficit will support the aluminium price. The macro environment also remains supportive for the aluminium market.

I am pleased to welcome Vladislav Soloviev as CEO of UC RUSAL. Vladislav first joined the Company back in 2000 and enjoyed success as the Company's First Deputy CEO, where he had an impressive track record of increasing RUSAL's business efficiency and improving production and financial performance. I would also like to thank Oleg Deripaska, who is now the Company's President, for his tenure as CEO during which he led the Company through a challenging period.

Finally, I would like to thank all of our employees for their commitment and dedication and our shareholders for their continued support.

Matthias Warnig
Chairman of the Board

CEO'S REVIEW

2014 was another noteworthy year for both UC RUSAL and the aluminium sector. For me, this marks the first time I am writing to you, our shareholders, as Chief Executive Officer of UC RUSAL. I am very honoured to hold this position at this great company, and will work tirelessly to ensure that we continue to be recognised as the world's leading aluminium producer. Aluminium continues to be used in an ever greater range of products and the opportunities open to us are very exciting. Having gone through a difficult but important transformation, RUSAL is well positioned to deliver long-term value and growth for all stakeholders.

The period under review was mixed for the aluminium sector, in the first quarter the aluminium price fell to its lowest level in almost five years, however positive market price dynamics supported by growing demand and ex-China deficit helped the sector recover in the middle of the year. In the fourth quarter of 2014, the slump in global oil prices coupled with a strengthening of the US Dollar depressed most commodities' prices, with the LME price for aluminium declining back to levels below USD1,900 per tonne.

Against the backdrop of such a volatile environment, RUSAL focused on the key elements of its operational strategy in order to return to profitability. These remain: efficiency enhancement, stringent cost control through the whole production chain, and increasing production of high margin value-added products.

Our steadfast commitment to curtailing inefficient production resulted in primary aluminium production decreasing 6.6% to 3.6 million tonnes, with aluminium segment cash cost per tonne reducing 9.3% to USD1,729 per tonne. In addition, our share of value-added products reached a record high of 45% of total aluminium production and we remain on track to achieve our target of 55% by 2020.

Thanks to the efforts taken by RUSAL over the period coupled with a depreciation of the Russian Rouble and Ukrainian Hryvna we achieved a robust set of results. While revenues decreased by 4.1% to USD9,357 million, primarily due to the lower sales of primary aluminium and alloys, which accounted for 83.6% of RUSAL's revenue in 2014 and 2013, Adjusted EBITDA increased by USD863 million or by 132.6% to USD1,514 in 2014 as compared to USD651 million for the preceding year. Recurring Net Profit for the year ended 31 December 2014 was USD486 million compared to a Recurring Net Loss of USD598 million for the preceding year.

During the period, RUSAL completed an important corporate event with the refinancing of our debt portfolio which included PXF and bilateral facilities. The terms agreed allow RUSAL to postpone the scheduled repayments of principal until January 2016. In December 2014, the Company took the prudent decision to make an early repayment of USD300 million of the outstanding debt in addition to USD53 million repaid in the fourth quarter of 2014 through the cash sweep mechanism. Thanks to these efforts and our robust financial results, RUSAL achieved a leverage ratio below 4.5:1 which will decrease the interest rate margin from March 2015.

With the ramifications of the 2009 industry crisis firmly in our mindset, the Company has no plans to restart any mothballed aluminium capacity, regardless of the LME price. Optimisation of production capacity is a long-term way to ensure the industry does not face another overproduction crisis, and the Company is committed to maintaining stable aluminium output, albeit with marginal increases following the commencement of operations at the Boguchansky aluminium smelter.

Looking forward at the industry as a whole, we believe that global aluminium demand will grow by 6.5% in 2015 to 59 million tonnes, while production growth outside of China will continue to be limited, with 1.1 million tonnes remaining in supply deficit. We have recently witnessed LME stocks decline below a psychologically important mark of 4 million tonnes and based on the current supply and demand balance, we estimate that inventories will return to their historically normal level in 2016.

During 2014, RUSAL demonstrated its ability to respond to very challenging market conditions and our steadfast adherence to our corporate strategy led to a strong set of results. Given the mixed year for the sector we are by no means complacent and remain dedicated to our corporate strategy which leaves RUSAL well positioned to continue its growth trajectory into the future. I would like to thank all our employees and other stakeholders for their ongoing support and commitment, both of which give me great confidence in our future.

Vladislav Soloviev
Chief Executive Officer

INVENTIONS DURING THE EXTRACTION AND PROCESSING OF MINERALS HAVE ALWAYS LED TO CRUCIAL CHANGES IN THE QUALITY OF LIFE. THE AGE OF ALUMINIUM CREATED NEW OPPORTUNITIES IN SPACE EXPLORATION, HELPING TO SHRINK HUGE DISTANCES, BUT ALSO ALLOWED US TO PRODUCE UNIQUE OBJECTS WHICH HAVE BECOME AN ESSENTIAL PART OF OUR LIVES.

BUSINESS OVERVIEW

UC RUSAL BELIEVES ITS MISSION IS TO GENERATE SUPERIOR AND SUSTAINABLE RETURNS FOR ITS STAKEHOLDERS

UC RUSAL operates three business units – Aluminium, Alumina and Bauxite, as well as energy and mining assets. With 14 aluminium smelters in Russia, Sweden and Nigeria and a high degree of vertical integration, the Company strengthened its position as one of the world's most cost-efficient aluminium producers. UC RUSAL continued to invest in innovations and new technologies to increase the share of value-added products and reduce production costs, while it constantly improves its environmental indicators and workplace safety.

BUSINESS UNITS

Aluminium

UC RUSAL owns 14 aluminium smelters which are located in three countries: Russia (twelve plants), Sweden (one plant) and Nigeria (one plant). The Company's core asset base is located in Siberia, Russia, accounting for some 95% of the Company's aluminium output in 2014. Among those, the BrAZ and KrAZ together account for nearly half of UC RUSAL's aluminium production.

During 2014, UC RUSAL continued to implement a comprehensive program designed to control costs and optimise the production process in order to strengthen the Company's position as one of the world's most cost-efficient aluminium producers.

The table below[3] provides an overview of UC RUSAL's aluminium smelters (including capacity) as at 31 December 2014.

Asset	Location	% Ownership	Nameplate capacity, kt	Capacity utilisation rate
Siberia				
Bratsk aluminium smelter	Russia	100%	1,006	100%
Krasnoyarsk aluminium smelter	Russia	100%	1,008	100%
Sayanogorsk aluminium smelter	Russia	100%	542	95%
Novokuznetsk aluminium smelter	Russia	100%	215	96%
Khakas aluminium smelter	Russia	100%	297	97%
Irkutsk aluminium smelter	Russia	100%	529	74%
Russia (Other than Siberia)*				

*Note: capacity for other plants includes on-going disassembly of pots as of December 31, 2013 (NAZ, BAZ, VAZ).

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

BUSINESS OVERVIEW

ALUMINIUM PRODUCTION RESULTS[3]

Asset	Location	% Ownership	Nameplate capacity, kt	Capacity utilisation rate
Bogoslovsk aluminium smelter	Russia	100%	0	0%
Urals aluminium smelter	Russia	100%	75	0%
Volgograd aluminium smelter	Russia	100%	168	0%
Volkhov aluminium smelter	Russia	100%	0	0%
Nadvoitsy aluminium smelter	Russia	100%	24	50%
Kandalaksha aluminium smelter	Russia	100%	76	84%
Other countries				
KUBAL	Sweden	100%	128	88%
ALSCON	Nigeria	85%	96	0%
Total nameplate capacity			4,164	86%

The 1st line of Novokuznetsk aluminium smelter and potline 6 of Bogoslovsk aluminium smelter were dismantled in the autumn 2014 following to the Board of Directors decision dated 29 September, 2014, which resulted in the reduction of the Company's nameplate capacity by 153 thousand tpa for the year ended 31 December 2014.

BEMO PROJECT

The BEMO Project involves the construction of the 3,000 MW Boguchanskaya Hydropower Plant and the BEMO aluminium smelter in the Krasnoyarsk region in Siberia, which will produce approximately 588 kt of aluminium per annum.

The construction of the BEMO aluminium smelter is divided into a number of stages, with the first stage (147 kt of aluminium per annum, 168 pots) of the start-up complex scheduled for completion in 2015.

The capital expenditure for the BEMO aluminium smelter (capacity 298 kt per annum), incurred and to be incurred, is currently estimated at approximately USD1,612 million[4] (UC RUSAL's share of such capital expenditure will be approximately USD806 million), of which approximately USD1,187 million has been incurred as of 31 December 2014 (of which UC RUSAL's share amounted to approximately USD594 million). Actual capital expenditure for the BEMO aluminium smelter in 2014 was USD150.6 million (of which UC RUSAL's share amounted to USD75.3 million).

As at 31 December 2014, the first stage of the start-up complex of the BEMO aluminium smelter was estimated to be approximately 80-85% complete.

Alumina

The Group owns 11 alumina refineries. Ten of UC RUSAL's alumina refineries are located in six countries: Ireland (one plant), Jamaica (two plants), Ukraine (one plant), Italy (one plant), Russia (four plants) and Guinea (one plant). In addition, the Company holds a 20% equity stake in QAL, an alumina refinery located in Australia. Most of the Group's refineries have ISO 9001 certified quality control systems. Ten refineries and QAL have been ISO 14001 certified for their environmental management

4 All capital expenditure amounts given above for the BEMO project are based on UC RUSAL's management accounts and differ from amounts disclosed in the consolidated financial statements, as the management accounts reflect the latest best estimate of the capital costs required to complete the project, whereas amounts disclosed in the consolidated financial statements reflect actual capital commitments as at 31 December 2014. All figures for the BEMO project are exclusive of VAT.

and three refineries have received OHSAS 18001 certification for their health and safety management system.

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

The table below[5] provides an overview of UC RUSAL's alumina refineries (including capacity) as at 31 December 2014:

Asset	Location	% Ownership	Nameplate capacity, kt	Capacity utilisation rate
Achinsk Alumina Refinery	Russia	100%	1,069	83%
Boksitogorsk Alumina Refinery	Russia	100%	165	0%
Bogoslovsk Alumina Refinery	Russia	100%	1,052	87%
Urals Alumina Refinery	Russia	100%	780	99%
Friguia Alumina Refinery	Guinea	100%	650	0%
QAL	Australia	20%	4,058	88%
Eurallumina	Italy	100%	1,085	0%
Aughinish Alumina Refinery	Ireland	100%	1,990	98%
Alpart	Jamaica	100%	1,650	0%
Windalco	Jamaica	100%	1,210	46%
Nikolaev Alumina Refinery	Ukraine	100%	1,601	91%
Total nameplate capacity			**15,310**	**65%**
UC RUSAL attributable capacity			**12,064**	**60%**

With energy being a major cost item, all of the Alumina Division plants were involved in major energy savings programms during 2014. In addition to that, a number of other important projects have been implemented to achieve cost savings and increase competitiveness including:

– Achinsk Alumina Refinery. A program of partial substitution of costly bright coal by ligneous coal for sintering purposes is ongoing. In 2014, the ligneous coal rate reached 32% of total coal usage. Major process improvements were introduced to add up to 1,011,000 tonnes of lower quality nepheline ore and reduced alumina production costs.
– Urals Alumina Refinery. The program of energy consumption reduction is ongoing, providing some OPEX savings in 2014. In order to reduce caustic consumption, three washers were modified in 2014 and one will be modified in early 2015, providing specific savings of 1.5 kg/t 100% NaOH.
– Aughinish Alumina Refinery. A number of programms were initiated in order to optimize bauxite mix. Blending of BCGI Block-5 bauxite started in June 2014. Placing new gas-fired boilers in operation in May, 2014 excluded heavy fuel oil from plant demand, which led to significant OPEX reduction.
– Windalco. Plant powerhouse equipment and its operation routine mode were modified in order to completely exclude third-party (JPS) electricity purchase. A pilot unit of pump-crusher and sizing screens, aimed at improving the ore preparation stage was

5 Calculated based on the pro rata share of the Group's ownership in corresponding alumina refineries (QAL)

installed and continues to be tested. The project of full bauxite slurry preparation stage reconstruction is in its development stage, as well as the sands removal project. Condensate return project activities were mostly completed in 2014 with the expected completion in early 2015. A significant risk of calcination major fault was reduced by Kiln #1 stack replacement.

– Friguia stopped producing alumina in April 2012 as a result of a strike deemed by court to be illegal.
– Reduced alumina output at QAL was caused by unstable operations of CHP, calciners and bauxite handling area equipment.

BAUXITE

The Group operates eight bauxite mines. UC RUSAL's bauxite mines are located in four countries: Russia (two mines), Jamaica (two mines), Guyana (one mine) and Guinea (two mines and one project). The Company's long position in bauxites capacity helps to secure sufficient supply for the prospective expansion of the Company's alumina production capacity and allows the Company to take advantage of favourable market conditions through third-party bauxite sales.

The first stages of two major bauxite projects were completed by the end of 2014: the Kurubuka-22 mine, that has been constructed at BCGI, will supply the Company's plants with high quality raw materials; also, the first stage of construction of the new shaft of the Cheremukha Glubokaya pit, that has been completed at SUBR, will allow to steadily develop extraction thereby in spite of the pit Krasnaya Shapochka which is expected to become exhausted in 2015.

Company of Guyana should add significant of high quality bauxite capacity in 2015.

The table below provides an overview of UC RUSAL's bauxite mines (including capacity) as at 31 December 2014.

Asset	Location	% Ownership	Annual capacity mt	Capacity utilisation rate
Timan Bauxite (1)	Russia	100%	3.2	88%
North Urals Bauxite Mine	Russia	100%	3.0	92%
Compagnie des Bauxites de Kindia	Guinea	100%	3.4	100%
Friguia Bauxite and Alumina Complex	Guinea	100%	2.1	0%
Bauxite Company of Guyana, Inc.	Guyana	90%	1.7	73%
Alpart	Jamaica	100%	4.9	0%
Windalco (2)	Jamaica	100%	4.0	48%
Dian-Dian Project	Guinea	100%	0	0%
Total nameplate capacity			**22.3**	**54%**

(1) – in November 2014 UC RUSAL increased its investments in shares of OJSC Bauxite Timan to 99,9955%.

(2) – in December 2014 UC RUSAL increased its investments in shares of Windalco to 100%.

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 locate new deposits of bauxite in the Group's existing operational bauxite mining areas and in new project areas. Each of the Group's mining assets is operated under one or more licences.

As at 31 December 2014, the Group had JORC attributable bauxite Mineral Resources of 1,843.7 million tonnes, of which 593.6 million tonnes were Measured, 611.0 million tonnes were Indicated and 639.1 million tonnes were inferred.

Asset	Measured mt	Mineral Resources[(1)] Indicated mt	Inferred mt	Total mt
Timan Bauxite[(1)]	108.2	63.8	–	172.0
North Urals Bauxite Mine	6.0	172.6	114.0	292.6
Compagnie des Bauxites de Kindia	–	26.0	61.6	87.6
Friguia Bauxite and Alumina Complex	30.6	142.4	152.6	325.6
Bauxite Company of Guyana, Inc.	3.0	40.0	44.2	87.2
Alpart	15.2	40.7	38.0	93.9
Windalco	28.6	54.5	11.7	94.8
Dian-Dian Project	402.0	71.0	217.0	690.0
Total	**593.6**	**611.0**	**639.1**	**1,843.7**

Notes:

(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.

ENERGY ASSETS

BEMO Project

In May 2006, UC RUSAL and RusHydro, a company controlled by the Russian Government, entered into a cooperation agreement for the joint construction of the BEMO Project.

The six 333 MW hydropower units of the BEMO HPP were put into operation during 2012-2013. The 7th and 8th hydropower units were put into operation at the end of September 2014 and the last, 9th hydropower unit, has been commissioned and put into commercial operation on December 22, 2014.

The total installed capacity of all nine hydro-units in operation amounts to 3,000 MW. The actual capacity of nine hydro-units in operation amounts to 2,880 MW. The plant will reach its full capacity of 3,000 MW once the reservoir level is filled to the design reservoir level of 208m (the reservoir level as of the end of 2014 was 204.94m). The reservoir should be filled during 2015. Once the design capacity is achieved, the BEMO HPP will become one of Russia's five largest hydropower plants.

The plant has started commercial supplies to the wholesale electricity and capacity market on December 1, 2012. Since its launch the BEMO HPP

6 All capital expenditure amounts given above for the BEMO project are based on UC RUSAL's management accounts and differ from amounts disclosed in the consolidated financial statements, as the management accounts reflect the latest best estimate of the capital costs required to complete the project, whereas amounts disclosed in the consolidated financial statements reflect actual capital commitments as at 31 December 2014. All figures for the BEMO project are exclusive of VAT.

has generated 13.679 TWh of electricity. During 2014, the plant has supplied 8.362 TWh to the wholesale electricity and capacity market.

UC RUSAL's proportion of capital expenditure for the BEMO Project is 50%. The total capital expenditure for the BEMO HPP, incurred and to be incurred, is currently estimated to be approximately USD2,116 million[6] (UC RUSAL's share of this capital expenditure will be approximately USD1,058 million), of which USD2,053 million had been spent as of 31 December 2014 (of which UC RUSAL's share amounted to USD1,027 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 RUB26.4 billion.

MINING ASSETS

UC RUSAL's mining assets comprise 16 mines and mine complexes, including eight bauxite mines (the resources of which are described above), two quartzite mines, one fluorite mine, two coal mines, one nepheline syenite mine and two limestone mines.

The Company jointly operates the two coal mines with Samruk-Energo, the energy division of Samruk-Kazyna under a 50/50 joint venture, LLP Bogatyr Komir. The long position in alumina capacity is supported by the Company's bauxite and nepheline syenite resource base.

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 approximately 38 mt of coal in 2014, has approximately 626 mt of JORC Proved and Probable Ore Reserves and has Measured Mineral Resources and Indicated Mineral Resources in aggregate of approximately 2 billion tonnes as at 31 December 2014.

LLP Bogatyr Komir generated sales of approximately USD388 million in 2013 and USD347 million in 2014[7]. Sales are divided approximately as to one third and two thirds, respectively, between Russian and Kazakh customers based on the quantities sold.

INVESTMENT IN NORILSK NICKEL

Norilsk Nickel is the world's largest nickel and palladium producer and one of the leading producers of platinum and copper. UC RUSAL held a 27.82% shareholding in Norilsk Nickel as at the Latest Practicable Date.

UC RUSAL's shareholding in Norilsk Nickel allows for significant diversification of earnings, through Norilsk Nickel's exposure to PGMs[8] and bulk materials, and also broadens UC RUSAL's strategic opportunities. The Company's objective is to maximise the value of this investment for all shareholders.

Company profile[9]

Norilsk Nickel is the world leader in production of nickel and palladium. Norilsk Nickel's Resource Base in Taimyr and Kola Peninsula as of December 31, 2013, consists of 873 mt of Proved and Probable Ore Reserves and 2,018 mt of Measured and Indicated Mineral Resources (compared with 503 mt of Proved and Probable Ore Reserves and 1 597 mt of Measured and Indicated Mineral Resources as of December 31, 2011). Its key assets are located in Norilsk region and Kola Peninsula in Russia, with foreign assets located in Finland, Australia, Botswana and South Africa.

In 2014, Norilsk Nickel produced 274 kt of nickel, 368 kt of copper, 2,749,000 ounces of palladium and 657 thousand ounces of platinum. Reduced production of Nickel (-4%) and Copper (-1%) was mainly the result of the sale of Lake Johnston (Australia) in the third quarter of 2014 and by a significant reduction in production in Botswana (due to a smaller grade of raw materials processed). Increasing of production of PGM (+3% Palladium, +1% Platinum) is mainly caused by the processing of work in progress in Russia.

On May 19, 2014, Norilsk Nickel presented an update of its new strategy in London (previously its new strategy was presented on October 4, 2013 in London as well). According to the new approach, the key priority of Norilsk Nickel is (1) refocusing on Tier I assets (annual revenue higher than USD1 billion, EBITDA margin more than 40%: Polar Division, Kola Division and NN Harjavalta, Chita project), (2) Optimizing Value Chain Footprint, (3) Capital and Investment Discipline, and (4) Social Responsibility.

Financial results[10]

The market value of UC RUSAL investment in Norilsk Nickel decreased to USD6,388 million as at 31 December 2014, from USD7,261 million as at 31 December 2013.

7 Revenue for 2013 and 2014 respectively, excluding railway tariffs.

8 PGMs – platinum group metals.

9 Production and operational data in this section is derived from http://www.nornik.ru/en/

10 Source: Bloomberg (Ticker GMKN RX for market value).

Such a reduction was caused by the temporary deterioration of the market environment at the end of 2014. As at 31 January 2015, market value of UC RUSAL's investment increased to the level of 31 December 2013 and equaled to USD7,384 million. In February 2015, Norilsk Nickel's share price continued its growth and as at February 20, 2015, the value of UC RUSAL's investment increased to USD8,010 million.

Settlement with Interros in relation to Norilsk Nickel

On December 10, 2012, Interros (which holds approximately 30.3% of Norilsk Nickel shares as at the Latest Practicable Date), UC RUSAL (27.82%), Crispian (5.87%) and the respective beneficial owners of Interros and Crispian, namely, Mr Potanin and Mr Abramovich, entered into an agreement (the 'Agreement') to improve the existing corporate governance and transparency of the Norilsk Nickel group, to maximise profitability and shareholder value and to settle the disagreements of UC RUSAL and Interros in relation to the Norilsk Nickel group.

On October 18, 2014, the Agreement was amended (the 'Amendments') and the Dividend Policy was modified as follows:

Dividend Policy after the Amendments	Dividend Policy before the Amendments
in respect of 2013 and 2014 (to be paid in 2014 and 2015, respectively) in an amount equal to 50% of EBITDA[11] but not less than USD2 billion respectively (provided that such minimum shall not include any dividend distributions from the proceeds of disposal of non-core assets)	in respect of 2013 and 2014 (to be paid in 2014 and 2015, respectively) in an amount equal to 50% of EBITDA but no less than USD2 billion – excluding any income from disposal of non-core assets (foreign and energy assets) distributed as dividends
in respect of 2015 (to be paid in 2016), in an amount equal to 50% of EBITDA, but not less than USD2 billion, plus the difference between USD6 billion and the actual amount of dividends paid in 2014 and 2015 in aggregate (including distributions from the proceeds of disposal of non-core assets), provided that Norilsk Nickel may reduce the resulting amount of dividend in respect of 2015 by no more than 20%	in respect of 2015 (to be paid in 2016) in an amount equal to 50% of EBITDA plus the difference between USD7 billion and the actual dividends paid in 2014 and 2015 (including distributions from the proceeds of disposal of non-core assets), provided that Norilsk Nickel may reduce the resulting amount of dividend in respect of 2015 by no more than 20%
in respect of 2016 (to be paid in 2017), in an amount equal to 50% of EBITDA, but not less than USD2 billion, plus an amount of the dividend reduction made by Norilsk Nickel in respect of 2015, if any	in respect of 2016 (to be paid in 2017) in an amount equal to 50% EBITDA of Norilsk Nickel plus an amount of the dividend reduction made by Norilsk Nickel in respect of 2015
in respect of 2017 (to be paid in 2018) in an amount equal to 50% of EBITDA, but not less than USD2 billion, plus USD1 billion. The Agreement provides that the amount of dividends to be distributed in 2018 can be decreased at the discretion of the Managing Partner by the following sums: 1) if the amount of dividends (including distributions from the proceeds from disposal of non-core assets), actually distributed in 2014-2015, exceeds USD6 billion — by the amount of such excess 2) if the amount of dividends (including distributions from the proceeds from disposal of non-core assets), actually distributed in 2016-2017, exceeds the amount of the agreed dividends for these years (excluding distributions from the proceeds of disposal of non-core assets) — by the amount of such excess 3) by the amount of distributions from the proceeds from disposal of non-core assets paid in 2018	In respect of 2017 and subsequent years, in an amount equal to 50 % of EBITDA
in respect of 2018 (to be paid in 2019) and subsequent years in an amount equal to 50% of EBITDA	

11 EBITDA of Norilsk Nickel is going to be calculated based on the audited consolidated financial statements of Norilsk Nickel according to IFRS for the year in respect of which the dividend is paid

For more information about key conditions of the Agreement (other than the Dividend Policy) – see UC RUSAL's Annual Report 2013 (pp. 17-18).

GROUP WIDE INITIATIVES

The Company focuses on the following main objectives

- Increase of the share of value-added products (aluminium alloys) in total output
- Increase of raw materials independence
- Reduction of production costs and improvement of production efficiency
- Development of new technologies
- Modernization of existing production facilities
- Minimization of environmental negative impact
- Optimisation of business processes
- Minimization of waste
- Expansion of own engineering, repairing and construction facilities
- Development of the Company's human capital

Innovations and scientific projects

Aluminium

- The Company conducted a test launch of a pilot pot with an inert anode at the amperage of 140kA which does not require carbon materials. Launching the aluminum production technology based on inert anodes will allow the Company to eliminate greenhouse gas emissions completely.
- The Company began designing and building new facilities for pilot production of pots with ultra-high power PA-550 with the purpose at expanding and modernising existing aluminum production facilities.
- As part of Eco Soederberg project the Company started conversion of pots at KrAZ smelter to the new technology. The next stage is the conversion of pots at BrAZ, NkAZ and IrkAZ. New technology decreases emissions, reduces fluorides and electricity consumption and improves productivity.
- As part of the environmental activities at SAZ the Company tested the pots allowing recycling of unshaped lining materials up to 80% to minimise waste at the landfill.
- The company continues to expand its competence in the production of wire rod from aluminium electric conductor grade alloys. In 2014 we developed the production of wire rod of 8 *** group which is used in the production of wires for residential building and automotive wires for trucks.
- In 2014 the company also continued to develop its competence in the area of production of equipment for the production of slabs from the alloys of different groups.
- Modernisation of sintering calciners started at BrAZ to burn coke breeze and decrease fuel oil consumption.

The company continues to increase its share of value-added products. In the framework of this objective in 2014 the following projects were initiated at:

- KrAZ. Production of 120,000. tpa of homogenised billets in casthouse No 1.
- SAZ. Modernisation of casting machine No 2 for the production of 120,000. tpa of slabs from 5XXX and 6XXX series alloys. Pilot operation and production started.
- KhAZ. Modernisation of the Brochot-2 line that will allow the smelter to increase the production of high-quality alloys in the form of small-sized ingots by 82,000. tpa is being completed. The project installs of Properzi casting complex for horizontal continuous casting of 120,000 tpa of 10 kg ingots. The project will be completed in March 2015.
- IrkAZ. Modernisation of the casthouse with production of 3,300. tpa of annealed AlZr wire rod with improved physical and electrical properties for application in electrical engineering is being completed. The project is expected to be completed in April 2015.
- KAZ. Complete modernisation of the casthouse, new Properzi mill commissioned and the production of wire rod from alloys increased to 53,000. tpa.

Alumina

To improve the efficiency of existing alumina refineries, the Company implemented a number of R&D projects aimed at improvement of material consumption rates and related cost reductions.

- Within the framework of R&D projects of waste-free alumina production and processing of red mud, a pilot area was built to separate 'rough' scandium oxide concentrate from red mud flow.
- Strategic projects for the alumina refinery based on non-bauxite raw material to reduce the cost of production.
- Development of technology for conversion of evaporators to two-stage scheme operation.
- Improvement of washers design.
- Development of equipment for cooling of aluminate liquors of the soda-alkaline line.
- Installation was completed, start-up and commissioning works were performed and two gas boilers were commissioned at Aughinish Alumina Refinery to replace fuel oil in the production of steam for alumina refining.
- Works are continuing at AGK to increase the share of brown coal in the coal dust fuel of its sintering kilns

Raw materials sufficiency

- In 2014 the design documents for the production of 139,200. t. of calcined coke retort kilns at

Sayanogorsk aluminium smelter were completed. Th e project was approved by the Main Directorate of the State Expert Review.

- The implementation of the project of modernisation of calcination kilns continues at IrkAZ to produce 91,000. tpa of calcined petroleum coke meeting in full the smelter's demand for this raw material.
- Design documents for production of up to 104,000. tpa of baked anodes are being developed at VgAZ.
- At Ural Foil the project of construction of gas-powered electrical generator is implemented to produce its own power and heat and allow reducing the cost of energy resources. The project is expected to be completed in 2015.

ENGINEERING AND CONSTRUCTION DIVISION

ECD priority projects include:

- Increased reliability of equipment due to continuous improvement of processes, diagnostics, multitrack training in mechatronics for maintaining complex multisystem equipment;
- Development of self production and import substitution, including the manufacturing of diesel processing equipment and modernisation of other equipment;
- Construction of Boguchansky aluminium smelter within the BEMO project

High-quality services made it possible to reduce unscheduled equipment downtime for repair purposes by 69,100 hours (or 22%) compared to 2013 downtime and achieve technical and economic indicators by the production facilities.

The average useful life of shut down pots increased by 104 days in 2014 (from 1,781 in 2013 to 1,885 days in 2014). Furthermore in 2014 the Company achieved its new minimum level of pots with overhaul life of less than 3 years – 92 pots, compared with 234 pots in 2013.

The transition of repair planning from cyclical repairs to repairs based on PCM (Periodic Control Maintenance) is almost complete.

Appropriate standards were developed to improve coordination of repair crews and maintenance personnel.

New procedures were implemented to improve coordination of the Company's different departments involved in capital and current repair planning, procurement and execution activities. The Company continued to improve the level of staff competence. In 2014 the employee training programme was organized in five areas: hydraulics, pneumatics, electrics, automation and electric welding. Overall in 2014 the Company trained 847 employees.

To continuously improve the level of staff competence, the Company developed new training facilities on the premises of "RUS-Engineering" LLC branch in Krasnoyarsk fitted with modern equipment and task-specific simulators.

In 2014 the Company started to implement the pull system at suppliers project to distribute the best experience in applying TPS tools.

- In 2014 the Company implemented 25 environmental projects, including:
  - The construction of the red mud disposal area at OJSC RUSAL Achinsk (red mud disposal are map No. 3, 146 Hectares) was commenced;
  - The service life extension works on red mud disposal areas No. 1 and No. 2 at OJSC RUSAL Achinsk were completed;
  - The construction of section No. 2 of red mud disposal area No. 2 to 217 metres at BAZ-SUAL was commissioned;
  - The main set of works for construction of the map No. 3 of red mud disposal field No. 3 at UAZ with initial deadline in November 2015 was completed.

CORPORATE STRATEGY

UC RUSAL's mission is to generate superior and sustainable returns for its shareholders over a long term period. The Group's strategy to achieve this focuses on the following areas:

1. Maintaining UC RUSAL's position as one of the most efficient and lowest cost producers through:
   - Continuous cost reduction programmes across all divisions, continuous optimisation of other raw material sourcing, transport and logistics to minimise costs;
   - Focus on customer demand and increased flexibility of the production process to be able to adapt quickly to changing markets;
   - Further increase of value-added products share in the production mix to maximise margins and to provide a better service to and integration with our customers
   - R&D focusing on increased smelting and refining efficiency;
   - Expansion of aluminium production capacity in Siberia timed with cycle and demand growth taking advantage of Siberian long-term and competitive power;
   - Competitively priced long-term power contracts;
   - Development, where appropriate, of captive power generation capacity to create a natural hedge for electricity costs;
   - Maintaining closed less competitive and higher-cost production facilities; and
   - Opportunistic investment into bauxite and alumina assets to reduce cash cost of the key raw material.
2. Increasing sales to the automotive, packaging/printing and electronics sectors by:

- Increasing the amount of value-added products in the production mix at UC RUSAL plants in Siberia;
- Increasing the amount of sales to Asia taking full advantage of UC RUSAL's operating proximity to Asian end-users; refurbishing and modernising cast houses of smelters located in the European part of Russia, the Urals and Sweden, to take advantage of the logistical proximity of these facilities to consumption centres in the western regions of Russia as well as in the European Union; and
- establishing in cooperation with strategic partners new downstream facilities, taking advantage of available infrastructure and the skilled work force of the smelters where primary aluminium production has been discontinued.

3. Improving the existing capital structure to re-establish a sound platform for growth by:
   - further reducing financial debt; and
   - refinancing debt obligations on better terms, where possible.
4. Pursuing value accretive growth opportunities organically or through acquisitions or asset swaps by:
   - exploring growth opportunities in regions with stranded, low-cost captive electricity supply and preparing for the next upward momentum in the cycle;
   - enhancing bauxite and alumina self-sufficiency by continuously reviewing existing currently mothballed alumina refineries, and exploring new opportunities in geographically diverse regions and exploiting regional supply/demand imbalances; and
   - securing access to and self-sufficiency in key production inputs.
5. Managing environmental protection matters and utilising natural resources responsibly by ensuring all of UC RUSAL's production facilities meet emission standards set by local laws in the jurisdictions where UC RUSAL conducts its business.

ENVIRONMENTAL AND SAFETY POLICIES

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

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

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

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

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

Key goals of UC RUSAL's environmental strategy include:

- reducing emissions, including greenhouse gases;

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

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

The Group has also taken steps to lessen the environmental impact of its operations and complied with all applicable environmental laws and regulations.

In 2007 the Company signed a memorandum of understanding with the United Nations Development Program. The aim of the memorandum is to implement measures to minimise the Group's impact on climate change, by reducing the Group's greenhouse gas emissions. The Group is actively participating in the International Aluminium Institute's activities related to targeting the reduction of greenhouse gas emissions and energy efficiency. The Group has achieved significant reductions in greenhouse gas emissions. For instance, the Group's aluminium smelters reduced greenhouse gas emissions in 2014 by 53% compared to 1990 emissions levels.

As part of achieving its objectives of continuous development and improvement of the environmental management system, the Company pays special attention to certifying its factories for compliance with ISO 14001, the international standard for environmental management systems. All UC RUSAL's aluminium smelters are certified as ISO 14001 compliant.

UC RUSAL's activities to provide safe working conditions for employees and reduce occupational diseases and injuries are governed by the corporate Occupational Health and Safety Policy. The Company's efforts are integrated into the Occupational Health and Safety Management System, which is one of the crucial management systems in UC RUSAL's business.

The Company has the following health and safety objectives:

- To strive for zero injuries, zero emergencies and zero fires;
- To ensure the compliance of equipment and production processes with legal and regulatory requirements for occupational health, industrial and fire safety;
- To ensure personnel safety and health in the workplace, and improve workplace environment on an ongoing basis in order to increase the level of safety;
- To prevent occupational diseases.

The Occupational Health and Safety Management System is deployed at every production facility. It includes a risk management system, emergency response plans, budgeting of health and safety measures, personnel training based on national and corporate requirements, and a corporate e-learning system.

Occupational health and fire safety measures are financed strictly on a timely basis to provide for identification of hazards and development of procedures to improve working conditions. In 2014, the Company spent USD68 million on these measures.

UC RUSAL pays special attention to establishing a constructive dialogue with state authorities and employees, business partners, the general public and expert organisations to jointly resolve health and safety issues. The Company's experts and managers participate in the legislative process through the Occupational Health, Safety and Environmental Committee of the Russian Union of Industrialists and Entrepreneurs, Russian Duma committees, federal ministries and services, the Russian Chamber of Industry and Commerce, the Russian Mining Trade Union, the Russian Association of Mining Industrialists, and other non-profit organisations and partnerships.

Among the universally accepted health and safety management systems is a system based on the OHSAS 18001:2007 international standard. Regular audits of this system at UC RUSAL is strengthened by numerous regular internal audits, which qualitatively and quantitatively assess key elements of the system, identify deficiencies and develop effective corrective measures to manage risks and prevent failures and injuries. According to 2014 data, the LTAR (Lost Time Accident Rate[12]) was 0.95 which is an improvement compared to 2013 (1.1) and the global average for the aluminium industry in 2014 (1.5).

12 LOST TIME ACCIDENT RATE (per MHW) is the number of Lost Time Accidents (LTI) that occurred over a period time per 1 000 000 Man Hours Worked of hours worked in that period. Lost Time Accident is an accident which results in the injured person being absent for one or more workdays beyond the day of the accident.

In total, 28 internal audits were carried out at the Company's sites as part of the OHSAS 18001:2007 certification process. Det Norske Veritas held re-certification audits at the production facilities and the Head Office, which confirmed the health and safety management systems' compliance with the requirements of OHSAS 18001:2007. As at the Latest Practicable Date, 10 production facilities of the Company, in addition to the Head Office, have OHSAS 18001 certificates.

SOCIAL INVESTMENTS AND CHARITY

The following key principles form the foundation of UC RUSAL's social activities: the long-term strategy, maximal efficiency, partnership, equal opportunities and qualitative changes.

The Social Programms Center (CSP), the Company's charitable foundation, which has operated for 10 years since 2004, continues its role as an expertise center in the field of advanced social technologies, corporate charity and volunteering in the regions where UC RUSAL operates.

The Company and its CSP implement social investment in active cooperation with numerous partners from the regional and municipal administrations, social non-profit organizations and business associations. Keeping the focus on the best global practices of social activities we aim to share our experience and knowledge with our partners in the field.

In 2014, the Company's social investments focused on four key programms: RUSAL's Territory, Helping is Easy, Formula for the Future, and Social Entrepreneurship Development Program.

Rusal's Territory

The RUSAL's Territory program is aimed at significantly improving the quality of life of people in the regions where the Company operates through the creation and rehabilitation of social infrastructure and comfortable urban environments and through support of social projects in the areas of education, culture, sports and recreation.

In 2014, the program's grant funding provided support for the implementation of 88 projects. It included the Krasnoyarsk city youth park with a modern design and the capacity to accommodate up to five thousand young people who come to practice sports, dances, games and attend open air shows. Medical occupational guidance activities for high school students were organized in Bratsk (Irkutsk region). In Achinsk (Krasnoyarsk territory), a new adaptive playground was set up for the disable children, which is unique in the town. In Novokuznetsk, a kindergarten was equipped with modern ophthalmological tools for visually impaired children and the municipal center for children's technical education received a modern robotics lab. In Krasnoturyinsk (Sverlovsk region) and Nikolayev (Ukraine), high ropes courses were constructed for extreme sports and recreation in the parks. Various other sports and healthy lifestyle projects were launched in Krasnoyarsk, Bratsk and Shelekhov (Irkutsk region), Sayanogorsk (Republic of Khakassia), Severouralsk and Kamensk-Uralsky (Sverlovsk region) and Nikolaev (Ukraine).

The RUSAL's Territory program has been recognized as a winner in the first All-Russian competition for the best practice work of employers' with children, youth and talent pool "Creating the Future", conducted by the Ministry of Education and Science of Russia in 2014.

In 2015, UC RUSAL plans to continue developing the program in ten regions across Russia and Ukraine where the Company operates, including Krasnoyarsk territory, the Republics of Khakassia and Karelia, the Irkutsk, Kemerovo, Sverdlovsk, Murmansk, Volgograd, Samara and Nikolayev (Ukraine) regions.

Helping is Easy

Encouragement of corporate volunteering and promotion of the culture of volunteering are priorities for UC RUSAL. The previous "RUSAL's First Aid" program in 2014 developed into the "Helping is Easy" program aimed at addressing social issues through growing the number of corporate volunteers and partners and increasing their voluntary contribution. In 2014 the Company launched the web portal of the "Helping is Easy" program that helps bring together volunteers and charitable organizations interested in joint social activities. 800 corporate volunteers and 165 organizations actively communicated through it to carry out 242 social events.

During 2014, corporate volunteers of UC RUSAL continued providing social activities and events for social and educational institutions. They visited children's homes for activities with kids and provide a training course for law-abiding behaviour and prevention of legal issues faced by young people upon leaving the children's home. The School for Volunteers ran in nine cities for promotion of volunteering among non-profit organizations and city residents.

The larger volunteer projects in 2014 were the traditional environmental action "Day of the Enisey-river", and charitable project "The New Year Marathon", and "We believe in miracles and make them come true!". 3,447 volunteers, including UC RUSAL's field employees with their family members and representatives of other partner companies and organizations, carried out 956 social events of the New Year Marathon in 18 cities. 1,878 holiday gifts were donated by Company volunteers and delivered to children from disadvantaged families and children's homes.

UC RUSAL's experience in promotion of volunteering has been recognized in 2014 and won the "Leaders of Corporate Philanthropies" national competition. The Company willingly shares its experience with partners as a leader in Russia's National Council for Corporate Volunteering created in 2014.

"Social Entrepreneurship Development" program

Improving quality of life in the regions where the Company is present is our priority and, as proved by the experience of the program implementation; social entrepreneurship creates good opportunities for involvement of active local residents in addressing social problems in their city, and for co-ordinating all existing national and regional resources to achieve these goals.

In 2014, UC RUSAL continued supporting and promoting social entrepreneurship in the regions where it operates. The geography of the network of the Company's Centers for Innovation in the Social Sphere expanded from three to five cities. For the first time Social Entrepreneurship Schools were launched in Achinsk (Krasnoyarsk territory) and Severouralsk (Sverdlovsk region). In five cities, a total of 120 new social entrepreneurs were trained and started developing their initiatives in the social sphere. During 2014, the active projects of the training program participants created 48 new jobs.

The Company is helping the graduates of the training program to successfully launch their social businesses. When faced with a lack of initial funding at the launch stage, the Company took several steps to address this problem. In particular, the graduates given assistance with obtaining municipal subsidies from agencies that support small and medium-sized entrepreneurship. Then RUSAL together with partner bank Soyuz and the municipality of Krasnoyarsk presented the programme to provide preferential credit business projects of social infrastructure development in the city of Krasnoyarsk. In addition, the Company introduced in 2014 for the first time interest-free loans for projects of its training program graduates. Among the supported projects are bookstore and reading club project and an informal educational center for pre-school and school age children in Krasnoyarsk, after-school childcare centre and natural wood products workshop in Krasnoturyinsk, as well as the guide dog training project in Bratsk.

The Company has been recognized for its contribution and systemic approach to development of social entrepreneurship in Russia with the All-Russian annual award "Force for Good". Its training won the annual employer competition "Creating the Future" introduced by the Ministry of Education and Science of Russia.

"Formula for the Future" program

The target audience of UC RUSAL's "Formula for the Future" program is for dynamic young employees seeking to participate in the life of their enterprise and the city. The program allows strengthening of mutual horizontal communication between young participants from different departments and divisions of the Company. They are willingly taking part in the development of the Company and local communities, reaching their potential in new non-production areas.

To implement the program there are nine youth councils acting at the Company's enterprises, uniting 500 active young employees. During 2014, they took part in the introduction of innovations in the production system of the enterprises, organized and held 233 social and volunteer events and contributed to occupational guidance for the students of high schools and higher educational institutions.

Training courses and workshops in social activities and projects are conducted for the program participants. In 2014, the School for Active Youth was implemented at nine industrial sites, where 150 young employees of RUSAL together with the representatives of other local companies and youth organizations received training relating to social projects development. This helped to establish partnerships with colleagues from other institutions and to organize joint activities.

In a further development of the program it is planned to expand it to a city-wide and inter-regional level, as well as to launch within the program a competition of youth projects in the field of scientific-and-technological, environmental, artistic and sports activities.

The overall amount of the funds UC RUSAL invested in social programms, charity and sponsorship in 2014 totalled USD12.7 million.

TO CONQUER THE EARTH'S SHEER SIZE OVER BOTH DISTANCE AND TIME, WE HAVE COVERED OUR PLANET WITH A NETWORK OF POWERFUL TRAFFIC ARTERIES — RAILROADS. THANKS TO RAILROADS, SUBSOIL RICHES ARE DELIVERED TO CONSUMERS, REGARDLESS OF THE DISTANCE OR TIME.

MANAGEMENT DISCUSSION AND ANALYSIS

UC RUSAL ACHIEVED STRONG RESULTS IN THE FACE OF VOLATILE MARKET CONDITIONS THROUGH STRINGENT PRODUCTION AND COST CONTROLS

Aluminium market improvements, coupled with weakening local currencies had significant positive effects on the profitability and financial results of RUSAL. Focus on strict production discipline, procurement optimization and product mix improvement to a record-high 45% share of value-added products resulted in the increase of Adjusted EBITDA by 132.6% to USD1,514 million in 2014. The Company successfully completed the refinancing of its debt portfolio and reduced its net debt by 12.6%, achieving a leverage ratio below 4.5:1 that decreased the interest rate margin starting from March 2015. We believe we are well positioned to continue our growth trajectory into the next reporting period.

OVERVIEW OF TRENDS IN INDUSTRY AND BUSINESS

Key Highlights

- The slump in global oil prices and the strengthening of the US Dollar may negatively affect commodities in the short-term but in the mid-term, the lower oil price is expected to boost economic growth in oil importing countries including the G7 and China, resulting therefore in an increase in industrial metals consumption.
- Global aluminum demand is forecast to grow by 6.5% in 2015 to 59 million tonnes.
- Production growth outside of China will remain at a 1.1 million tonne supply deficit.
- Aluminum LME stocks are forecast to further decline to 2.6 million tonnes by the end of 2015 based on the current supply/demand balance and the new LME warehouse policy. LME stocks are expected to return to a normal historical level in 2016.
- Premiums are expected to continue to be supported by regional market deficits, particularly in North America and Europe.
- The Chinese domestic aluminum market continues to be oversupplied by fast growing capacity, which translates into a low Shanghai Futures Exchange ("**SHFE**") price. The situation should improve in 2015 with a possible 1.5-2 million tonnes of production cuts and slower capacity growth.

Global aluminum demand

Global aluminium demand rose to 55.2 million tonnes, or 7%, during 2014 compared to 2013. This is above UC RUSAL's latest forecast of 55 million tonnes, mainly as a result of stronger demand in North America and China in the fourth quarter of 2014. At the same time, demand in emerging markets including Russia, Latin America and India showed lower consumption in the fourth quarter of 2014 as a result of missed expectations for the entire 2014 forecast.

UC RUSAL expects another 6.5% global aluminium demand growth in 2015 to 59 million tonnes, including 9.5% growth in China and a 3.4% growth out of China with the possibility of stronger growth in the second half of 2015, particularly due to the EU Quantitative Easing stimulus program to be started at the beginning of the first half of 2015. North American demand is expected to show the strongest growth in 2015, growing by 5.4% year-on-year.

UC RUSAL expects aluminium demand from carmakers will grow by 7% in 2015 as car sales combined with the aluminium content in cars are expected to increase significantly. Automakers consumed a record amount of aluminum last year as plummeting prices and technological breakthroughs made it a viable alternative to steel. The temporary plunge in oil price is expected to create additional demand for cars as US market statistics in January 2015 recorded a nearly 14% January sales increase and over half of sales comprised of high priced pickups and sport-utility vehicles.

China

China's primary aluminum consumption was 28 million tonnes in 2014, an 11% increase year-on-year.

According to data provided by the China Association of Automobile Manufacturing ("CAAM"), China produced 21.431 million automobiles between January and November 2014, growth of 7.2% compared to the same period in 2013, and 21.079 million units were sold in the same period in 2014, a 6.1% increase year-on-year.

The performance of the domestic real estate industry was still weak in 2014 under macro-control measures. The real estate industry completed an investment of Renminbi 9.5036 trillion with a year-on-year rise of 10.5% during January to December 2014 and the growth rate was 1.4% lower than that for the first eleven months of 2014.

In the electric power industry, investments in power grid projects decreased in 2014. The data provided by the National Energy Administration indicate that Renminbi 346.0 billion of fixed-asset investments were completed in power grid projects in China in the first eleven months of 2014, a 2.6% increase compared to 2013.

North America

North American demand for aluminium grew by 7.5% (year-on-year) in the fourth quarter of 2014. UC RUSAL estimates that North American aluminium consumption increased roughly by 4.8% in 2014 compared to 2013.

The transport sector remained the main driver of aluminium consumption growth in the region. Light vehicle sales for 2014 amounted to 16.4 million units, a 5.8% increase compared to 2013, making 2014 the year with the highest sales since 2006. North American light vehicle production increased by 5.2% in 2014, the highest level since 2000. The drop in gasoline prices is also adding to the already favorable outlook for vehicle sales. The key theme continues to be increased demand for automotive body sheet.

Recovery in the building and construction sector supported the demand for aluminium in 2014. The US housing statistics increased to 1,089 thousand units in December 2014. In 2014, there were groundbreaking increases of 8.8% to 1.01 million units, which is the highest since 2007.

Excluding can sheet, North American production of aluminium sheet and plate has grown by 6.7% year-on-year to 1.6 million tonnes during January to November 2014. Extrusion orders in January to November 2014 were up by 8.6%.

Europe

GDP rose by 0.8% in the Eurozone in 2014 compared to 2013 and in December 2014, the Eurozone manufacturing PMI climbed to a 31 month high to 50.6 with both output and new orders for goods producers rising for six successive months.

Aluminium demand in Europe improved throughout 2014 growing by 3.0% year-on-year compared to 2013. The biggest rise came from Turkey (5.8%), Germany (3.4%), Spain (5.4%) and Italy (4.1%).

Construction output slipped in November 2014 month on month, both throughout the EU (down 0.2%) and in the Eurozone (down 0.1%).

The West European car market edged up in December 2014 and posted a 4.7% growth for the year. December's market growth was the sixteenth consecutive month of growth in Western Europe and the 2014 calendar year market increased by 4.7% to 12.1 million units.

Asia

Japan moved into recession in the third quarter of 2014 as the impact of the sales tax hike in April 2014 resulted in a sharp decline in household consumption. However, real GDP growth in Japan is expected to be at 0.2% in 2014. PMI in Japan stayed in expansion territory since June 2014 and ended 2014 at 52.0.

Aluminium demand from the transportation and construction sectors is estimated to account for 43% and 15% respectively of total Japanese aluminium demand in 2014. Construction orders rose in October 2014 by 15.7% and November 2014 by 16.9% suggesting the industry recovering in the near future. Automotive production in Japan has decreased since July 2014 year-on-year. Despite the decrease, the strong automotive output in the first half of 2014 has brought 1.7% growth for 11 months in comparison to the previous year.

South Korea's economy expanded just 0.4% during the fourth quarter of 2014 on sequential terms, down from 0.9% in the third quarter of 2014, as government spending fell and exports growth lagged. On an annual basis, the economy is expected to have grown by 2.8% in 2014. HSBC South Korea manufacturing PMI improved for the third month, which increased from 48.7 in October 2014 to 51.1 in January 2015. South Korea's automotive output during 2014 increased by just 0.1% from the previous year to 4.525 million vehicles. Vehicle exports fell by 0.9% to 3.061 million units whilst domestic sales increased by 6.5% to 1.211 million in 2014. South Korea primary aluminium consumption rose by 2.4% in 2014 compared to 2013.

India's GDP growth is projected to be 5.5% in 2014. Indian goods producers ended 2014 strongly, with business conditions improving at the quickest pace in two years in December 2014. India's manufacturing PMI for December climbed to 54.5, up from 53.3 in the prior month. Car sales in India got back into positive territory in 2014 with a 2.46% increase on excise duty reductions brought in by the government to propel the struggling industry.

Global aluminum supply

Aluminum production in ex-China declined by 0.2% in 2014 year-on-year to 25.6 million tonnes, after a 0.3% decline in 2013 year-on-year. More than 1.3 million tonnes of capacity out of China was cut in 2014, but at the same time around 200,000 tonnes of capacity was restarted. Production outside China in 2015 is expected to increase by 4% due to continued growth in Middle East, other Asian countries and India. Around 320,000 tonnes of Western smelter capacity may be restarted in 2015. At the same time, around 700,000 tonnes of capacity may be curtailed due to low LME prices and high power tariffs.

In 2014, the Ex-China aluminum market had a 1.2 million tonne shortfall and we expect another 1.1 million tonnes of shortfall in 2015 from Ex-China.

Overcapacity in the Chinese aluminium market will persist for the coming months, weighing on local prices and boosting the appeal of shipping aluminium products overseas. Aluminium capacity in China rose by 4.5 million tonnes in 2014 to 35.4 million tonnes as compared to 2013. More than 1.45 million tonnes of capacity was restarted for the same period. This created additional supply pressures in domestic markets and the SHFE price has dropped by 16% since mid-September 2013. This contributed around 47% of Chinese aluminium production, or 13.3 million tonnes, loss making at current SHFE prices.

The continuation of aluminium at a low price may encourage around 1.5 to 2 million tonnes of capacity closures in China in 2015. More than 500,000 tonnes of production is already set to be closed in the first quarter of 2015. There are market rumours of 1.2 million tonnes of stockpiling from the market. At the same time, around 3 million tonnes of new capacity is still in the pipeline for 2015.

Aluminum premiums and stocks

US Midwest premiums steadily rose and achieved 24.0 US cents/lb by the end of December 2014.

European duty-unpaid primary ingots premium grew from 400 to 430 US$/t at the end of December 2014.

Premiums for aluminium in Asia, as reflected by the CIF MJP, remained firm in 2014. The quarterly CIF MJP indicator grew steadily from 255 to 256 USD/t in the first quarter of 2014 to 420 USD/t in the fourth quarter of 2014.

Whilst aluminum premiums continue to be supported by the deficit of metal supply in certain regions including North America and Europe, the premiums in Asia may come under pressure from increasing Chinese aluminum semis exports. Globally, greater volatility in the forward contango may also incentivise some aluminum stocks from LME and off-warrant warehouses into consumption, although in general this is expected to balance out the current aluminum market deficit.

Since the beginning of 2014, LME stocks have dropped by 1.247 million tonnes to 4.15 million tonnes, the lowest level recorded since December 2011. This is in line with the market deficit outside of China in 2014. 60% of total stocks were cancelled at the LME, maintaining high physical market demand. Aluminum LME stocks are forecast to decline to 2.6 million tonnes by the end of 2015 based on the current supply and demand balance and the new LME warehouse policy. LME aluminum stocks are expected to reach historically normalised levels in 2016.

The Chinese market showed a continued decline in aluminum stocks. Chinese visible inventories are currently at a one year low of 415,328 metric tonnes, marking a 803,375 metric tonnes decline over the past 39 weeks (down from a four year high to 1,218,703 metric tonnes). In the first week of 2015, SHFE inventories experienced a 5,100 metric tonnes decline week-on-week (the sixth consecutive weekly decline), to an 11-month low of 202,328 metric tonnes. SHFE inventories have declined by half since reaching a peak in May 2014 at 409,137 metric tonnes. Additionally, the Wuxi and Nanhai spot market inventories fell by 1,000 mertic tonnes to a total of 213,000 metric tonnes (a one year low).

It should be noted that more Chinese smelters have become direct suppliers of liquid metal to semis producer and thus the relationship between aluminum stocks and domestic demand for aluminum has weakened somewhat.

OUR BUSINESS

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

ALUMINIUM PRODUCTION RESULTS

Primary aluminium production was 3,601 thousand tonnes and 3,857 thousand tonnes for the years ended December 31, 2014 and December 31, 2013 respectively.

Aluminium production decreased by 256 thousand tonnes or 7% in 2014 following the Company's aluminium capacity curtailment program undertaken in 2013 and comprising the mothballing of smelters NkAZ (1st line), BAZ, UAZ, VgAZ, VAZ, ALSCON and partially NAZ.

Aluminium production in 2015 is expected to be flat on a year-on-year basis at approximately 3.6 million tonnes.

Asset *(Kt)*	Interest[13]	Year ended 31 December 2014	2013	Change year-on- year (%)
Russia (Siberia)				
Bratsk aluminium smelter	100%	**1,005**	1,002	0%
Krasnoyarsk aluminium smelter	100%	**1,005**	1,002	0%
Sayanogorsk aluminium smelter	100%	**514**	513	0%
Novokuznetsk aluminium smelter	100%	**207**	248	(17%)
Irkutsk aluminium smelter	100%	**394**	392	1%
Khakas aluminium smelter	100%	**287**	279	3%
Russia – Other				
Bogoslovsk aluminium smelter	100%	**–**	41	(100%)
Volgograd aluminium smelter	100%	**–**	112	(100%)
Urals aluminium smelter	100%	**–**	32	(100%)
Nadvoitsy aluminium smelter	100%	**12**	29	(59%)
Kandalaksha aluminium smelter	100%	**64**	66	(3%)
Volkhov aluminium smelter	100%	**–**	8	(100%)
Sweden				
KUBAL	100%	**113**	131	(14%)
Nigeria				
ALSCON	85%	**–**	2	(100%)
Total production		**3,601**	**3,857**	**(7%)**

The Aluminium Division and New Projects Directorate are in charge of primary aluminium production at the Company.

Aluminium Division

The Aluminium division comprises the smelters located in Bratsk, Krasnoyarsk, Irkutsk, Sayanogorsk, Novokuznetsk, Kandalaksha.

ALUMINIUM PRODUCTION:

The following projects were implemented in the Aluminium Division in 2014:

– Successful implementation of the project to increase the production of self-owned calcined petroleum coke, allowing Aluminium Division smelters to be self-sufficient in calcined coke and

13 Presents total production of the plants, each of which is a consolidated subsidiary of the Company.

to elect not to purchase imported calcined coke for top-worked pots.

DEVELOPMENT OF AN IN-HOUSE TECHNOLOGY FOR PRIMARY ALUMINIUM PRODUCTION:

– The implementation of the project to improve high-amperage pot construction is in progress in the SAZ pilot area: the rebuild of 16 RA-400 and RA-400T pots was completed; the useful life of shutdown pots of 2,000 days was achieved;
– The project of conversion of C-2/3 Soederberg pots to the RA-167 pre-bake technology is ongoing at NkAZ: 5 pots, gas treatment unit and feed unit were installed; target parameters were achieved; 5 additional pots will be installed in 2015;
– The refining of 'Green Soederberg' technology continues in the BrAZ pilot area: 46 pots were equipped with an automatic raw materials feed system and a centralised alumina distribution system. In 2015, an automatic raw materials feed system and a centralised alumina distribution system will be installed on another 44 pots, cathode construction will be changed on 14 pots during rebuild;
– The conversion of potrooms 3–6 to 'Green Soederberg' technology is on going at KrAZ. In 2015 conversion of potrooms 1-2, 9-23 will begin.

ENERGY EFFICIENCY:

– Energy efficiency projects were successfully implemented at all smelters of the Aluminium Division. The implementation in 2014 of energy efficiency actions facilitated a reduction in the specific consumption of plant-wide electric power at the production sites of the Aluminium Division by 189 kWh/t compared to 2013.
– The main construction work in the area of notching of anode blocks was completed in the SAZ carbon shop; commissioning and start-up of equipment and refining of technology are in progress;
– Successful tests of energy efficient pot designs were completed in KrAZ, SAZ, and KhAZ test areas for further replication at production facilities of the Division.

INCREASE IN ALLOY PRODUCTION

– Throughout 2014 construction work was performed at casting complex No 2 at SAZ, new cutting line (commissioned), two new tilting holding furnaces of 70 tonnes and a new casting machine was installed. The complex is currently performing tests with hot metal. Its capacity will be of 120,000 tpa of 5XXX and 6XXX series of slabs.
– SAZ increased the production of series 6XXX billets of diameter 178 and 203 mm by 10,000 tpa.
– KhAZ initiated the production of AlSi7Mg casting alloys. In 2014, 13,378 tonnes were produced with a further increase after retrofitting to 82,000 tpa.
– The project to install annealing furnaces is close to completion at IrkAZ for ensuring the production of up to 3,000 tpa of AlZr of wire rod.

The wire rod production complex was commissioned at KAZ. During start-up and commissioning 801 tonnes of wire rod were produced, including 22 tonnes of 6XXX alloy. New alloys are being mastered. The complex capacity will be 50,000 tpa.

USE OF NEW POTROOM VEHICLES:

– In 2014, Russian Engineering Company (REC) manufactured and supplied new types of pot treatment vehicles: an anode paste loading machine, an end-wall crust breaker, a rackraising machine, and a crust breaking machine on pre-baked anode pots;
– A prototype model of a drive truck with an electric motor unit was manufactured, and further conversion to electric traction of all special equipment of the reduction area is planned;

HEALTH, SAFETY, ENVIRONMENT (HSE):

– Production facilities of the Aluminium Division confirmed the compliance of their respective HSE management systems with OHSAS 18001 following an external audit by DNV;
– BrAZ and IrkAZ confirmed their compliance with the ISO 14001 environmental management standard.

New Projects Directorate

The New Projects Directorate comprises the Volgograd aluminium smelter, Nadvoitsy aluminium smelter, Volkhov aluminium smelter (all in Russia), KUBAL (in Sweden), ALSCON (Nigeria), the aluminium sections of the Bogoslovsk and Ural smelters (in Russia), as well as the secondary alloys facility.

Production at UAZ, VgAZ and ALSCON was shut down in 2013 and continued to be mothballed in 2014.

Volkhov aluminium smelter: the dismantling of equipment was completed in the second quarter of

2014; by the year end the building for production of automotive components from aluminium by die casting was reconstructed within the framework of the operation of a joint venture with Israeli OMEN.

Nadvoitsy aluminium smelter: the dismantling of equipment of potrooms 1-3 continued throughout the year; potroom 4 is still operating; a set of contracts allowing to combine the smelter and the nearby Ondskaya HPP was signed to reduce the cost of electric power for the smelter in the fourth quarter of 2014: OHPP lease agreement, OHPP operating agreement, lease agreement of IDGC grids to connect the smelter with HPP and a number of other ancillary contracts.

Bogoslovsk aluminium smelter: the dismantling of potrooms of the first block was performed throughout the year without potential re-start; the Board of Directors agreed in September 2014 not to mothball the equipment of potline 6 and by the end of the year the employees initiated the dismantling of these capacities.

Volgograd aluminium smelter: the project for remelting of solid metal (supplied from Siberian smelter) into value-added products at the premises of the smelter's casthouse launched in December 2013 continued to operate successfully throughout 2014 within the framework of mothballing the production area. In 2014 the smelter produced 46.8 thousand tonnes of finished products and 32.5 thousand tonnes of anode paste to be delivered to Kandalaksha aluminium smelter.

KUBAL: The reduction of output in 2014 compared to 2013 was determined by the failure of T32 transformer in February 2014 and the consequent operation with low amperage and repeated emergency de-energising of potline A. In the course of the year, the process status of the reduction area was stabilised and the potline was not shut down for mothballing. The implementation of the programme of retrofitting of the smelter's power supply system involving the combining of potlines A and B and retirement of all units, which operated for two useful lives, began by the end of 2014. The system will provide for necessary redundancy, the increase in the number of operating pots by 60 pots and the possibility to increase amperage by 15 kA.

ALUMINA PRODUCTION RESULTS

UC RUSAL's total attributable alumina output[14] was 7,253 thousand tonnes in 2014 and 7,310 thousand tonnes in 2013. The decrease of alumina output in 2014 by 57 thousand tonnes (1%) was due to the unstable operation of RUSAL Achinsk, BAZ and Nikolaev Alumina Refinery, partially compensated by better perfomance of the QAL, Aughinish Alumina Refinery and Windalco alumina refineries.

UC RUSAL increased its stake in OJSC Bauxite Timana and Windalco to 100% in November and December 2014, respectively.

14 Calculated based on the pro rata share of the Company's (and its subsidiaries') ownership in corresponding alumina refineries.

Asset (Kt)	Interest	Year ended 31 December 2014	2013	Change year-on- year (%)
Ireland				
Aughinish Alumina Refinery	100%	1,951	1,935	1%
Jamaica				
Alpart	100%	–	–	–
Windalco (Ewarton and Kirkvine Works)	100%	559	549	2%
Ukraine				
Nikolaev Alumina Refinery	100%	1,455	1,493	(3%)
Italy				
Eurallumina	100%	–	–	–
Russia				
Bogoslovsk Alumina Refinery	100%	911	958	(5%)
Achinsk Alumina Refinery	100%	891	926	(4%)
Urals Alumina Refinery	100%	770	775	(1%)
Boxitogorsk Alumina Refinery	100%	–	–	–
Guinea				
Friguia Alumina Refinery	100%	–	–	–
Australia (JV)				
Queensland Alumina Ltd.*	20%	716	674	6%
Total production		7,253	7,310	(1%)

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

BAUXITE PRODUCTION RESULTS

UC RUSAL's total attributable bauxite ouput[15] was 12,108,000 tonnes in 2014, as compared to 11,876 thousand tonnes in 2013, an increase of 2.0%.

15 Bauxite output data was:
- calculated based on pro-rata share of the Company's ownership in corresponding bauxite mines and mining complexes. The total production of the Company's fully consolidated subsidiary, Bauxite Company of Guyana Inc., is included in the production figures, notwithstanding that minority interests in each of these subsidiaries are held by third parties.
- reported as wet weight (including moisture).

The table below shows the contribution from each facility.

Bauxite mines (Kt Wet)	Interest	Year ended 31 December 2014	2013	Change year-on- year (%)
Jamaica				
Alpart	100%	–	–	–
Windalco (Ewarton and Kirkvine) *	100%	1,903	1,870	2%
Russia				
North Urals	100%	2,774	2,498	11%
Timan**	100%	2,815	2,824	0%
Guinea				
Friguia	100%	–	–	–
Kindia	100%	3,379	3,326	2%
Guyana				
Bauxite Company of Guyana Inc.	90%	1,237	1,358	(9%)
Total production		12,108	11,876	2%

* in December 2014 UC RUSAL increased its stake in Windalco to 100%.

** in November 2014 UC RUSAL increased its stake in OJSC Bauxite Timana to 100%.

NEPHELINE PRODUCTION RESULTS

UC RUSAL's nepheline syenite production was 4,396 thousand tonnes in 2014, as compared to 4,662 thousand tonnes in 2013.

The decrease of the production volume of nepheline mine in 2014 by 266 thousand tonnes (6%) was due to reduced alumina production at Achinsk Alumina Refinery.

Nepheline mines (Achinsk) (Kt Wet)	Interest	Year ended 31 December 2014	2013	Change year-on- year (%)
Kiya Shaltyr Nepheline Syenite	100%	4,396	4,662	(6%)
Total production		4,396	4,662	(6%)

FOIL AND PACKAGING PRODUCTION RESULTS

The aggregate aluminium foil and packaging material production from the Company's foil mills increased by 5% to 94 thousand tonnes in 2014 from 89 thousand tonnes in 2013.

The table below shows the contribution from each facility.

Foil Mills (tonnes)	Interest	Year ended 31 December 2014	2013	Change year-on- year (%)
Russia				
Sayanal	100%	41,590	40,264	3%
Ural Foil	100%	19,379	18,383	5%
Sayana Foil	100%	3,383	2,824	20%
Armenia				
Armenal	100%	29,252	27,719	6%
Total production		93,604	89,190	5%

OTHER BUSINESS

Volumes of non-core businesses in 2014 changed in accordance with market dynamics.

Powder production increased by 7 % to 21,077 tonnes in 2014, secondary alloys increased by 10%, while fluorides and cathodes production was halted.

(t) unless otherwise indicated	Year ended 31 December 2014	2013	Change year-on- year (%)
Secondary alloys	22,664	20,627	10%
Cathodes	0	1,903	(100%)
Silicon	54,764	55,373	(1%)
Powder	21,077	19,782	7%
Fluorides	0	28,606	(100%)
Coal (50%) (thousand t.)	19,001	20,852	(9%)
Transport (50%) (thousand t. of transportation)	6,730	8,543	(21%)

SILICON PRODUCTION:

A slight decline in 2014 compared to 2013 is mainly due to the negative trends of the previous year (2013), when due to lower prices of Chinese silicon the Company reduced its own production: from August 2013 a number of furnaces were shut down for mothballing and by the beginning of 2014 four of five furnaces were operating at CJSC Kremniy and two of six furnaces were operating at SUAL-Kremniy-Ural. However, the dynamics of the silicon market were favourable in 2014, which allowed for the restarting of all furnaces during the year and meant that output almost reached 2013 levels.

To improve the quality of silicon and produce competitive products in 2014, refining was implemented at two out of six furnaces at SUAL-Kremniy-Ural, which led to the production of 3,876 tonnes of refined silicon (in 2013 no refined silicon was produced).

To develop sales in 2014 transactions were concluded with the companies from the chemical industry – the world's largest producers of polysilicon and silicon: for three years with the Wacker company for supply of CJSC Kremniy products for the production of trichlorosilane - intermediate processing for polysilicon production. In addition, the qualifying supply of 1,000 tonnes of CJSC Kremniy products to Dow Corning was organized in the third quarter of 2014. Dow Corning qualification may be considered a diversification of sales of silicon products to the chemical sector.

POWDERS:

The growth of production and sales of the Powders business was ensured mainly by increasing sales of value-added products (aluminium powder and paste): in 2014 we managed not only to consolidate the domestic market, but also to develop new directions. Pastes of PM Shelekhov consolidated in the Indonesian construction market, which developed sales to the entire South-East Asia region; the first industrial batch was sent to the construction market from Volgograd. To boost sales of fine powders in Asia, which increases its share in the global market of solar energy year after year, a contract was signed with the world-leading producer of metallisation pastes Giga Solar. In 2014 the Commercial Department of the New Projects Directorate arrived at mutually beneficial terms of collabouration with Monocrystal for delivery of VgAZ fine powders, which allowed the Russian company to retain a significant share (15%) in the global solar energy market in 2014 and ensured increased profitability for VgAZ.

Production facilities are being retrofitted in line with demand: the production technology of 44 new brands of products with improved quality characteristics for the production of autoclaved aerated concrete for the construction industry were developed in 2014; the retrofitting of the pulverisation system at SUAL-PM was completed.

SECONDARY ALLOYS

Increased production of secondary alloys in 2014 compared to 2013 was achieved by means of a set of measures aimed at optimising production processes: optimisation of utilisation of smelting complex equipment, introduction of preventative maintenance (reduced number of outages due to failure requiring longer repairs), introduction of preliminary enrichment of slags (re-start of the crushing and dressing plant).

Coal production results

The aggregate coal production attributable to the Company's 50% share in LLP Bogatyr Komir decreased by 9% to 19,001 kt in 2014, as compared to 20,852 kt in 2013. The decrease in volume in 2014 as compared to 2013 was due to lower sales of coal to Russian customers resulting from decreased regional demand and higher competition, which was partially offset by increased demand for coal in Kazakhstan.

Transportation results

The aggregate coal and other goods transported by railway LLP Bogatyr Komir Trans attributable to the Company's 50% share decreased by 21% to 6,730 kt in 2014, as compared to 8,543 kt in 2013. The decrease in volume in 2014 as compared to 2013 was due to a decrease in coal delivery in Russia.

FINANCIAL OVERVIEW

Revenue

	Year ended 31 December 2014			Year ended 31 December 2013		
	USD million	*kt*	*Average sales price (USD/ tonne)*	*USD million*	*kt*	*Average sales price (USD/ tonne)*
Sales of primary aluminium and alloys	7,823	3,525	2,219	8,159	3,788	2,154
Sales of alumina	569	1,743	326	507	1,595	318
Sales of foil	303	88	3,443	313	86	3,640
Other revenue	662	–	–	781	–	–
Total revenue	**9,357**			**9,760**		

Total revenue decreased by USD403 million or by 4.1% to USD9,357 million in 2014 compared to USD9,760 million in 2013. The decrease in total revenue was primarily due to the lower sales of primary aluminium and alloys, which accounted for 83.6% of UC RUSAL's revenue for 2014 and 2013.

(USD million)	Quarter ended 31 December 2014 unaudited	Quarter ended 31 December 2013 unaudited	Change, quarter-on-quarter, (4Q to 4Q)	Quarter ended 30 September 2014 unaudited	Change, quarter-on-quarter, (4Q to 3Q) 2014	Year ended 31 December 2014	Year ended 31 December 2013	Change, year-on-year
Sales of primary aluminium and alloys								
USD million	**2,114**	1,693	24.9%	**2,007**	1.8%	**7,823**	8,159	(4.1%)
kt	**874**	821	6.5%	**904**	(3.3%)	**3,525**	3,788	(6.9%)
Average sales price (USD/t)	**2,419**	2,062	17.3%	**2,298**	5.3%	**2,219**	2,154	3.0%
Sales of alumina								
USD million	**149**	130	14.6%	**157**	(5.1%)	**569**	507	12.2%
kt	**434**	419	3.6%	**489**	(11.2%)	**1,743**	1,595	9.3%
Average sales price (USD/t)	**343**	310	10.6%	**321**	6.9%	**326**	318	2.5%
Sales of foil (USD million)	**80**	81	(1.2%)	**74**	8.1%	**303**	313	(3.2%)
Other revenue (USD million)	**153**	221	(30.8%)	**169**	(9.5%)	**662**	781	(15.2%)
Total revenue (USD million)	**2,496**	**2,125**	**17.5%**	**2,477**	**0.8%**	**9,357**	**9,760**	**(4.1%)**

Revenue from sales of primary aluminium and alloys decreased by USD336 million, or by 4.1%, to USD7,823 million in 2014, as compared to USD8,159 million in 2013, primarily due to a 6.9% decrease in volumes of the primary aluminium and alloys sold as a result of completion of the inefficient capacity curtailment programme. The decrease was mostly offset by the growth in weighted-average realised aluminium price by 3.0% in 2014 as compared to 2013, due to the improved LME aluminium price performance, as well as a 42.3% growth in premiums above the LME price in the different geographical segments (to an average of USD380 per tonne from USD267 per tonne for the years 2014 and 2013, respectively).

Revenue from sales of alumina increased by USD62 million or by 12.2% to USD569 million for the year ended 31 December 2014 as compared to USD507 million for the previous year. The increase was mostly attributable to a 9.3% growth in sales volumes.

Revenue from sales of foil decreased by 3.2% to USD303 million in 2014, as compared to USD313 million in 2013, primarily due to a 5.4% decrease in the weighted average sales price, partially compensated by a 2.3% increase in sales volumes.

Revenue from other sales, including sales of other products, bauxite and energy services decreased by 15.2% to USD662 million for the year ended 31 December 2014 as compared to USD781 million for the previous year, due to a 26.3% decrease in sales of bauxite and a 12.4% decrease in sales of other materials.

COST OF SALES

The following table shows the breakdown of UC RUSAL's cost of sales for the years ended 31 December 2014 and 2013, respectively:

(USD million)	Year ended 31 December 2014	2013	Change, year-on-year	Share of costs
Cost of alumina	863	1,004	(14.0%)	11.9%
Cost of bauxite	604	592	2.0%	8.4%
Cost of other raw materials and other costs	2,606	2,990	(12.8%)	36.1%
Energy costs	1,929	2,374	(18.7%)	26.7%
Depreciation and amortisation	435	493	(11.8%)	6.0%
Personnel expenses	708	844	(16.1%)	9.8%
Repairs and maintenance	70	94	(25.5%)	1.0%
Net change in provisions for inventories	8	38	(78.9%)	0.1%
Total cost of sales	**7,223**	**8,429**	**(14.3%)**	**100.0%**

Total cost of sales decreased by USD1,206 million, or by 14.3%, to USD7,223 million in 2014, as compared to USD8,429 million in 2013. The decrease was primarily driven by the 6.9% reduction (or 263 thousand tonnes) in the aggregate aluminium sales volumes following the completion of the capacity curtailment programme at the least efficient smelters as well as the significant depreciation of the Russian Ruble and Ukrainian Hryvna against the US Dollar.

The cost of alumina decreased in the reporting period (as compared to 2013) by 14.0%, primarily as a result of a decrease in alumina purchase volumes.

The cost of bauxite was almost flat during 2014 (as compared to 2013).

The cost of raw materials (other than alumina and bauxite) and other costs decreased by 12.8% due to the lower raw materials purchase price (such as raw petroleum coke by 10.4%, calcined petroleum coke by 18.1%, raw pitch coke by 34.9%, pitch by 19.3%) and lower purchase volumes in 2014 as compared to 2013.

The energy cost decreased in 2014 by 18.7% to USD1,929 million compared to USD2,374 million in 2013 primarily due to the decrease in aggregate aluminium sales volumes and depreciation of the Russian Ruble against the US Dollar.

DISTRIBUTION, ADMINISTRATIVE AND OTHER EXPENSES

Distribution expenses decreased by 17.6% to USD402 million in 2014, compared to USD488 million in 2013, primarily due to the decrease in aggregate aluminium sales volumes supported by the depreciation of the Russian Ruble against the US Dollar within the comparable periods.

Administrative expenses decreased by 6.2% to USD605 million in 2014, compared to USD645 million in 2013 primarily as a result of the depreciation of the Russian Ruble against the US Dollar within the comparable periods.

Impairment of non-current assets and restructuring expenses decreased by USD1,816 million in 2014 to USD103 million due to impairment charges and restructuring expenses recognized by the Company in the aggregate amount of USD1,919 million for the year ended 31 December 2013. For details please refer to the Annual Results Announcement for the year ended 31 December 2013: *http://www.rusal.ru/upload/uf/d8d/E%20RUSAL%20annual%20results%2028 Mar2014.pdf*.

Other operating expenses were almost flat in 2014 as compared to 2013.

GROSS PROFIT

As a result of the foregoing factors, UC RUSAL reported a gross profit of USD2,134 million for the reporting period as compared with USD1,331 million for 2013, representing gross margins over the periods of 22.8% and 13.6%, respectively.

ADJUSTED EBITDA AND RESULTS FROM OPERATING ACTIVITIES

(USD million)	Year ended 31 December 2014	Year ended 31 December 2013	Change year-on-year
Reconciliation of Adjusted EBITDA			
Results from operating activities	942	(1,804)	NA
Add:			
Amortisation and depreciation	459	520	(11.7%)
Impairment of non-current assets and restructuring expenses	103	1,919	(94.6%)
Loss on disposal of property, plant and equipment	10	16	(37.5%)
Adjusted EBITDA	1,514	651	132.6%

As a result of the abovementioned factors the Company demonstrated a significant increase in results from operating activities and Adjusted EBITDA for the year ended 31 December 2014 to USD942 million and USD1,514 million, respectively, as compared to the results from operating activities and Adjusted EBITDA of negative USD1,804 million and positive USD651 million, respectively, for the previous year.

FINANCE INCOME AND EXPENSES

(USD million)	Year ended 31 December 2014	Year ended 31 December 2013	Change year-on-year
Finance income			
Interest income on loans and deposits	30	17	76.5%
Net foreign exchange gain	–	29	(100.0%)
Interest income on provisions	–	5	(100.0%)
	30	51	(41.2%)
Finance expenses			
Interest expense on bank loans, bonds and other bank charges, including	(836)	(754)	10.9%
Nominal interest expense	(724)	(652)	11.0%
Bank charges	(112)	(102)	9.8%
Net foreign exchange loss	(27)	–	100.0%
Change in fair value of derivative financial instruments, including	(487)	(12)	3,958.3%
Change in fair value of embedded derivatives	8	(17)	NA
Change in other derivatives instruments	(495)	5	NA
Interest expense on provisions	(11)	(21)	(47.6%)
	(1,361)	(787)	72.9%

Finance income decreased by USD21 million to USD30 million in 2014 as compared to USD51 million in 2013, due to the net foreign exchange loss for the 2014 as compared to the net foreign exchange gain for the previous year.

Financial expenses increased by 72.9% to USD1,361 million in 2014 as compared to USD787 million in 2013 primarily due to the net loss from change in fair value of derivative financial instruments, due to the significant depreciation of the Russian Ruble against the US Dollar resulting in the revaluation of certain cross-currency instruments.

Interest expenses on bank loans increased by USD82 million to USD836 million for the reporting period as compared to the USD754 million for the previous year primarily due to the higher interest rate margin and negative effect of interest rate swaps.

SHARE OF PROFITS/(LOSSES) OF ASSOCIATES AND JOINT VENTURES

(USD million)	Year ended 31 December 2014	Year ended 31 December 2013	Change year-on-year
Share of profits of Norilsk Nickel, with	515	105	390.5%
Effective shareholding of	27.82%	27.82%	
Share of losses of other associates	(15)	(21)	(28.6%)
Share of profits of associates	500	84	495.2%
Share of profits/(losses) of joint ventures	36	(551)	NA

The Company's share in the profits of associates for the years ended 31 December 2014 and 2013 totalled USD500 million and USD84 million, respectively. The Company's share in the results of associates in both periods resulted primarily from the profit from the Company's investment in Norilsk Nickel, which amounted to USD515 million and USD105 million for 2014 and 2013, respectively.

The Company's share of the profits of joint ventures was USD36 million for the year ended 31 December 2014 as compared to losses of USD551 million for the same period in 2013. This represents the Company's share of the results of the Company's joint ventures — BEMO, LLP Bogatyr Komir, Mega Business and Alliance (transportation business in Kazakhstan) and North United Aluminium Shenzhen Co., Ltd.

The Company's share of losses in joint ventures for the year ended 31 December 2013 includes impairment losses relating to property, plant and equipment of the BEMO project entities - the Boguchansky Aluminium Smelter and the Boguchanskaya Hydro Power Plant. The Group recognised its share of impairment losses in the BEMO project entities to the extent of its investment in the corresponding entity and made the necessary adjustments to the carrying values of each investment. The Group's share of losses related to BOGES and BoAZ were recognized in an amount of USD352 million and USD248 million, respectively. The loss related to BoAZ was recognised to the extent of the Group's investment. At 31 December 2013, additional losses of USD309 million related to impairment charges have not been recognised because the Group's investment has been fully written down to nil.

LOSS RECYCLED FROM OTHER COMPREHENSIVE INCOME

On 24 April 2013 the Group completed its disposal of 3,873,537 shares in Norilsk Nickel to Crispian Investments Limited for approximately USD620 million which was settled in cash.

On the date of disposal the Group recycled USD230 million of accumulated foreign currency translation losses and USD4 million of other losses relating to shares sold from other comprehensive income recognized as equity in the statement of income. The accumulated foreign currency translation losses of USD230 million and USD4 million of other losses were accumulated while the shares were recognized as part of the Group's investment in an associate.

PROFIT/(LOSS) BEFORE INCOME TAX

UC RUSAL incurred a profit before income tax of USD147 million for the year ended 31 December 2014, as compared to a loss before income tax of USD3,241 million for the year ended 31 December 2013 for the reasons set out above.

INCOME TAX

Income tax increased by USD157 million to USD238 million in 2014, as compared to USD81 million in 2013.

Current tax expenses decreased by USD32 million, or 17.7%, to USD149 million for the year ended 31 December 2014, as compared to USD181 million for the previous year mainly due to the tax paid on the cumulative intergroup transfer of Norilsk Nickel dividends in 2013 partially compensated through tax losses accumulated for prior years.

The same factor drove the increase in deferred tax expenses to USD89 million in 2014 as compared to a deferred tax benefit of USD100 million in 2013. The deferred tax expense for the year ended 31 December 2014 was also affected by the increase in deferred tax liability related to property, plant and equipment due to the significant Russian Ruble depreciation against the US Dollar.

LOSS FOR THE PERIOD

As a result of the above, the Company recorded a loss of USD91 million in 2014, as compared to a loss of USD3,322 million in 2013.

ADJUSTED AND RECURRING NET PROFIT/(LOSS)

(USD million)	Year ended 31 December 2014	Year ended 31 December 2013	Change year-on-year
Reconciliation of Adjusted Net Profit/(Loss)			
Net Loss for the period	(91)	(3,322)	(97.3%)
Adjusted for:			
Share of profits and other gains and losses attributable to Norilsk Nickel, net of tax effect, with	(469)	166	NA
Share of profits, net of tax	**(469)**	(68)	589.7%
Loss on disposal of Norilsk Nickel recycled from other comprehensive income	–	234	(100.0%)
Impairment of joint ventures	–	600	(100.0%)
Change in derivative financial instruments, net of tax (20.0%)	474	(29)	NA
Impairment of non-current assets, net of tax	103	1,919	(94.6%)
Adjusted Net Profit/(Loss)	**17**	**(666)**	**NA**
Add back:			
Share of profits of Norilsk Nickel, net of tax	469	68	589.7%
Recurring Net Profit/(Loss)	**486**	**(598)**	**NA**

Adjusted Net Profit/(Loss) for any period is defined as the profit/(loss) adjusted for the net effect of the Company's investment in Norilsk Nickel, the net effect of embedded derivative financial instruments, gains and losses recycled from other reserves and the net effect of non-current assets impairment and restructuring costs. Recurring Net Profit/(Loss) for any period is defined as Adjusted Net Profit/(Loss) plus the Company's net effective share in Norilsk Nickel results. The improvements in Adjusted and Recurring Results in 2014 in comparison with the prior year were primarily driven by stronger results from operating activities.

ASSETS AND LIABILITIES

UC RUSAL's total assets decreased by USD5,623 million, or 27.5% to USD14,857 million as at 31 December 2014 as compared to USD20,480 million as at 31 December 2013. The decrease in total assets mainly resulted from the decrease in the carrying value of the investment in Norilsk Nickel.

Total liabilities decreased by USD1,310 million, or 9.4%, to USD12,620 million as at 31 December 2014 as compared to USD13,930 million as at 31 December 2013. The decrease was mainly due to the decrease in the outstanding debt of the Group.

CASH FLOWS

The Company generated net cash from operating activities of USD1,398 million for the year ended 31 December 2014 as compared to USD408 for the previous year. The net increase in working capital and provisions amounted to USD29 million for 2014 as compared to USD173 million for the previous year.

Net cash generated from investment activities for 2014 decreased to USD514 million as compared to USD978 million for 2013 primarily due to proceeds from the disposal of Norilsk Nickel shares to Crispian Investments Limited in the previous year. The decrease was partially compensated with the 10% or USD81 million increase in dividends received from Norilsk Nickel in the amount of USD884 million for 2014 as compared to USD803 million for the prior year.

The abovementioned factors allowed the Company to assign USD640 million of its own cash flows for the debt repayment that together with the interest payments of USD677 million represent the main components of the cash used in the financing activities with a total amount of USD1,900 million for 2014.

SEGMENT REPORTING

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

The core segments are Aluminium and Alumina.

	Year ended 31 December			
	2014		2013	
(USD million)	Aluminium	Alumina	Aluminium	Alumina
Segment revenue				
kt	*3,638*	*6,077*	*3,869*	*6,049*
USD million	*7,985*	*1,879*	*8,314*	*2,035*
Segment result	1,330	(60)	523	(270)
Segment EBITDA[16]	1,695	25	937	(174)
Segment EBITDA margin	21.2%	1.3%	11.3%	(8.6%)
Total capital expenditure	257	195	332	197

For the years ended 31 December 2014 and 2013, respectively, segment result margins (calculated as the percentage of the segment's result as a proportion of total segment revenue) from continuing operations were 16.7% and 6.3% for the aluminium segment, and negative 3.2% and 13.3% for the alumina segment. The key drivers for the increase in margin in the aluminium segment are disclosed in the "Revenue", "Cost of sales" and "Adjusted EBITDA and results from operating activities" sections above. Detailed segment reporting can be found in the consolidated financial statements for the year ended 31 December 2014.

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

CAPITAL EXPENDITURE

UC RUSAL recorded total capital expenditure of USD479 million for the year ended 31 December 2014. UC RUSAL's capital expenditure in 2014 was aimed at maintaining existing production facilities.

	Year ended 31 December	
(USD million)	2014	2013
Development capex	115	112
Maintenance		
Pot rebuilds costs	143	157
Re-equipment	221	284
Total capital expenditure	479	553

The BEMO project companies utilise project financing proceeds to make the necessary contributions to ongoing construction projects and do not require contributions from joint venture partners at this time.

LOANS AND BORROWINGS

The nominal value of the Group's loans and borrowings was USD9,346 million as at 31 December 2014, not including bonds which amounted to an additional USD257 million.

Set out below is an overview of certain key terms of the Group's loan portfolio as at 31 December 2014:

Facility/Lender*	Principal amount outstanding as at 31 December 2014	Tenor/Repayment Schedule	Pricing
Syndicated Facilities			
USD4.75 billion syndicated facility	USD3.13 billion	Tranche A (USD2.16 billion) – until 31 December 2018; Facility C (previously Tranche B) (USD968 million) – until 31 December 2020 Tranche A: equal quarterly repayments starting from 12 January 2016 Facility C (previously Tranche B): quarterly repayments starting from 30 January 2017	Tranche A: 3 month LIBOR plus cash and PIK margins which are set depending on Total Net Debt to Covenant EBITDA ratio. As at 31 December 2014 total margin was 5.75% p.a. incl. cash margin of 4.50% p.a. and PIK margin of 1.25% p.a.)** Facility C (previously Tranche B): 3 month LIBOR plus fixed cash margin of 5.65% p.a. and PIK margin which is set depending on Total Net Debt to Covenant EBITDA ratio. As at 31 December 2014, total margin was 6.90% p.a. including PIK margin of 1.25% p.a.***
USD400 million multicurrency credit facility	USD90 million EUR152 million	Tranche A (USD90 million) and Tranche B (EUR152 million) – until 31 December 2018, equal quarterly repayments starting from 12 January 2016	Tranche A: 3 month LIBOR plus cash and PIK margins which are set depending on Total Net Debt to Covenant EBITDA ratio. As at 31 December 2014, total margin was 5.75% p.a. incl. cash margin of 4.50% p.a. and PIK margin of 1.25% p.a.** Tranche B: 3 month EURIBOR plus cash and PIK margins which are set depending on Total Net Debt to Covenant EBITDA ratio. As at 31 December 2014 total margin was 5.75% p.a. incl. cash margin of 4.50% p.a. and PIK margin of 1.25% p.a.**
Bilateral loans			
Sberbank loans	USD4.26 billion	August 2021, equal quarterly repayments starting from November 2019	As at 31 December 2014 1 year LIBOR plus 5.45% p.a., incl. 1.25% PIK (partially hedged)
Sberbank loan	RUB19.98 billion	August 2021, equal quarterly repayments starting from November 2019	10.9% p.a., incl. 1.4% PIK (partially hedged through cross-currency swap)

Facility/Lender*	Principal amount outstanding as at 31 December 2014	Tenor/Repayment Schedule	Pricing
VTB Capital plc loans	RUB10.14 billion	December 2018, equal quarterly repayments starting from December 2015	3 m Mosprime plus 4.0% p.a.
Gazprombank loans	USD117 million EUR36 million	October 2016, equal quarterly repayments starting from March 2016	3 month LIBOR plus 6.5% p.a.
Gazprombank loans	USD144 million	December 2017, equal quarterly repayments starting from March 2016	3 month LIBOR plus 6.5% p.a.
Gazprombank loans	USD233 million EUR72 million	March 2019, equal quarterly repayments starting from March 2017	3 month LIBOR plus 6.5%, incl. 1% PIK p.a.
VTB Capital (REPO transaction)	USD100 million	December 2015, bullet repayment at final maturity date	3 month LIBOR plus 4.15% p.a.
Glencore AG	USD349 million	December 2016, certain annual repayments	3 month LIBOR plus 4.95% p.a.
SIB (Cyprus) Limited (REPO transaction)	USD70 million	March 2016, bullet repayment at final maturity date	3 month LIBOR plus 4.5% p.a.
RBI (trade finance line)	USD3 million	Rollovering credit line	Cost of funds + 3.35%
Bonds			
Rouble bonds series 07	RUB6.48 billion	March 2018, bullet repayment at final redemption date, subject to a bondholders' put option exercisable in March 2016 following coupon reset	12.0%
Rouble bonds series 08	RUB8.12 billion	April 2021, bullet repayment at final redemption date, subject to a bondholders' put option exercisable in April 2015 following a coupon reset	5.09% p.a. (after giving effect to hedging transactions)

* As at the Latest Practicable Date, all loans, except Rouble bonds, were secured. Please refer to the "Security" section below for a summary description of the security provided in respect of the Group's loans.

** As at the Latest Practicable Date margin constituting 4.75% p.a. incl. 0.5% p.a. PIK

*** As at the Latest Practicable Date margin constituting 6.15% p.a. incl. 0.5% p.a. PIK

The average maturity of the Group's debt as at 31 December 2014 was 4.3 years.

Security

As of the Latest Practicable Date, the Group's debt (excluding Rouble bonds) is secured by pledges over certain fixed assets (including assets owned by the Group's aluminium smelters and alumina refineries), pledges of shares in certain operating and non-operating companies, the assignment of receivables under certain contracts, pledge of goods, security over certain accounts, pledge and other type of security over shares in Norilsk Nickel (representing in total a 27.8% share of Norilsk Nickel's issued share capital).

Key Events

- In February 2014 the Group entered into a USD400 million prepayment facility agreement with Glencore AG for the supply of alumina from one of the Group's subsidiaries to Glencore AG for the period 2014-2016. Interest of 3M Libor + 4.95% and principal payable under the facility agreement will, to the extent such amounts are due, be offset against amounts due by Glencore AG under its alumina supply contract at USD40 per metric tonne for the first six months and USD286 per metric tonne thereafter. The facility is to be repaid on or before 31 December 2016 in accordance with an agreed amortisation schedule which commenced on 30 September 2014.
- On 25 February 2014 RUSAL Bratsk entered into a bond sale agreement for the purpose of selling up to 5,000,000 (five million) series 07 bonds which were expected to be bought back under a put-option on 3 March 2014. The selling price under the terms of bonds sale agreement was RUB998.356, or 99.8356% of the par value of each bond. Simultaneously United Company RUSAL Aluminium Limited entered into a put-option transaction which may be exercised for up to 5,000,000 (five million) series 07 bonds at a strike price which will be a function of the announced coupon rate, purchase price, tenor and the expected yield of the transaction, and is exercisable on 22 February 2016.
- On 26 February 2014, the Group and Sberbank entered into an amendment agreement to a non-revolving credit facility agreement dated 1 December 2011 in order to increase the credit limit by RUB2.4 billion from RUB18.3 billion to RUB20.7 billion. This allowed the Group to fulfil its obligations under the put option of Ruble bonds issued by OJSC RUSAL Bratsk (series 07), which was due for repayment on 3 March 2014.
- On 28 February 2014 RUSAL Bratsk announced a coupon rate in respect of the series 07 bond issue of 12% per annum for the 7-10 semi-annual coupon periods.
- On 3 March 2014 RUSAL Bratsk successfully performed its obligations under the terms of bondholders' put-option. As result of the put-option being exercised RUB10,947,149 series 07 bonds (about 73% of the issue) were repurchased by the issuer. As of 31 December 2014 6,462,455 series 07 bonds and 8,120,893 series 08 bonds were outstanding (traded in the market).The closing market price on 31 December 2014 was RUB963.4 and RUB964 per bond for the first and second tranches, respectively.
- In March 2014 the Group refinanced its credit facilities with Gazprombank in the amount of USD242.7 million and EUR74.7 million. The facilities bear interest at 3M LIBOR + 6.5% and with a maturity date of 5 years from drawdown.
- In August 2014 the amendment and restatement agreement relating to the refinancing of the USD4.75 billion PXF facility agreement and the USD400 million multicurrency PXF facility agreement was signed and became effective. Pursuant to the Amendments, the two PXF facilities were combined into a single facilities agreement with the agreement now comprising:

(A) One tranche comprising tranche A of the previous USD4.75 billion PXF facility and both tranches of the previous USD400 million facility which amounts to USD2.56[16] billion which is to be repaid in equal quarterly instalments starting from the 12 January 2016 with a final maturity date on 31 December 2018.

Loans under this tranche bear interest at the rate of 3-month LIBOR plus margin (cash + PIK) based on the Total Net Debt/EBIDTA ratio which is set quarterly. Such interest will be paid or capitalised, as the case may be, quarterly.

16 As of 20 August 2014

CASH MARGIN

Total Net Debt/EBIDTA ratio	Cash Margin level
Greater than 4.5:1	4.50 per cent. per annum
Greater than 4:1 but less than or equal to 4.5:1	4.25 per cent. per annum
Greater than 3.5:1 but less than or equal to 4:1	4.00 per cent. per annum
Greater than 3:1 but less than or equal to 3.5:1	3.60 per cent. per annum
Less than or equal to 3:1	2.80 per cent. per annum

PIK MARGIN

Total Net Debt/EBIDTA ratio	PIK Margin level
Greater than 5:1	1.25 per cent. per annum
Greater than 4.5:1 but less than or equal to 5:1	0.80 per cent. per annum
Greater than 4:1 but less than or equal to 4.5:1	0.50 per cent. per annum
Greater than 3.5:1 but less than or equal to 4:1	0.25 per cent. per annum
Less than or equal to 3.5:1	0 per cent. per annum

(B) A second tranche, Facility C, which comprises tranche B under the previous USD4.75 billion syndicated facility, amounts to USD1[17] billion and is to be repaid in quarterly instalments commencing from 30 January 2017 with a final maturity date on 31 December 2020. The first eight instalments will be in the amount of USD31.25 million per instalment and the remaining eight instalments will be in the amount of USD93.75 million per instalment. Loans under this tranche will bear interest at a rate of 3-month LIBOR plus 5.65% per annum in relation to the cash margin whereas the PIK Margin will be set in the same manner as the first Tranche above. Such amounts will be paid or capitalised, as the case may be, quarterly.

- The relevant amendments to credit facilities with Sberbank in line with the PXF Amendments were executed on 25 August 2014 (the "Sberbank Amendment Agreements"). According to Sberbank Amendment Agreements entered into between the Company as borrower and Sberbank as lender, the maturity of the bilateral facility agreements with Sberbank (including: (a) a credit facility agreement dated 30 September 2010 for the amount of USD4,583 million, (b) a credit facility agreement dated 30 September 2011 for the amount of USD453 million; (c) a non-revolving credit facility agreement dated 1 December 2011 for the amount of RUB20.7 billion) was extended by a maximum of 84 months from the date of execution of the Sberbank Amendment Agreements. The repayments to be made thereunder will be made quarterly in equal instalments during the sixth and seventh years from the date of the execution of the relevant Sberbank Amendment Agreement.
- During 2014 the Group made a scheduled repayment of principal under the USD4.75 billion syndicated facility in the amount of USD203 million. Additional principal repayments for a total amount of USD375 million were made under the USD4.75 billion syndicated facility, USD400 million multicurrency credit facility, credit facilities with Sberbank and Gazprombank as prepayments.

17 As of 20 August 2014

- As of 31 December 2014 the Total Net Debt to Covenant EBITDA ratio (the leverage ratio) was below 4.5x. Since interest rates under PXF credit facilities are linked to the leverage ratio it allowed the Company to decrease the cash and PIK margin under Tranche A of USD4.75 billion syndicated facility and USD400 million multicurrency credit facility by 1% in total (0.25% in cash and 0.75% in PIK respectively) and the PIK Margin under a second tranche which comprises the refinanced tranche B under the USD4.75 billion syndicated facility by 0.75% in PIK starting from 03 March 2015.

Dividends

- The Company's ability to pay dividends is limited to the period when the financial covenants, including the leverage ratio, meet the required thresholds. For the leverage ratio the required level is 3.5:1 (with the maximum permitted payment of dividends limited to 25% of net profit). A reduction in the leverage ratio to 3.0:1 (and below) will allow the Company to pay up to 50% of its net profit as distributions to shareholders.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

In 2014, the Group's principal source of liquidity was operating cashflow of USD1,398 million. The Group's principal uses of cash through 2014 are expected to be for operating expenses, debt repayment and capital expenditure. It expects to fund its liquidity needs mainly through operating cash flow.

Equity and Debt Raisings

There were no equity raisings and/or allotments and issues of equity during 2014.

Cash flows

In 2014, the Company used its USD1,398 million of net cash generated from operating activities, and USD926 million in dividends from associates and joint ventures, predominantly to make debt repayments (comprising net repayment of USD640 million), to pay interest (USD677 million) and on total capital expenditure (USD479 million).

The following table summarises the Company's cash flows for 2014 and 2013:

(USD million)	Year ended 31 December 2014	2013
Net cash generated from operating activities	1,398	408
Net cash generated from investing activities	514	978
Net cash used in financing activities	(1,900)	(1,159)
Net increase in cash and cash equivalents	12	227
Cash and cash equivalents at beginning of period	701	490
Effect of exchange rate fluctuations on cash and cash equivalents	(156)	(16)
Cash and cash equivalents at end of period	557	701

The Company generated net cash from operating activities of USD1,398 million for the year ended 31 December 2014 as compared to USD408 million for the previous year. The net increase in working capital and provisions amounted to USD29 million for 2014 as compared to USD173 million for the previous year.

Net cash generated from investment activities for 2014 decreased to USD514 million as compared to USD978 million for 2013, primarily due to proceeds from the disposal of Norilsk Nickel shares to Crispian Investments Limited in the previous year.

The abovementioned initiatives allowed the Company to assign USD640 million of its own cash flows for the debt repayment that together with the interest payments of USD677 million represent the main components of the cash used in the financing activities with a total amount of USD1,900 million for 2014.

Cash and cash equivalents

Cash and cash equivalents included USD13 million of restricted cash for letters of credit entered into with banks as at 31 December 2014 and USD15 million as at 31 December 2013. Note 24 to the consolidated financial statements shows a comparison of the Company's cash and cash equivalents as at 31 December 2014 and 31 December 2013, respectively.

FINANCIAL RATIOS

Gearing

The Group's gearing ratio, which is the ratio of total debts (including both long-term and short-term borrowings and bonds outstanding) to the total assets, as at 31 December 2014 and 31 December 2013 was 63.3% and 52.9%, 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 2014 and 31 December 2013 was 4.1% and (50.7%), 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 2014 and 31 December 2013 was 1.2 and (3.3), respectively.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

Interest Rate Risk

The Group is exposed to interest rate risk due to the fact that a significant portion of its long-term borrowings is LIBOR based floating-rate facilities. The key point of interest rate risk management is to reach a reasonable balance between floating rate and fixed rate facilities. One of the balancing instruments used by the Company is interest rate swaps.

In order to hedge against interest rate fluctuations under the 1 year LIBOR based floating rate Sberbank facility with the total outstanding amount of USD3.82 billion as of 31 December 2014 the Group entered into an interest rate swap. The swap is effective from 30 September 2012. As result of the swap transaction, the 1 year LIBOR based floating rate was converted into a fixed rate of 2.4795%. The notional amount of the swap transaction is USD3.3 billion.

Foreign Currency Risk

The Group is exposed to foreign currency risks on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group. Foreign exchange risk management is aimed at protecting the projected profit and cash generated in the normal course of business from foreign exchange rate movements.

As at the end of 2014 over 90% of the Group's credit portfolio was USD denominated. The credit portfolio structure matches the general structure of generated cash flows.

To minimize foreign currency exposure with respect to its Ruble - UNIVERSAL denominated borrowings, the Group has entered into the number of cross-currency swap transactions:

In 2011 the Group entered into cross-currency swap transactions to convert two tranches of its rouble bonds with the total notional amount of RUB30 billion into USD denominated liability of USD1,063 million.

In February 2012 – May 2012 and in August 2013 the Group entered into a number of cross-currency swaps to convert 5 year rouble denominated credit in the amount of RUB18.3 billion into USD denominated liability of USD598 million.

On 31 December 2014 the Group recognised a loss on the part of the instruments as they were considered ineffective. The reasons for this were partial buy-back of bonds in relation to the second tranche, and change of maturity date for RUB18.3 facility as a result of refinancing.

A detailed description of the Group's interest rate and foreign exchange risks is set out in note 31(c) of the consolidated financial statements for the year ended 31 December 2014.

ENVIRONMENTAL PERFORMANCE AND SAFETY

Safety

In 2014, the LTIFR for the Group reached 0.19, which was an improvement on 0.25 in 2012 and 0.22 in 2013.

In 2014, there were two fatal accidents involving employees and three involving contractors whilst there were four fatal accidents involving employees and four involving contractors in 2013.

Environmental performance

Russian environmental levies for air emissions and the discharge of liquids and other substances

[1] 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.

amounted to USD18.7 million in 2010, USD20.6 million in 2011, USD19.5 million in 2012, USD17.3 million in 2013 and USD18.4 million in 2014. There have been no material environmental pollution incidents at any of the Group's sites or facilities during the year ended 31 December 2014.[1]

EMPLOYEES

The following table sets forth the aggregate average number of people (full time equivalents) employed by each division of the Group during each of the two years ended 31 December 2014 and 2013, respectively.

Division	Year ended 31 December 2013	Year ended 31 December 2014
Aluminium(1)	20,652	17,922
Alumina(2)	19,336	19,996
Engineering and Construction(3)	17,573	15,517
Energy	34	29
Packaging	1,964	2,131
Managing Company	659	620
Technology and Process Directorate(4)	806	775
Others	6,286	4,245
Total	67,310	61,235

(1) Headcount of the New Projects Directorate (former Aluminium Division West), excluding aluminium sites that remain within the Directorate, is in "Others".

(2) LLC "Teploset" joined the Alumina Division from 01.03.2014.

(3) Shutdown and preservation of aluminium production at some sites.

(4) ALSCON was transferred from the Technology and Process Directorate to the New Projects Directorate from 1 January 2014.

REMUNERATION AND BENEFIT POLICIES

The remuneration paid by the Group to an employee is based on his or her qualifications and performance, as well as the complexity of his or her job. Wages for employees are generally reviewed annually and are revised in accordance with a performance assessment and local labour market conditions. Annual salary reviews covering main labour markets are unaudited for this purpose. Under the current collective employment agreement the remuneration of employees of the Group's production sites is subject to an annual increase offsetting inflation on the basis of the official data published by the State Statistics Committee of the Russian Federation regarding the minimum living wage for people who have a job and the consolidated index of consumer prices.

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

Due to the difficult economic situation, it was decided to stop financing the corporate voluntary medical insurance programme from 1 January 2014 for all employees working at the Group's facilities in the Russian Federation. However, the Company gives employees the opportunity to buy insurance policies at their own expense at the corporate discounted price.

As part of the project to automate and standardise employee data and cost accounting processes, installation of the standard configuration 1C 8: Payroll and HR Management software at the Company's sites in Russia was continued in 2014. As of the end of 2014, the software was installed at about 90% of the Company's sites in Russia.

LABOUR RELATIONS

About 60% of the Group's employees are unionised and 90% of employees are covered by collective bargaining agreements. In addition, labour relations and benefits at Russian production facilities are regulated by an industrial tariff agreement for Russian mining and metallurgical enterprises which has been amended as follows:

- according to the changes in the Labour Code which took effect from 1 January 2014 under the Federal Law 421F3 dated 28 December 2013 relating to the Special Assessment of Working Conditions relevant compensation and benefits are to be provided to employees working in places with harmful levels of exposure;
- the minimum salary of employees working at places relating to core production and non-core production has been increased up to 1.7 and 1.2 times the official costs of living in the Russian Federation respectively.

CHANGES TO THE ORGANISATIONAL STRUCTURE OF THE COMPANY

Due to the shut down and preservation of aluminium production at some sites of the Aluminium Division West and in order to organize alternative production on the sites preserved for development of domestic aluminium consumption, the Aluminium Division West was renamed the New Projects Directorate. The relevant structural changes were made, including the transfer of the ALSCON aluminium site from the Technical Directorate. Aiming to optimize business processes and redistribute management functions of the Group's structural units the Aluminium Division East was renamed the Aluminium Division in January 2014. The Branch of OJSC "SUAL"-KAZ was transferred from the Aluminium Division West to the Aluminium Division.

Together with structural changes aiming to increase efficiency the refineries situated in Guinea and Australia were transferred from the Procurement and Logistics Directorate to the Alumina Division in October 2014.

In order to strengthen the sales markets development function and increase sales in Asia, Russia and the CIS the organisational structure of the Sales Directorate was changed.

TRAINING SCHEMES

In 2014, the Company's key focus areas in the field of personnel development and training were as follows:

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

The following special programms and projects for the development of staff at the production facilities of the Group have been implemented:

- the 'Successors Development Programme';
- 'RUSAL's Professionals', a professional skills contest concerned with the development of leadership skills;
- 'Improvement of the Year', the third contest aimed at the personnel involvement in the production system development;
- the 'RUSAL's Manager Standard' program renewal;
- start of an training simulators program by building and installing the first of them and building five more;
- training on the Quality Management System;
- training of expert engineers in respect of the Company's facilities;
- carrying out of the target program for a group of students from the Siberian Federal University (SFU) and Irkutsk Federal Technical University in 'Non-Ferrous Metals' specialisation
  and start of the target program new groups of students:

– from SFU in the 'Non-Ferrous Metals' specialisation
– from the Irkutsk Federal Technical University in the 'Non-Ferrous Metals' specialization
– from the Ural State Mining University in the 'Mining Engineer' specialisation
  - a training program for qualified personnel in relation to the Company's foreign facilities (which so far has involved the training of 100 Guinean citizens at four Russian universities);
  - the development of modular programms of mandatory training for workers;
  - the development of professional standards for key positions, including the launch of a project on the development of the Competence Model for managers of production sites.

BONUS AND SHARE INCENTIVES

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

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

During 2014, the Board did not approve any LTIP Award for 2013 and, therefore, no Shares were granted under the 2013 LTIP Award.

Out of those shares conditionally granted under the 2010 LTIP Award, the fourth tranche of the shares vested in November 2014 comprised 1,343,514 shares. For the year ended 31 December 2014, Elian Employee Benefit Trustee Limited, as trustee of the United Company RUSAL Plc Employee Benefit Trust and the LTIP ("Trustee") acquired a total of 1,750,886 shares with a nominal value of USD0.01 per share. The purchased share represent approximately 0.0115% of the Company's issued share capital as at 31 December 2014 and at the Latest Practicable Date.

In June 2013, the Board decided to approve the establishment of the PSIP, an employee share award plan aimed at rewarding the Company's employees for achievements in the Production System implementation.

The PSIP is a one-off share award plan and its objectives are:

- to increase the employees' commitment to the achievement of the Group's strategic goals in implementing the Production System;
- to share the Group's success with employees;
- to recognize contributions made by certain employees in implementing the Production System;
- to enhance the alignment of the interests of the employees with those of the shareholders.

No new shares of the Company were issued for the purposes of the Plan. The maximum number of shares awarded under the PSIP does not exceed 0.05% of the total number of issued shares as at the date of the Award.

The Company, in accordance with the PSIP rules, selected employee(s) for participation in the PSIP (the "Employee"). The Directors of the Company or other connected persons are not eligible for participation in the PSIP.

The shares awarded under the PSIP that are transferable to an Employee will vest each year over 3 (three) years.

In July 2014, there were 2,006,218 shares vested in the participants of the PSIP.

Neither LTIP nor the PSIP constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

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 has had and may continue to have a material adverse effect on the Group's performance and financial results.
- The Group's competitive position in the global aluminium industry is highly dependent on continued access to inexpensive and uninterrupted electricity supply, in particular, long-term contracts for such electricity. Increased electricity prices (particularly as a result of deregulation of electricity tariffs), as well as interruptions in the supply of electricity, could have a material adverse effect on the Group's business, financial condition and results of operations.
- The Group depends on the provision of uninterrupted transportation services and access to state-owned infrastructure for the transportation of its materials and end products across significant distances, and the prices for such services (particularly rail tariffs) could increase.
- The terms of the credit facility agreements impose certain limits on the Group's capital expenditure and payment of dividends. Failure by the Group to comply with the terms and conditions of these agreements may materially adversely affect the Group and its Shareholders.
- The Group benefits significantly from its low effective tax rate, and changes to the Group's tax position may increase the Group's tax liability and affect its cost structure.
- The Group is exposed to foreign currency fluctuations which may affect its financial results.
- En+ is able to influence the outcome of important decisions relating to the Group's business, which includes transactions with certain related parties.
- The Group depends on the services of key senior management personnel and the strategic guidance of Mr. Oleg Deripaska.
- Adverse media speculation, claims and other public statements could adversely affect the value of the Shares.
- The Group's business may be affected by labour disruptions, shortages of skilled labour and labour cost inflation.
- The Group relies on third-party suppliers for certain materials.
- Equipment failures or other difficulties may result in production curtailments or shutdowns.
- The Group is subject to certain requirements under Russian anti-monopoly laws.
- The Group operates in an industry that gives rise to health, safety and environmental risks.
- Ore Reserves and Mineral Resources data are estimates only and are inherently uncertain, and such Ore Reserves and Mineral Resources may be depleted more rapidly than anticipated.
- The Group's licenses and concession rights to explore and mine Ore Reserves may be

suspended, amended or terminated prior to the end of their terms or may not be renewed.
- The Group is exposed to risks relating to the multi-jurisdictional regulatory, social, legal, tax and political environment in which the Group operates.

CONTINGENCIES

The Board has reviewed and considered the contingent liabilities of the Company and disclosed information concerning such contingent liabilities in note 33 to the consolidated financial statements. Accordingly, for detailed information about contingent liabilities, please refer to note 33 to the consolidated financial statements. Details of the amounts of provisions are also disclosed in note 28 to the consolidated financial statements.

Tax contingencies

New transfer pricing legislation was introduced in Russia from 1 January 2012 which applies to cross-border transactions between the Group companies in and out of Russia and to certain domestic related parties' transactions in Russia exceeding a certain annual threshold (RUB1 billion from 2014). The new legislation brings local transfer pricing rules closer to OECD guidelines, however creates additional immediate uncertainty in their application and interpretation. Since there is no practice of applying the new rules by the Russian tax authorities and the pre-existing practice and case law is of little reliance, it is difficult to predict the effect, if any, of the new transfer pricing rules on the consolidated financial statements. The Company nevertheless believes it is compliant with the new rules as it has historically applied the OECD-based transfer pricing principles to the relevant transactions in Russia.

The new controlled foreign company ("CFC") rules have been introduced in Russia starting from 1 January 2015. The rules apply to undistributed profits of non-Russian CFC controlled by Russian tax-resident shareholders. The Company is tax-resident in Cyprus and managed and controlled from Cyprus and the new CFC rules shall not directly apply to the Group in relation to any of its non-Russian affiliates. The CFC rules may apply to Russian tax-resident controlling shareholders of the Company, where such shareholder controls more than 50% of the Company (starting from 2016 more than 25% or 10% where all Russian tax-resident shareholders together control more than 50%). The rules also introduce certain reporting requirements for such Russian tax-resident controlling shareholders of the Company starting from 2015 in relation to non-Russian affiliates of the Group where such shareholders directly or indirectly control more than 10% of those affiliates.

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 claim would result in the outflow of the economic benefits for the Group, a best estimate of such outflow is included in provisions in the consolidated financial statements (refer to note 28 of the consolidated financial statements). As at 31 December 2014, the amount of claims, where management assess outflows as possible, approximate USD111 million (31 December 2013: USD175 million).

In January 2013, the Company received a writ of summons and statement of claim filed in the High Court of Justice of the Federal Capital Territory of Nigeria (Abuja) by plaintiff BFIG Group Divino Corporation ("BFIG") against certain subsidiaries of the Company. It is a claim for damages arising out of the defendants' alleged tortious interference in the bid process for the sale of the Nigerian government's majority stake in the ALSCON and alleged loss of BFIG's earnings resulting from its failed bid for the said stake in ALSCON. BFIG seeks compensatory damages in the amount of USD2.8 billion plus interest. The Company does not expect the case to have any material adverse effect on the Group's financial position or its operation as a whole. The Company has filed its statement of defence and witness statements in support of its legal position. The next hearing is scheduled for 14 May 2015.

INTERESTS IN ASSOCIATED AND JOINT VENTURES

As at the Latest Practicable Date, the Group owns an interest of 27.82% in the share capital of Norilsk Nickel. In addition, the Group is a party to certain material joint venture agreements through which it owns the following:
- a 20% equity interest in QAL;
- a 50% equity interest in the companies comprising BEMO;
- a 50% equity interest in LLP Bogatyr Komir;
- a 50% equity interest in the transportation business;
- a 33% equity interest in North United Aluminium; and
- a 50% equity interest in VolkhOR.

The Group's interest in joint ventures was USD409 million as at 31 December 2014, compared to USD585 million as at 31 December 2013. For additional information on the Group's interests in associates and joint ventures, please refer to notes 18 and 19 to the consolidated financial statements.

WHEN CONQUERING THE ELEMENTS IT'S NOT ENOUGH TO HAVE JUST THE WILL TO WIN. THE WORK OF THE MIND WHEN CREATING NEW TECHNOLOGIES AND UNIQUE ENGINEERING SOLUTIONS IS ESSENTIAL. THE DIFFICULTIES IN THE HISTORICAL CONQUEST OF THE INDUSTRIAL PRODUCTION OF ALUMINIUM AND MINING OF BAUXITE WERE OVERCOME BY THE KNOWLEDGE, INGENUITY AND EXPERTISE OF OUTSTANDING SCIENTISTS AND SKILLED WORKERS ALIKE.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

OLEG DERIPASKA, aged 47

PRESIDENT, EXECUTIVE DIRECTOR

Oleg Deripaska was appointed as an Executive Director and Chief Executive Officer of the Company, and the Chief Executive Officer of RUSAL Global in January 2009. Mr. Deripaska was appointed as the President of the Company and ceased to be the Chief Executive Officer of the Company with effect from 17 November 2014.

From April to December 2010, Mr. Deripaska held the position of Chief Executive Officer of En+ Management LLC. From 23 December 2010 till 8 July 2011, Mr. Deripaska held the position of Chairman of the Board of Directors of En+. On 8 July 2011, he was appointed as the President of En+ and became the Chief Executive Officer of En+ on 26 June 2013. Mr. Deripaska has been a member of the Company's Board since 26 March 2007. Mr. Deripaska was also appointed as the President of RUSAL Global with effect from 15 December 2014 and ceased to be the Chief Executive Officer of RUSAL Global on the same date.

As the President of the Company, Mr. Deripaska is responsible for strategy and corporate development; external communications (public, government, international); supervision of the investment in Norilsk Nickel; succession planning; investor relations; research and development (including the supervision of such projects and the development of production systems) and coordination of initiatives on development of internal market.

Having raised his initial capital by trading in metals, Mr. Deripaska acquired shares in the Sayanogorsk aluminium smelter and became its Director General in 1994. In 1997, Mr. Deripaska initiated the creation of the Sibirsky Aluminium Group LLC, which was Russia's first vertically integrated industrial group. Between 2000 and 2003, Mr. Deripaska was the Director General of RA, which was set up as a result of the combination of the aluminium smelters and alumina refineries of Sibirsky Aluminium and Sibneft Oil Company. From October 2003 to February 2007 he held the position of Chairman of the Board of RA. Since October 2002, Mr. Deripaska has been a Director of Basic Element. From December 2001 to December 2002 and since September 2003, he has held the position of Chairman of the Supervisory Board of "Company Bazovy Element" LLC, as well as from October 1998 to March 2001 and from March 2009 to July 2012 he had held the position of General Director of the company. Mr. Deripaska was the Chairman of the Board of OJSC Russian Machines (formerly RusPromAvto LLC) from 10 November 2006 until 29 June 2010. Mr. Deripaska was a member of the OJSC Russian Machines Board from 29 June 2010 until 11 February 2013. He was a Director of Transstroy Engineering & Construction Company LLC from April 2008 to April 2009 and Chairman of the Board of Directors of En+ since 23 December 2010. Mr. Deripaska has been a member of the Board of Directors of OJSC "AKME-Engineering" since 23 October 2009. From 31 July 2010 to 6 June 2013, Mr. Deripaska was a member of the Board of Directors of Norilsk Nickel.

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, 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, and is co-founder of the National Science Support Foundation and the National Medicine Fund. His charity foundation, Volnoe Delo, supports a wide range of projects including initiatives to help children, improve medical care and increase educational opportunities throughout Russia.

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

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

VLADISLAV SOLOVIEV,
aged 41
CHIEF EXECUTIVE OFFICER, EXECUTIVE DIRECTOR

Vladislav Soloviev was appointed as a Non-executive Director on 18 October 2007 and First Deputy Chief Executive Officer and Executive Director on 9 April 2010. Mr. Soloviev was appointed as the Chief Executive Officer of the Company and ceased to be the First Deputy Chief Executive Officer of the Company with effect from 17 November 2014. As the Chief Executive Officer of the Company, Mr. Soloviev is responsible for the management of the production and supply-chain across all divisions; financial management and corporate finance; sales and marketing; supervising the legal, human resources and public relations functions and implementation of the production system in the members of the Group.

From 2008 until April 2010, Mr. Soloviev was Chief Executive Officer of En+ Management LLC. From 2007 to 2008, Mr. Soloviev was the head of the Company's Finance Directorate following the Company's formation. Before that, he was the Director of the Company's accounting department. Prior to joining the Company, Mr. Soloviev was Deputy Director of the department of tax policy and worked as an 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. From 1 January 2008 until January 2015, Mr. Soloviev was a Director of En+. Mr. Soloviev serves on the Board of Directors of Norilsk Nickel. Mr. Soloviev was appointed as the Chief Executive Officer of RUSAL Global on 15 December 2014.

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 under the Government of the Russian Federation and was awarded an MBA degree by Antwerp University in Belgium.

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

VERA KUROCHKINA, aged 44

DIRECTOR OF PUBLIC RELATIONS, EXECUTIVE DIRECTOR

Vera Kurochkina was appointed as a member of the Board on 11 November 2010.

Ms. Kurochkina has been the Director of the Public Relations, Directorate of the Moscow Branch of RUSAL Global since late March 2007. She is responsible for the development and the implementation of the external and internal communications strategy of the Group and for establishing co-operational ties with industrial and non-commercial associations. Ms. Kurochkina is also responsible for key media relations projects, event management, advertisements, charity and social programmes. Since 10 January 2012, she has also been the Deputy Chief Executive Officer, Public Relations of Basic Element. Ms. Kurochkina was also a member of the Board of Directors of Joint Stock Company Agency "Rospechat" from 22 June 2012 until 17 June 2013.

From 2006 to 2007, Ms. Kurochkina was the Public Relations Director of "RUSAL Managing Company" LLC. Prior to 2006, she headed "RUSAL Managing Company" LLC's mass media relations department. From 2001 to 2003, she was the Public Relations and Marketing Director at LUXOFT, a large Russian software developer. From 2000 to 2001, Ms. Kurochkina managed a group of projects at Mikhailov & Partners, a strategic communications agency, and from 1998 to 2000 she was a Marketing and Communications Manager at PricewaterhouseCoopers.

Ms. Kurochkina holds a Master's degree from the Peoples' Friendship University of Russia in Moscow, from which she graduated with honours in 1993. She also holds a Master's degree from the Finance Academy of the Russian Government.

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

STALBEK MISHAKOV, aged 44

EXECUTIVE DIRECTOR

Stalbek Mishakov was appointed to the Board as an Executive Director with effect from16 August 2013. Mr. Mishakov has been an adviser to the CEO Office employed by RUSAL Global, a subsidiary of the Company, since October 2010. Since June 2012, Mr. Mishakov has been a member of the Board of Directors of OJSC MMC Norilsk Nickel and the Deputy CEO of EN+ Management LLC, a subsidiary of EN+, since July 2013.

Mr. Mishakov graduated from the Moscow State Institute for International Relations (international lawyer) in 1993 and obtained a Master of Arts degree from the University of Notre Dame in 1996 and a PhD in Economics from the Russian Foreign Ministry Diplomatic Academy in 2002.

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

NON-EXECUTIVE DIRECTORS

MAXIM SOKOV, aged 36
NON-EXECUTIVE DIRECTOR

Maxim Sokov was re-elected as a Non-executive Director with effect from 20 August 2014. Previously, Mr. Sokov was appointed to the Board as an Executive Director with effect from 16 March 2012. From 1 May 2014, Mr. Sokov ceased to be an employee of the Company and any of its subsidiaries but remained an Executive Director of the Company. Prior to 1 May 2014, Mr. Sokov was employed by RUSAL Global as an advisor on the management of strategic investments from 1 July 2013. Mr. Sokov was the Director of Corporate Strategy of the Company from 2010 till 2012, during which period he focused on new opportunities for the Company to develop and diversify its businesses, and strengthen the Company's competitive advantages to increase its market value. He ceased to be the Director of Strategic Investments of the Company and the General Director of Limited Liability Company "United Company RUSAL Investment Management" with effect from 1 July 2013. He became the First Deputy CEO of En+ Group Limited on 5 July 2013 and was appointed as the CEO of En+ Group Limited on 28 April 2014. Mr. Sokov is also a member of the Board of Directors of each of OJSC MMC Norilsk Nickel, EuroSibEnergo Plc (a subsidiary of En+ Group Limited) and En+ Group Limited.

From 2009 to 2011, Mr. Sokov also served on the Board of Directors of OJSC OGK-3. Mr. Sokov joined the Group in 2007 and prior to 2010 he held various leading managerial positions in strategy and corporate development at the Moscow Branch of RUSAL Global and the legal department of LLC RUSAL-Management Company, where he was responsible for mergers and acquisitions. Prior to joining the Group, Mr. Sokov worked in 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.

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

MAKSIM GOLDMAN, aged 43
NON-EXECUTIVE DIRECTOR

Maksim Goldman was appointed to the Board with effect from 16 March 2012. He is currently the Director of Strategic Projects of ZAO "Renova Group of Companies" which he joined in July 2007 as Deputy Chief Legal Officer and was promoted to his current position in April 2008. Mr. Goldman became a member of the Board of Directors of Bank of Cyprus Public Company Limited and also became a member of the Audit Committee and the Remuneration and Human Resources Committee of Bank of Cyprus Public Company Limited with effect from 20 November 2014. He has been a member of the Board of Directors, member of the Strategy Committee and the Remuneration Committee of OJSC "Volga" since September 2011, a member of the Board of Directors of FC "Ural" since July 2011 and a member of the Board of Directors and the Remuneration Committee of Independence Group since December 2007. Between June 2009 and June 2010, he was a member of the Board of Directors and the Corporate Governance, Nominations and Remuneration Committee of OJSC "MMC Norilsk Nickel" and from December 2006 and June 2009, he was a member of the Board of Directors and the Director of the Financing and Securities Department of OJSC "Kirovsky Plant". He was a Director of Financing and Securities Department of RUSAL Global Management B.V. between April and May 2007 and prior to that, between July 2005 and April 2007, he was the Vice President and International Legal Counsel of OJSC "Sual Holding", which is currently a part of the UC RUSAL Group. Mr. Goldman worked as an Associate in the corporate department of Chadbourne & Parke LLP between October 1999 and July 2005. Mr. Goldman was born in 1971. He graduated from the UCLA School of Law in 1999 and received a bachelor's degree in History (magna cum laude) from the University of California, Los Angeles, in 1996.

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

DMITRY AFANASIEV, aged 45
NON-EXECUTIVE DIRECTOR

Dmitry Afanasiev was appointed as a member of the Board on 26 March 2007. He is the Chairman of Egorov, Puginsky, Afanasiev & Partners, a Russian law firm that provides legal services to the Company. Prior to co-founding the firm in 1993, 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 and leading multinational and Russian corporations. He was a Board member of MMC Norilsk Nickel in 2009 and of CTC Media Inc. between 2011 and 2012.

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 Russian Council for International Affairs, expert council under the Presidential Commissioner for Enterpreneurs' Rights, the general council of Business Russia, a national non-profit association, and a founding member of the Russian-American Business Council.

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

LEN BLAVATNIK, aged 57
NON-EXECUTIVE DIRECTOR

Len Blavatnik was appointed as a member of the Board on 26 March 2007. Mr. Blavatnik was a Director and Vice President of SUAL Partners from October 2006 until September 2012 and was a Director of SUAL from October 2001 to September 2006. Mr. Blavatnik is the founder and Chairman of Access Industries, a privately-held industrial group with holdings in natural resources and chemicals, media and telecommunications, and real estate. Incorporated in 1986, Access Industries is currently an international industrial concern with strategic investments in the U.S., Europe, Russia and South America. Mr. Blavatnik was raised in Russia and became a U.S. citizen in 1984. He received his Master's degree in Computer Science from Columbia University in 1981 and his MBA from Harvard Business School in 1989.

Mr. Blavatnik serves on the Boards of numerous companies in the Access Industries portfolio, including Warner Music Group Corp. (one of the world's leading music companies), and maintains a significant stake in LyondellBasell Industries (the world's third largest independent chemical company). Mr. Blavatnik remains engaged in educational pursuits and, in addition to corporate directorships, sits on Boards at the Blavatnik School of Government at Oxford University, Cambridge University, Harvard University and Tel Aviv University. He is also a member of the Board of Governors of the New York Academy of Sciences and a Trustee of the State Hermitage Museum in St. Petersburg, Russia.

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

IVAN GLASENBERG, aged 58
NON-EXECUTIVE DIRECTOR

Ivan Glasenberg was appointed as a member of the Board on 26 March 2007. He is a member of the Board of Directors of Glencore and Xstrata plc. Mr. Glasenberg joined Glencore in April 1984 and has been the Chief Executive Officer since January 2002. Mr Glasenberg initially spent three years working in the coal/coke commodity department in South Africa as a marketer, before spending two years in Australia as head of the Asian coal/coke commodity division.

Between 1988 and 1989, he was based in Hong Kong as manager and head of Glencore's Hong Kong and Beijing offices, as well as Head of Coal Marketing in Asia, where his responsibilities included overseeing the Asian coal marketing business of Glencore and managing the administrative functions of the Hong Kong and Beijing offices.

In January 1990, he was made responsible for the worldwide coal business of Glencore for both marketing and industrial assets, and remained in this role until he became Chief Executive Officer in January 2002. Since July 2014, Mr. Glasenberg has been a non-executive director of Pirelli & C. SpA (MI:PECI). Mr. Glasenberg is a Chartered Accountant of South Africa and holds a Bachelor of Accountancy from the University of Witwatersrand. Mr. Glasenberg also holds an M.B.A from the University of Southern California. Before joining Glencore, Mr. Glasenberg worked for five years at Levitt Kirson Chartered Accountants in South Africa.

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

GULZHAN MOLDAZHANOVA,
aged 48
NON-EXECUTIVE DIRECTOR

Gulzhan Moldazhanova was appointed as a member of the Board on 15 June 2012. Ms. Moldazhanova has been the Chief Executive Officer of "Company Bazovy Element" LLC since July 2012. She is a member of the Board of Basic Element Limited, a company which is ultimately beneficially owned by Mr. Oleg Deripaska. She has also been a member of the Board of En+ since June 2012. Between 2009 and 2011, Ms. Moldazhanova was the Chief Executive Officer of ESN Corporation. Between 2004 and 2009, Ms. Moldazhanova was Managing Director, Deputy Chief Executive Officer and then Chief Executive Officer of "Company Bazovy Element" LLC. Prior to that, Ms. Moldazhanova worked as the Deputy General Director of Strategy at Rusal Management Company between 2002 and 2004 and Deputy General Director of Sales and Marketing at Open Joint-Stock Company «Russian Aluminium Management» from 2000 and until 2002. Between 1995 and 1999, Ms. Moldazhanova held various positions in Siberian Aluminium including Accountant, Financial Manager and Commercial Director. Ms. Moldazhanova graduated from the Kazakh State University with an honours degree in Physics in 1989, received a doctorate in 1994 from Moscow State University and subsequently graduated from the Russian State Finance Academy. She also holds an EMBA from the Academy of National Economy and the University of Antwerp, Belgium.

Save as disclosed in this Annual Report, Ms. Moldazhanova 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.

DANIEL LESIN WOLFE, aged 49

NON-EXECUTIVE DIRECTOR

Daniel Lesin Wolfe was appointed as a member of the Board on 20 June 2014. Mr. Wolfe has since 2010 served on the Management Board and the Board of Directors of JSC "Quadra — Power Generation", Onexim Group Limited's public utility company. In June 2014, Mr. Wolfe became an Executive Director of Onexim Group Limited.

Mr. Wolfe began his professional career in Russia in 1992. Initially working at Clifford Chance, Mr. Wolfe began working in finance in 1994, including four years as COO of Troika Dialog Investment Bank, where he was also a member of the Board of Directors. He also led the team which created Troika's private banking unit and was Acting President of Troika Dialog Asset Management. From 2004 to 2008, Mr. Wolfe was Senior Managing Director at Alfa Capital Partners, a private equity fund manager which raised over USD600 million for investment in Russia and the former Soviet Union.

Mr. Wolfe graduated cum laude from Dartmouth College, receiving a Bachelor of Arts in 1987 with a double major in Government and Russian Language and Literature. In 1991, he received a Juris Doctor from the Columbia University. He has been a member of the New York Bar since 1992.

Save as disclosed in this Annual Report, Mr. Wolfe 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.

EKATERINA NIKITINA, aged 41

NON-EXECUTIVE DIRECTOR

Ekaterina Nikitina was appointed as a member of the Board with effect from 14 June 2013. Ms. Nikitina has been the Human Resources Director of En+ Management LLC, a wholly owned subsidiary of En+, since March 2013. Prior to joining En+ Management LLC, Ekaterina Nikitina served as the Human Resources Director of the Company since April 2011. From 2009 to 2011, she was the Human Resources Director of "Company Bazovy Element" LLC, being a diversified investment company, which is controlled by Mr. Oleg Deripaska (an Executive Director and the Chief Executive Officer of the Company) as to more than 50% of the issued share capital. From 2006 to 2008, she was the Deputy Human Resources Director of "Company Bazovy Element" LLC. Ms. Nikitina has also been a Director of EuroSibEnergo Plc. and SMR (both being subsidiaries of En+) from 15 March 2013 and 19 March 2013 respectively.

Ms. Nikitina graduated from the Frunze Simferopol State University (Romano-Germanic Philology) in 1996 and also took a course at the Management Consulting School at the Academy of National Economy under the Government of the Russian Federation in 1999.

Save as disclosed in this Annual Report, Ms. Nikitina 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.

OLGA MASHKOVSKAYA, aged 40
NON-EXECUTIVE DIRECTOR

Olga Mashkovskaya was appointed as a member of the Board with effect from 30 September 2013. Ms. Mashkovskaya has been the Deputy Chief Executive Officer for Finance at "Company Bazovy Element" LLC since July 2012 and at Basic Element Limited (a company of which Mr. Oleg Deripaska, an Executive Director, is the ultimate beneficial owner) since July 2012. Ms. Mashkovskaya is responsible for the management and implementation of Basic Element Limited's financial operations. Ms. Mashkovskaya is also a Board member of the following legal entities in which Mr. Oleg Deripaska has an interest: En+ Group Ltd, Rainco Holdings Ltd, OOO "Voenno-promyshlennaya kompaniya", OOO "Glavstroy-SPb", OOO "Glavmosstroy Corporation" and OAO "1 MPZ im.V.A. Kazakova". From 1997 to 2009, she held various positions at Basic Element Limited, from Accountant to Director of Finance for the company's energy assets. Before joining Basic Element Limited, Ms. Mashkovskaya spent three years as the Chief Financial Officer of ESN Group.

Ms. Mashkovskaya graduated from the Finance Academy under the Government of the Russian Federation with a degree in International Economic Relations. She also received an Executive MBA from Kingston University, England, and a degree in National Economy and Public Administration from the Russian Academy of National Economy and Public Administration under the President of the Russian Federation.

Save as disclosed in this Annual Report, Ms. Mashkovskaya 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 66
INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Peter Nigel Kenny was appointed Independent Non-executive Director 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 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 69
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 chairman of WPP plc, the worldwide advertising and communications services company, and senior adviser to Morgan Stanley. A lawyer, he also serves on the boards of Marathon Oil Corporation, AES Corporation, the Smithsonian Museum of American History and The Atlantic Council. Formerly, in addition to senior executive positions at 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 75
INDEPENDENT NON-EXECUTIVE DIRECTOR

Elsie Leung was appointed as a member of the Board on 30 November 2009. From 1997 to 2005 Ms. Leung was the Secretary for Justice of the Hong Kong Special Administrative Region, as well as a member of the Executive Council of Hong Kong. Ms. Leung was admitted as a solicitor of the Supreme Court of Hong Kong in 1968. She was a Partner of P. H Sin & Co., a Hong Kong law firm, which merged with the law firm Iu, Lai & Li Solicitors & Notaries in 1993. Ms. Leung was a Senior Partner of 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 listed on the Hong Kong Stock Exchange, with effect from 22 April 2010. Ms. Leung became an Independent Non-executive Director of Beijing Tong Ren Tang Chinese Medicine Company Limited, a company listed on the Hong Kong Stock Exchange, with effect from 7 May 2013.

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.

MATTHIAS WARNIG, aged 59
CHAIRMAN, INDEPENDENT NON-EXECUTIVE DIRECTOR

Matthias Warnig was appointed as a member of the Board with effect from 15 June 2012 and was appointed as the Chairman of the Board with effect from 1 October 2012. Mr. Warnig, since 2006, has been the Managing Director of Nord Stream AG (Switzerland). Since 2003 he has been a member of the Board of Directors of JSC "Bank "Rossija". Since 2014, Mr. Warnig has been a member of the Supervisory Board of VNG – Verbundnetz Gas Aktiengesellschaft (Germany). Mr. Warnig has been an independent member of the Supervisory Council of JSC VTB Bank since 2007. Since 2011, he has been President of the Board of Directors of GAZPROM Schweiz AG (Switzerland). He has also been the Chairman of the Board of Directors of JSC Transneft since June 2011. Since September 2011, Mr. Warnig has been an Independent Director of OJSC Rosneft and he has been the Vice-chairman of the Board of Directors of OJSC Rosneft since July 2014. Since November 2013, he has also been the President of the Board of Directors of Gas Project Development Central Asia AG (Switzerland). From 1997 to 2005 he was a member of the Executive Board of ZAO Dresdner Bank. From early 1990s to 2006, he held other different positions at ZAO Dresdner Bank, including President, Chairman of the Board and Chief Coordinator. In 1981, Mr. Warnig graduated from the Higher School of Economics (Berlin) majoring in National Economy.

Mr. Warnig 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.

MARK GARBER, aged 57
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mark Garber was appointed as a member of the Board with effect from 14 June 2013. Mr. Garber has been the Senior Partner and the Chairman of the Board of Garber Hannam & Partners Group and the Board member of GHP Asset Management Limited Liability Company since 2009. GHP Group is a financial group focusing on wealth management, real estate investment, direct investments, merger and acquisitions and financial advisory. From 2000 to 2012, Mr. Garber was the Senior Partner and a Board Member of Fleming Family & Partners. From 1998 to 2000, he was the Chairman of the Board of Directors of Fleming UCB. He was the co-founder of UCB Financial Group and of Sintez Cooperative and was the Chairman of the Board of Directors of UCB Financial Group from 1995 to 1998 and the Partner of Sintez Cooperative from 1987 to 1995.

Mr. Garber graduated from the 2nd Moscow State Medical Institute named after N.I.Pirogov in 1981 and obtained a PhD in Medical Sciences in Moscow Research Institute of Psychiatry in 1985.

Mr. Garber 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.

The table below provides membership information of the committees on which each Board member serves.

Board committees Directors	Audit Committee	Corporate Governance & Nomination Committee	Remuneration Committee	Health, Safety and Environmental Committee*	Standing Committee	Marketing Committee*	Norilsk Nickel Investment Supervisory Committee
Maksim Goldman			X		X		X
Dmitry Afanasiev							X
Len Blavatnik							
Ivan Glasenberg		X			X		X
Daniel Lesin Wolfe	X				X		X
Matthias Warnig					C		C
Peter Nigel Kenny	C	X	X	X			
Philip Lader	X	C	X	X			
Elsie Leung Oi-sie	X		C				
Oleg Deripaska							X
Vera Kurochkina							
Gulzhan Moldazhanova						C	
Maxim Sokov							X
Vladislav Soloviev				X			X
Mark Garber		X	X	X			X
Olga Mashkovskaya	X						
Ekaterina Nikitina		X	X				
Stalbek Mishakov					X		

Notes:-
C – Chairman
X – member
* – These committees also consist of other non-Board members.

SENIOR MANAGEMENT

ALEXANDRA BOURIKO,
aged 37
CHIEF FINANCIAL OFFICER

Alexandra Bouriko has been RUSAL's CFO since October 2013. She is responsible for the financial planning, auditing and preparation of financial reports and the execution of the company's investment programms.

From June to October 2013, Alexandra Bouriko served on the Board of UC RUSAL.

From November 2012 to October 2013, Alexandra Bouriko was the Deputy CEO of En+. She was responsible for En+ Group operational management, enhancement of business effectiveness and improvement of the Group's financial performance.

Prior to joining En+ Group, Alexandra Bouriko spent 16 years with KPMG in Russia and Canada; from 2005 she held the position of Partner at KPMG.

At KPMG, Alexandra Bouriko worked with major Russian and international companies with a focus on the metals, mining, oil and gas industries. Alexandra played a key role in the audits of IFRS, US GAAP and Russian GAAP financial statements of major Russian groups. Alexandra was in charge of IPO planning and preparation of major Russian metals and mining companies on the London Stock Exchange and Hong Kong Stock Exchange.

Alexandra graduated from the economics faculty of Lomonosov Moscow State University. She is a member of the Canadian Institute of Chartered Accountants and the American Institute of Certified Public Accountants.

Save as disclosed in this Annual Report, Ms. Bouriko 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.

ALEXEY ARNAUTOV,
aged 40
DEPUTY CEO, DIRECTOR FOR NEW PROJECTS

Alexey Arnautov was appointed as the Head of the New Projects Directorate in February 2014.

Alexey Arnautov was appointed Director of Aluminium Division West in July 2010. Aluminium Division West, which encompasses the VgAZ, VAZ, KAZ and NAZ, 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 staff.

Mr. Arnautov assumed the role of Acting Director of the Aluminium Division of the Moscow Branch of RUSAL Global in March 2009. He was responsible for raising efficiency as well as achieving high-performance results from the division's assets. He was also in charge of developing a new production management system, which aimed 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 financial services at 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.

EVGENY NIKITIN, aged 49
HEAD OF ALUMINIUM DIVISION

Evgeny Nikitin was appointed as the Head of Aluminium Division in January 2014.

Evgeny Nikitin was appointed as the Head of Aluminium Division East in October 2013. He oversees the development of the company's core smelting capacities, based in Siberia, and is responsible for increasing management and production efficiency at the ADE smelters, meeting consumer demands, including through expanding the range and quality of products and improving the plant's environmental performance.

In 2010, Evgeny Nikitin was appointed Managing Director of KrAZ, one of the world's largest aluminium production facilities. From 2007 to 2010, he was Managing Director of the SAZ after beginning his career with RUSAL as a Pot Operator back in 1993.

Evgeny Nikitin was born on 11 March 1966. He graduated from the Moscow State Technical University of Civil Aviation (MSTUCA) in 1989 and from Lomonosov Moscow State University with a degree in Business Management (MBA) – Production Systems in 2009.

Mr. Nikitin 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.

ROMAN ANDRYUSHIN, aged 40
HEAD OF RUSSIA AND CIS SALES

Roman Andryushin was appointed Head of the Russia and CIS Sales Directorate on February 1, 2014.

Roman Andryushin is responsible for marketing and sales of a wide range of products in Russia and CIS, as well as for incentivising domestic industries to grow their aluminum consumption and search for new sales markets, including development of new products by the Group.

Since 2007 Roman has been the Chief Operating Officer of RUSAL Marketing GmbH, Swiss office responsible for international sales. In this position he was involved in creation of an efficient sales organisation, relations with key customers, optimisation of supply chain, increase of value-added products sales and immediately responsible for the operational management of the Group's export sales.

In 2003 - 2007 Roman Andryushin worked as CFO of ZAO 'Komi Aluminium' (which at the time was a joint venture of RUSAL and SUAL for bauxite mining and alumina production), CFO of the Rolling Division of RUSAL and CFO of Alcoa Russia.

In 1996 - 2002 Mr. Andryushin held a few key positions with the Belaya Kalitva metallurgical complex.

Roman Andryushin graduated with honours from the Novocherkassk State technical University, Economics and Management Department. Later he obtained an EMBA degree from the Lorange Institute of Business, Switzerland and an

MBA from University of Wales, United Kingdom. He also holds a Ph.D. in Economics.

Mr. Andryushin 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 47
CHIEF OPERATING OFFICER FOR SALES

Sergey Belsky was appointed Chief Operating Officer for Sales in February 2014. He is responsible for developing an effective commercial corporate structure, optimizing logistics, trade financing, price risk management and contract administrative management in regional markets.

Sergey Belsky was appointed Head of the Directorate for Russia and CIS Sales in June 2010. His responsibilities include increasing the share of the Group's domestic aluminium sales, which is viewed as a strategic priority of UC RUSAL, as well as to build cooperation with customers in order to develop new applications for aluminium and to encourage joint programmes with equipment manufacturers to devise high-technology products containing aluminium.

Previously, in November 2008, Mr. Belsky was appointed the Director of the Marketing and Sales Directorate. Since the founding of Russian Aluminium in 2000, Mr. Belsky has worked as the Head of the Sales Department of Russia and the CIS from 2007 to 2008. Between 1999 and 2000 he was the Head of the Export Sales Department at Sibirsky Aluminium. Mr. Belsky started his career as a Trader at 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.

DMITRY BONDARENKO, aged 36
DIRECTOR, PRODUCTION DEVELOPMENT

Dmitry Bondarenko has been the Group's Director for Production Development since 2010. He oversees the development and introduction of the Group's production system. He is also responsible for the organisation of production and logistics as well as for the quality management system.

Between 2009 and 2010 Dmitry Bondarenko was Head of the Production Department of the Group's Aluminium division. From 2001 through 2009, Mr Bondarenko was the lead expert at GAZ Group Managing Company LLC, where he was in charge of introducing the Toyota Production System.

Dmitry Bondarenko graduated with honours from the Nizhny Novgorod State Technical University, majoring in Design of Technical and Technological Complexes.

Mr. Bondarenko 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 CHESTNOY, aged 52
DIRECTOR, INTERNATIONAL AND SPECIAL PROJECTS

Sergey Chestnoy was appointed Director for International and Special Projects in January 2013. He is responsible for the Company's relations with regions and countries of strategic importance, providing public support for overseas initiatives. He coordinates the Group's actions with the executive bodies of the Russian Federation regarding international relations with foreign governmental bodies.

From 2001 to 2012, Sergey Chestnoy was the Director of the International Department.

Between 2000 and 2001, he was the Advisor to the Chairman of the Board of Directors of OJSC BANK Rossiysky Credit.

From 1984 through 2000, Sergey Chestnoy served as a diplomat of the Soviet, and then Russian Ministry of Foreign Affairs, specialising in multilateral economic diplomacy, assistance to developing countries, including debt problems, trade, economic and scientific cooperation with the United States, as well as Russia's role in the G8.

Sergey Chestnoy was Deputy Director of the Department of Economic Cooperation of the Russian Ministry of Foreign Affairs, Senior Advisor, Head of the Economics Department at the Russian Embassy in the United States, Deputy Director of the North America Department at the Russian Ministry of Foreign Affairs, Russian Ministry of Foreign Affairs adviser to the Russian President's Envoy (Sherpa) at G8. In various periods he was a member of the Russian and Soviet official delegations at negotiations with the IMF, the World Bank, the Paris Club, GATT/WTO, at the G7+1 and G8 summits. As a member of the Soviet delegation, he took part in the establishment of the European Bank of Reconstruction and Development and as a member of the Russian delegation he also took part in the establishment of the Black Sea Trade and Development Bank. Sergey Chestnoy's diplomatic rank is Counsellor, Grade 1.

In 1984 he graduated magna cum laude from the Moscow State University of International Relations of the USSR Ministry of Foreign Affairs (Faculty of International Economic Relations). In 1988 he completed his post-graduate studies at the same university. He also holds a PhD in Economics.

Mr. Chestnoy 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 60
DIRECTOR, SECURITY

Valery Freis has been Head of the Group's Directorate of Security since February 2008. He is responsible for the creation and effective management of the security system and the development of a policy and strategy in the field of resource protection from causing harm to the Company's economic interests, business standing, business processes, and personnel.

Before joining the Company, Mr. Freis was Deputy General Director for Economic Security at Irkutskenergo JSC and Chairman of the Board of Directors of several companies. In the period between 1996 and 2002, he was Deputy General Director for Security at Ust-Ulimsk Timber Processing Complex JSC. From 1989 to 1996, Mr. Freis held the post of General Director of Lestorgurs.

Earlier he served in the Combating the Theft of Socialist Property Agency of the Ministry of the Interior of the Russian Federation. Valery Freis was born in 1954. In 1979, Mr. Freis graduated from the Kuybyshev Planning Institute. He underwent training at the Academy of National Economy of the Russian Federation Government.

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

VICTOR MANN, aged 56
TECHNICAL DIRECTOR

Victor Mann has been Technical Director of the Group since 2005, in charge of research and development, engineering, design, process management, technical development and modernization of production facilities, and start-up and commissioning of green-field and upgraded capacities.

In 2002 - 2005 Victor Mann was Head of the Company's Engineering and Technology Centre.

In 1998 - 2002 he was Deputy Technical Director of the Krasnoyarsk aluminium smelter.

In 1991 - 1998 Victor Mann was promoted from Design Engineer to Head of Automation with the Krasnoyarsk aluminium smelter.

Victor Mann was awarded the Order of Merit for the Fatherland and is on the list of Honourable Metallurgists of Russia.

Mr. Mann 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 48
DIRECTOR, SALES AND MARKETING

Steve Hodgson was appointed Director for International Sales in June 2010, and Director for Sales and Marketing in September 2012. He is responsible for developing the Group's positions in the key aluminium markets, building and strengthening the Company's global customer relations.

Before taking up his current role, from 2007 until 2010 Mr Hodgson was CEO and President of the Bauxite and Alumina Division of Rio Tinto Alcan. During this period he also held the post of President of the Australian Aluminium Council. Prior to this, he was the Managing Director of Rio Tinto's Diamond Division.

From 2004 to 2006, he was Managing Director of the Company's Alumina Division following a successful two years with the Group as its Head of Sales, based in Moscow.

From 1997 to 2002, Mr Hodgson was head of 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.

Steve Hodgson holds an honours degree 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.

EGOR IVANOV, aged 38
DIRECTOR, CONTROL, INTERNAL AUDIT AND BUSINESS COORDINATION

Egor Ivanov has been the Director for Control, Internal Audit and Business Coordination since 2012. He is responsible for the internal control system and raising the efficiency of business processes within the Group. He ensures the independent analysis of critical issues of the Company's operations for reporting to the CEO and top management. He is also responsible for compliance with the requirements of regulators and international lenders.

Mr. Ivanov joined CJSC "Armenal" in 2000 as a Financial Director. From 2000 to 2007 he held different financial positions at "RUSAL Managing Company" LLC and Trading House "Russian Aluminum Rolling". Since October 2010 he has headed a department in the Control, Internal Audit and Business Coordination Directorate. Between 2005 and 2010, he was Head of the Budget and Planning Department at Moscow Branch of RUSAL Global. Until 2001, he worked at ITERA International Group of Companies, one of the largest independent producers and traders of natural gas operating in the CIS and the Baltic states.

Mr. Ivanov was born in 1977 and graduated from the Finance Academy under the Government of the Russian Federation majoring in Accounting and Audit.

Mr. Ivanov 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 48
DIRECTOR, ALUMINA DIVISION

Yakov Itskov was appointed the Alumina Division Director in September 2014.

Yakov Itskov was appointed RUSAL's Director of Procurement and Logistics in January 2013 and ceased to be the Director of Procurement and Logistics with effect from 31 August 2014.

Prior to that, Yakov Itskov worked as a Head of the International Alumina Division from February 2010. The International Alumina Division includes the western bauxite mining and alumina production facilities: the Guinea-based Friguia Alumina Refinery and Compagnie des Bauxites de Kindia, the Bauxite Company of Guyana, Aughinish Alumina Refinery in Ireland, Eurallumina in Italy, Alpart and Windalco in Jamaica and QAL in Australia. The key objective of the International Alumina Division is the mining of bauxite and production of high quality alumina for the Company's smelters and sales in the global market. This requires considerable flexibility and an ability to meet each customer's specific demands.

Yakov Itskov became the first Vice President of RussNeft in 2009 and held that position until 2010. From 2008 to 2009, he was General Director of BazelDorStroy LLC and between 2007 and 2008 he was the General Director of Project and Construction Company Transstroy LLC. He was also the Managing Director of "Company Bazovy Element" LLC from 2006 until 2007 and, prior to this, he was the General Director of Soyuzmetallresurs CJSC from 2001 to 2006.

From 2000 to 2001, Mr Itskov was the Deputy Commercial Director of OAO Russian Aluminium.

Yakov Itskov holds a degree in Mining Machines and Complexes from Moscow State Mining University. He also holds a PhD in Economics.

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.

PETR MAXIMOV, aged 42
GENERAL COUNSEL

Petr Maximov has headed the Legal Directorate since July 2012. Before he joined the Group, Mr. Maximov was the Deputy CEO for Legal and Corporate Matters in Novorossiysk Sea Trade Port. From 2005 to 2009, he was a Corporate Assets Director in charge of the legal department of EastOne (Interpipe) Investment Group. Mr. Maximov was a member of the Board of Directors of TNK-BP Ukraine and EastOne Group UK.

From 2004 to 2005, he headed the legal department of COACLO AG Investment Company and was a member of the Board of Directors of OAO Mikhailovsky GOK. From 1995 to 2004, Mr. Maximov worked at a number of global leading law firms, namely: Milbank, Tweed, Hadley & McCloy; Coudert Brothers; Debevoise & Plimpton; and Squire, Sanders & Dempsey.

In 2001 Mr. Maximov graduated with an LLM degree from Columbia University School of Law, New York, USA. In 1999 he graduated from Moscow State University with a Diploma in Law (magna cum laude). In 1994 he graduated from the Moscow Technical College with a Diploma in Engineering (magna cum laude).

Mr. Maximov is an expert in M&A deals, international investments and corporate governance. He has managed the acquisitions and disposals of some of the largest assets in Russia and abroad. His corporate law studies have been published by a number of international legal newsletters and magazines.

Mr. Maximov 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.

OLEG MUKHAMEDSHIN,
aged 41
DIRECTOR FOR STRATEGY, BUSINESS DEVELOPMENT AND FINANCIAL MARKETS

Oleg Mukhamedshin was appointed Deputy CEO, Director for Strategy, Business Development and Financial Markets in 2012. Prior to his current position, Mr Mukhamedshin worked as the Head of Equity and Corporate Development, Director for Financial Markets, and Director for Capital Markets from 2007 to 2011.

Oleg Mukhamedshin is responsible for developing and implementing the Group's strategy covering M&A and growth projects, debt and equity capital markets, as well as maintaining investor relations.

In 2009-2011, he led the restructuring of UC RUSAL's USD16.6 billion debt in and its USD2.2 billion IPO on the Hong Kong Stock Exchange and Euronext Paris in 2010. Under his leadership, UC RUSAL was the first company to launch a Russian Depository Receipts programme.

From 2006 to 2008, Oleg Mukhamedshin was involved in the preparation and implementation of the Company's major M&A transactions, including the acquisition of a 25% stake in MMC Norilsk Nickel, its merger with SUAL and Glencore's bauxite and alumina assets.

From August 2004 through to March 2007, Mr Mukhamedshin was the Deputy CFO, overseeing corporate finance.

From 2000 to August 2004, Oleg Mukhamedshin was Director of Department for Corporate Finance.

Prior to joining the Group, Oleg Mukhamedshin worked in various executive roles in the corporate finance departments of leading Russian natural resources companies including TNK (now TNK-BP). Between 1999 and 2000, he was an advisor to the principal shareholder of the Industrial Investors Group. From 1994 to 1995, he worked with the investment bank PaineWebber to help establish the Russia Partners Fund, one of the first international direct investment funds in Russia.

Oleg Mukhamedshin was born in 1973.

Oleg Mukhamedshin graduated from Moscow State University, Economics Department, with honours.

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.

ALEXEY BARANTSEV, aged 55
HEAD OF ENGINEERING AND CONSTRUCTION BUSINESS

Alexey Barantsev has been in charge of the Group's Engineering and Construction Business since the end of May 2012. He is responsible for repair and maintenance activities across the Group's plants, management of construction, modernisation and new technology implementation projects.

From 2008 to 2011 Alexey Baratsev held the positions of General Manager with Glavstroy-Management CJSC and TRANSSTROY Engineering & Construction Company Ltd.

In 2008, he was First Deputy CEO of Production of Russian Machines OJSC.

In July 2007, Alexey was Head of Operational Development and First Deputy Chairman of the Management Board of GAZ Management Company LLC.

In January 2007, he was appointed Head of the Auto-components Division and Production and Restructuring Director of GAZ Group, First Deputy Chairman of the Management Board of GAZ Group Management Company LLC.

In mid-2006, he was transferred to the position of First Deputy Chairman of the Management Board - Head of the Nizhny Novgorod unit of RusPromAvto Management Company LLC, which was subsequently renamed to GAZ Management Company LLC.

In 2005, Mr. Barantsev graduated from the Russian Presidential Academy of National Economy and Public Administration and was awarded an MBA degree.

Starting since October 2005 he worked as Deputy CEO/Executive Director of RusPromAvto Management Company LLC.

In July 2002, he was appointed Deputy CEO GAZ OJSC, and a month later became CEO of the plant.

In February 2002, he was appointed Deputy CEO for new construction projects at Russian Aluminium Management OJSC.

In July 2000, he was appointed Managing Director of the Bratsk aluminium smelter.

In August 1998 he was appointed Executive Director of the Krasnoyarsk aluminium smelter. One month later he became General Manager of the smelter.

In February 1992, Alexey started his career at the Bratsk aluminium smelter as Deputy Head of Procurement Unit. Later he became Deputy Head of Procurement for Operations, Bratsk aluminium smelter. In 1994 he was transferred to the position of Head of Reduction Shop No. 2. In February 1996 he was appointed Technical Director of the smelter.

In 1985, Alexey Barantsev graduated from Irkutsk Technical University.

Mr. Barantsev 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 GORYACHEV, aged 41
HEAD OF PACKAGING DIVISION

Sergey Goryachev has been managing the assets of the Group's Packaging Division since 2013. In 2010 he was appointed Chief Operating Officer of the Packaging Division and in 2011 he became the Director of the Packaging Division.

Prior to that, Sergey Goryachev worked as the First Deputy CEO of GROSS – Group of Alcohol-producing Companies (originally ROSSPIRTPROM) and beforehand other positions for 8 years.

Sergey Goryachev holds a degree in Geology from Moscow State Mining University and a degree in Finance from the Financial University under the Russian Government. He also holds a PhD in Economics.

Mr. Goryachev 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 VASILEVSKY, aged 37
DIRECTOR, HUMAN RESOURCES

Oleg Vasilevsky was appointed as the HR Director in July 2014. He is responsible for management and training of the personnel, developing the talent pool in line with the Company's aims and objectives, implementation of Company's business system as well as for facilitating the social and motivational programmes for the employees.

From 2012 Oleg Vasilevsky held the position of Head of HR at Glavstroy.

From 2010 he worked at RUSAL Global as the Head of Department for Incentive Systems, Employment Relations and Career Planning.

In 2004-2010 he held the position of Head of HR of the RUSAL's Alumina Division.

Oleg Vasilevsky started his career in 2001 in the Personnel Development Unit of the Company.

Oleg Vasilevsky graduated from Lomonosov Moscow State University in 1999.

Mr. Vasilevsky 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 VAYTMAN, aged 45
DIRECTOR, GOVERNMENT RELATIONS

Oleg Vaytman was appointed as the Director for Government Relations of RUSAL Global in February 2012. He is responsible for the Company's relationships with federal and regional authorities, the Russian Parliament, the government, and public organisations.

Prior to joining the Group, Mr. Vaytman was Director of the Moscow Representative Office of JSC "KazMunayGas" from 2009 till February 2012. In 2007-2008 Mr. Vaytman was Vice-president of RBI-Holdings. Between 2003 and 2007, Mr. Vaytman worked at TNK-BP and held the positions of Vice-President (Regional and Social Policy), Vice-President (Head of the New Projects Division). In 2002-2003, he was Vice-President (Relations with Public Authorities) of JSC "Sidanco". From 2000 to 2002 Mr. Vaytman was Head of the regional office of the Social Insurance Fund of the Russian Khanty-Mansiysk. Between 1998 and 2000, he held the position of Deputy Director General for Economic Affairs of the territorial fund of obligatory medical insurance of the Khanty-Mansi Autonomous District.

Mr. Vaytman was born in 1969 and graduated from Magnitogorsk Mining and Metallurgical Institute majoring in Economics. Moreover, Mr. Vaytman graduated from the Tax Academy of the Russian Federation Ministry and has a diploma from Thunderbird University, Phoenix, United States.

He also graduated from the Academy of National Economy under the Government of the Russian Federation.

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

MAXIM BALASHOV, aged 44,
DIRECTOR, NATURAL MONOPOLIES RELATIONS

Maxim Balashov has been in charge of natural monopolies relations since October 2012. He is responsible for the development and implementation of the Company's strategy, cost optimisation and efficiency improvement in energy supply and railway transportation.

From 2010-2012, Mr. Balashov was Head of the Power Supply Unit of the Industry and Infrastructure Department of the Russian Government Office.

From 2008-2010, he was Deputy and then Head of the Department for the Development of the Electrical Energy Industry at the Ministry of Energy of the Russian Federation.

From 2004-2008, Mr. Balashov was Deputy Head of the Department for Structural and Investment Policy for Industry and Energy at the Ministry of Industry and Energy of the Russian Federation.

From 2002-2004, he was Head of the Electrical Energy Unit of the Department of Natural Monopolies Restructuring at the Ministry of Economic Development of the Russian Federation.

From 2000-2002, Mr. Balashov was a Leading Specialist, Senior Specialist and Consultant at the Unit of Power Supply and Industry in the Property Department of the Ministry of Property of the Russian Federation.

Prior to this, he was the CFO of Asia Trading House from 1994-1999 and Sales Director of Garant from 1993-1994.

He has been recognised as an Honorary Worker of the Energy Industry.

Maxim Balashov graduated from the Power Engineering Faculty of Bauman Moscow Technical University and Faculty of Accounting and Audit of the Central University of Professional Development.

Mr. Balashov 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 ULYANOV, aged 43,
DIRECTOR, ENERGY BUSINESS

Pavel Ulyanov was appointed Head of the Energy Division when it was created in March 2007. His responsibility is to create an energy base that will provide the company with energy self-sufficiency for aluminium production, to search for new energy resources and opportunities for further business development.

From December 2004, Pavel Ulyanov headed Directorate for Strategy and Corporate Development. Before that, he held the position of Director for the Beverage Cans Business of the Group. Mr. Ulyanov entered the aluminium industry in 1997, when he was appointed President of ROSTAR Holding, part of the Siberian Aluminium Group. From 1991-1996, he worked at Toribank, where he held different positions from Corporate Client Manager to Advisor to the President of the Bank.

Pavel Ulyanov was born in 1972. In 1994, he graduated from the State Academy of Management. He also completed the PED programme for executives at the IMD institute (Lausanne, Switzerland) in 2004-2005.

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

ALEXANDER GUTOROV,
aged 42,
DIRECTOR, BUSINESS SUPPORT

Alexander Gutorov was born in 1972 in the city of Novokuznetsk in the Kemerovo region of Russia. In 1994, he graduated cum laude from the Siberian State Academy of Mining and Metals majoring in Non-ferrous Metallurgy. In 2011, Alexander graduated from the International Academy of Entrepreneurship in Moscow with a degree in Business Management. His first place of work was the Novokuznetsk aluminium smelter, where he was employed as a maintenance technician. In 1991-1993 Alexander served as a Potroom Operator at the same smelter, and in 1994 he was promoted to the position of a Potroom Area Supervisor. In 1997, he made an internal transfer to administrative duties to work in the foreign economic relations unit of the smelter. In 2001, Mr Gutorov was appointed the Head of the Sales Unit, from which he continued his way up the career ladder to become the head of the commercial department. Following his stint with NkAZ, Alexander was Head of Commerce first at SAZ and then at KrAZ, which was then followed by an invitation to head the commercial function within the Aluminium Division. On November 24th, 2014, Alexander Gutorov was appointed the Director of Business Support for the whole Group.

Mr. Gutorov was appointed as a member of the Executive Committee with effect from 2 March 2015.

Mr. Gutorov 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 49
HONG KONG COMPANY SECRETARY

Wong Po Ying Aby was appointed Hong Kong Company Secretary on 29 November 2009. Ms. Wong has over 10 years of experience in corporate secretarial practice working with various law firms and corporate services companies as company secretary and company secretarial manager. Ms. Wong is an associate member of the Hong Kong Institute of Company Secretaries and an associate of The Institute of Chartered Secretaries and Administrators. Ms. Wong was born in 1965. Ms. Wong holds a bachelor degree with first class honours in Business Administration from University of Greenwich which she received in 2011.

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

WINDMILLS EMERGED IN OUR HISTORY WHEN HUMANS THOUGHT TO HARNESS THE POWER OF THE WIND, A PROUD INVENTION WHICH STOOD FOR MANY CENTURIES. TODAY, MANKIND CONTINUES TO CREATE THE MOST UNEXPECTED AND BOLD SOLUTIONS IN THE ONGOING SEARCH FOR THE MOST ECO-FRIENDLY AND EFFICIENT METHOD OF ENERGY GENERATION.

DIRECTORS' REPORT

The Directors are pleased to present the 2014 Annual Report and the audited consolidated financial statements of the UC RUSAL Group for the year ended 31 December 2014.

1 PRINCIPAL ACTIVITIES

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

2 FINANCIAL SUMMARY

The results of the Group for the year ended 31 December 2014 are set out in the consolidated financial statements on pages 149 to 259.

3 DIVIDENDS

The Company's ability to pay dividends is limited to the period when the financial covenants, including the leverage ratio, meet the required thresholds. For the leverage ratio the required level is 3.5:1 (with the maximum permitted payment of dividends limited to a level of 25% of net profit). A reduction in the leverage ratio to 3.0:1 (and below) will allow the Company to pay up to 50% of its net profit as distributions to shareholders.

4 RESERVES

The Directors propose to transfer the amount of USD6,734 million to reserves within the meaning of Schedule 4 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The amount of the reserves available for distribution to shareholders as at 31 December 2014 was USD10,165 million.

5 FIXED ASSETS

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

6 SHARE CAPITAL

Share repurchases

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of their securities during the financial year ended 31 December 2014.

Share issues

No shares were issued/allotted by the Company during the financial year ended 31 December 2014.

7 GENERAL MANDATE GRANTED TO THE DIRECTORS IN RESPECT OF THE ISSUANCE OF SHARES

There was a general mandate granted to the Directors to issue shares in effect during the financial year.

The details of the general mandate are as follows:

Type of mandate	Term	Maximum amount	Utilisation during the financial year
Issue of Shares			
A general unconditional mandate was given to the Company and to the Directors on behalf of the Company on 12 May 2014, the date of the 2014 annual general meeting of the Company, to allot, issue and deal with shares (and other securities) and such mandate came into effect on that date	From the date of the passing of the resolution granting the mandate to the earlier of the Company's next annual general meeting of shareholders, the expiration of the period within which the Company's next annual general meeting of shareholders is required to be held and the variation or revocation of the mandate by the shareholders in a general meeting	Save in certain specified circumstances, not more than the sum of 20% of the aggregate nominal value of the share capital at the date of the resolution granting the mandate and the aggregate nominal value of share capital repurchased by the Company (if any)	NIL

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 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 and the full-time employment contracts, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year.

10 CONNECTED TRANSACTIONS

The transactions and arrangements summarised below were entered into by members of the Group with its connected persons (including their respective associates) prior to and during the financial year ended 31 December 2014, and are required to be disclosed by the Company in compliance with Rules 14A.49, 14A.71 and 14A.72 of the Listing Rules and, where applicable, were disclosed by the Company in accordance with the requirements of Chapter 14A of the Listing Rules.

Continuing connected transactions disclosed in the Director's Report section of the annual report differ from the related party transaction disclosures included in note 34 of the consolidated financial statements. Differences arise as the definition of continuing connected transactions does not include operations with Glencore or operations with associates of the Group, while these transactions are treated as related party transactions in the consolidated financial statements of the Group. Additionally, transactions that are considered immaterial and meet the definition of de minimis are not included in the disclosure of continuing connected transactions.

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.

(d) The Company's auditors were engaged to report on the Group's continuing connected transactions for the year ended 31 December 2014 in accordance with the Hong Kong Standard on Assurance Engagements 3000 "*Assurance Engagements Other Than Audits or Reviews* *of Historical Financial Information*" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board confirmed that the Company's auditors have issued an unqualified letter in accordance with Rule 14A.56, containing their confirmation that nothing has come to their attention that caused them to believe that the continuing connected transactions as disclosed by the Group in the annual report (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the cap.

A Electricity and Capacity Supply Contracts

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

Long-term electricity and capacity supply contracts

The Group through its three wholly-owned subsidiaries, KrAZ, BrAZ, and OJSC SUAL entered into three long-term electricity and capacity supply contracts on 4 December 2009, 1 December 2009 and 15 November 2009 respectively. Under each of these contracts, 50% of the price must be paid before the 15th day of the month of supply and the remaining 50% of the price must be paid before the 25th day of the month of supply. The amount to be paid is satisfied in cash via wire transfer and is based on the estimated consumption of the Group as mutually agreed between the parties. The final settlement is made by the parties in the month following the month of supply. OJSC SUAL and BrAZ each concluded contracts with Irkutskenergo for the period from 2010 to 2018. KrAZ concluded a contract with Krasnoyarskaya HPP for the period from 2010 to 2020. The cost of electricity supplied by Irkutskenergo and Krasnoyarskaya HPP is based on a fixed formula which is tied to the market prices of electricity and the prices of aluminium quoted on the LME. For details of the formula, please refer to the Company's circular dated 13 December 2013. As mentioned in the announcement dated 19 November 2014, Krasnoyarskaya HPP suspended the supply of electricity in the amount required by KrAZ under the contract since October 2014. As mentioned in the announcement of 12 March 2015, on 11 March 2015 KrAZ filed a claim against Krasnoyarskaya HPP in the Arbitration court of the Krasnoyarsk Province. On 31 March 2015 KrAZ submitted an explanation to the court together with certain additional documents. On 1 April 2015 the court officially commenced proceedings. Preliminary hearing and further proceedings are scheduled for 28 April 2015.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2014 under the contract between BrAZ and Irkutskenergo was USD67.9 million.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2014 under the contract between OJSC SUAL and Irkutskenergo was USD93.5 million.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2014 under the contract between KrAZ and Krasnoyarskaya HPP was USD31.9 million.

Short-term electricity and capacity supply contracts

On 27 March 2014, the framework agreements (as mentioned on pages 13 and 23 of the circular of the Company dated 13 December 2013), governing (i) the transactions under the short-term electricity and capacity supply contracts with En+'s associates and the miscellaneous electricity and capacity transmission contracts with En+'s associates (as further discussed below); and (ii) the transactions under certain aluminium sales contracts with Mr. Deripaska's associates (as further discussed below) respectively, were signed.

Members of the Group, including BrAZ, KrAZ, SAZ, NkAZ, and OJSC SUAL entered into, from time to time in the financial year ended 31 December 2014 as part of their ordinary course of business, short-term electricity and capacity supply contracts with duration not exceeding one year with companies controlled by En+, including Irkutskenergo, LLC "Avtozavodskaya CHP" and Krasnoyarskaya HPP. The electricity and capacity supplied under these short-term electricity and capacity supply contracts are derived from the plants operated by Irkutskenergo and Krasnoyarskaya HPP and also derived from LLC "Avtozavodskaya CHP".

The whole volume of electricity (excluding electricity supplied to residential users) is supplied at open (non-regulated) prices. There are exceptions (which include provision of power contracts and contracts for renewable energy) which require the electricity to be sold at prices or tariffs approved by the government. Payment under each of these contracts is made by installments in accordance with the regulations of the Market Council. The consideration was satisfied in cash via wire transfer.

In addition, members of the Group, including OJSC "Sevuralboxitruda", "SUAL-Silicon-Ural"

LLC, OJSC RUSAL SAYANAL, OJSC "Ural Foil", UC RUSAL Energoset LLC and OJSC "South Ural Cryolite Plant" enter into, from time to time as part of their ordinary course of business, short-term electricity and capacity supply contracts not exceeding three years with CJSC MAREM+, a company controlled by En+, for the supply of electricity and capacity purchased at the wholesale energy and capacity market.

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

During 2014, members of the Group have from time to time entered into short-term electricity and capacity supply contracts with LLC "Irkutskaya Energosbytovaya Company" ("**Irkutskenergosbyt LLC**"), a company controlled by En+ as to more than 30%, for the supply of electricity and capacity purchased on the wholesale electricity market and supplied to the consumers in the retail market on normal commercial terms (including the pricing terms) regulated under the regulations of the Russian Government. Payment under each of these contracts is made by installments during each month of supply. The consideration was satisfied in cash via wire transfer.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2014 under the contracts with Irkutskenergo, LLC "Avtozavodskaya CHP", Krasnoyarskaya HPP CJSC MAREM+ and Irkutskenergosbyt LLC was USD167.6 million.

Miscellaneous electricity and capacity transmission contracts

The Group has also entered into miscellaneous electricity and capacity transmission contracts with "Irkutsk Electronetwork Company" OJSC ("**IENC**") being a company controlled by En+ as to more than 30% of its issued share capital, from time to time during the year ended 31 December 2014.

The consideration under such miscellaneous electricity and capacity transmission contracts shall follow the tariffs stipulated by the Tariff Service of the Irkutsk region (an executive authority of the Irkutsk region in the sphere of government regulation of tariffs including electricity and capacity transmission tariffs), and on terms which are uniform for all consumers (tariffs are differentiated depending on voltage levels). The consideration under these contracts is satisfied in cash via wire transfer.

The actual monetary value of electricity and capacity transmission purchased and sold for the year ended 31 December 2014 under these contracts with companies controlled by En+ was USD169.6 million.

The aggregate consideration for the long-term and short-term electricity and capacity supply contracts together with the miscellaneous electricity and capacity transmission contracts between the Group and the associates of En+ for the year ended 31 December 2014 was USD530.5 million, which is within the annual cap of USD1,016 million (net of VAT) as approved by the independent shareholders of the Company for such type of continuing connected transactions for the year ended 31 December 2014.

B Aluminium Sale Contracts

Members of the Group have from time to time entered into aluminium sales contracts with associates of Mr. Oleg Deripaska ("Mr. Deripaska"). Based on additional information received by the Company, there were no reasons to deem OJSC KUMZ as a connected person of the Company during 2014 and onwards.

Aluminium Sales Contracts with Mr. Deripaska's Associates

Mr. Deripaska, an Executive Director of the Company, indirectly controls more than 30% of each of (i) LLC Tradecom, (ii) LLC KraMZ, (iii) DOZAKL, (iv) members of the group of Open Joint Stock Company "GAZ" (the "**GAZ Group**") including LLC GAZ, "GAZ Group Autocomponents" LLC, OJSC "UMZ", JSC AVTODIZEL, JSC "URAL Motor Vehicles Plant", and (v) OJSC "Plant MOSMEK" (formerly known as Glavstroy-MOSMEK). Each of these companies is therefore an associate of Mr. Deripaska. As such, the transactions between members of the Group and LLC Tradecom, LLC KraMZ, DOZAKL, members of the GAZ Group including LLC GAZ, "GAZ Group Autocomponents" LLC, OJSC "UMZ", JSC AVTODIZEL and JSC "URAL Motor Vehicles Plant", OJSC "Plant MOSMEK" and Barnaultransmash, discussed below, constitute continuing connected transactions of the Company under the Listing Rules. As Barnaultransmash ceased to be a connected person in 2013, it ceased to be an associate of Mr. Deripaska and transactions with Barnaultransmash in 2014 would not be constituted as continuing connected transactions of the Company.

(a) LLC Tradecom and LLC KraMZ

On 14 December 2006, the Group through UC RUSAL TH, entered into a long-term contract to supply aluminium to LLC Tradecom for a period until December 2021. Pursuant to the contract, the Group would supply aluminium to LLC Tradecom at arm's length prices tied to the price of aluminium on the LME. The consideration under the contract must be prepaid. For further details of this long-term contract, please refer to the circular dated 13 December 2013 issued by the Company.

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

The consideration for the aluminium supplied under this contract (as supplemented) to LLC KraMZ during the year ended 31 December 2014 amounted to USD215.3 million. The consideration was satisfied in cash via wire transfer.

(b) Members of GAZ Group

On 28 February 2009, the Group through UC RUSAL TH, entered into a framework agreement with LLC GAZ pursuant to which the Group agreed to supply aluminium at arm's length prices on a monthly basis until 31 December 2010. The agreement was to be automatically extended for another calendar year unless the parties declared their intention to terminate it. The agreement was not extended as at 31 December 2012. Addenda to similar contracts in 2013 were entered into between members of the Group and members of the GAZ Group for the year ended 31 December 2014 with each of "GAZ Group Autocomponents" LLC, OJSC "UMZ", JSC AVTODIZEL and JSC "URAL Motor Vehicles Plant"). The total consideration for the aluminium supplied under these addenda to the members of GAZ Group during the year ended 31 December 2014 amounted to USD7.8 million. The consideration was satisfied in cash via wire transfer.

On 27 September 2010, RUSAL RESAL, a wholly-owned subsidiary of the Company, entered into a short-term agreement to supply secondary aluminium to LLC GAZ for a period until 31 December 2010 at arm's length prices determined on a monthly basis. On 15 February 2012, RUSAL RESAL entered into a short-term agreement to supply secondary aluminium to "GAZ Group Autocomponents" LLC for a period until 31 December 2012 at arm's length prices determined on a monthly basis. Under both of these agreements, 100% of the consideration was to be paid in 60 business days upon shipment. Both of these agreements were to be automatically extended for another calendar year unless the parties declared their intention to terminate it. Both of the agreements dated 27 September 2010 and 15 February 2012 were not extended as at 31 December 2012. Similar contracts were entered into between RUSAL RESAL and members of GAZ Group for the year ended 31 December 2014 (including the agreements each dated 1 January 2014 with each of "GAZ Group Autocomponents" LLC, OJSC "UMZ", JSC AVTODIZEL and JSC "URAL Motor Vehicles Plant") and the total consideration for the aluminium supplied under these contracts to the members of GAZ Group for the year ended 31 December 2014 amounted to nil.

On 30 December 2011, the Group through UC RUSAL TH, entered into a contract with "GAZ Group Autocomponents" LLC pursuant to which the Group agreed to supply aluminium at arm's length prices on a monthly basis until 31 December 2014. The consideration was to be pre-paid in cash via wire transfer. The total consideration for the aluminium supplied under this contract to "GAZ Group Autocomponents" LLC during the year ended 31 December 2014 amounted to nil.

(c) DOZAKL

On 14 December 2006, the Group through UC RUSAL TH, entered into a long-term contract to supply aluminium to DOZAKL for a period until 31 December 2021 at arm's length prices tied to the price of aluminium on the LME. The consideration was to be paid within 30 days from delivery. The consideration was to be satisfied in cash via wire transfer. Since March 2010, there have been no supplies under this contract. The consideration for the aluminium supplied under this contract to DOZAKL during the year ended 31 December 2014 amounted to nil.

On 1 January 2014, Rusal Foil LLC, a wholly-owned subsidiary of the Company, entered into a contract to supply aluminium tape to DOZAKL at arm's length prices tied to the price of aluminium on the LME until 31 December 2014. The consideration was to be paid within 30 days from delivery.

The consideration for the aluminium tape supplied under this contract to DOZAKL during the year ended 31 December 2014 amounted to USD11.3 million. The consideration was satisfied in cash via wire transfer.

(d) OJSC "Plant-MOSMEK"

On 30 December 2011, the Group through UC RUSAL TH, entered into an agreement to supply aluminium products to OJSC "Plant MOSMEK" for a period until 31 December 2014.

Under this contract, UC RUSAL TH supplies aluminium at arm's length prices determined on a monthly basis. The consideration was to be pre-paid in cash via wire transfer. The consideration for the aluminium supplied under this contract to OJSC "Plant MOSMEK" during the year ended 31 December 2014 amounted to nil.

The aggregate consideration for the aluminium supplied to each of the companies referred to above, which are associates of Mr. Deripaska, for the year ended 31 December 2014 was approximately USD234.4 million, which was within the annual cap of USD575 million as approved by the independent shareholders of the Company for such type of continuing connected transactions for the year ended 31 December 2014.

C Purchase of raw materials from the associates of Mr. Blavatnik for production

Mr. Len Blavatnik ("**Mr. Blavatnik**"), being a Non-executive Director, indirectly controls more than 30% of the issued share capital of each of Closed Joint Stock Company "ENERGOPROM — Novosibirsk Electrode Plant" ("**CJSC "EPM-NovEP"**"), Public Joint Stock Company "ENERGOPROM – Chelyabinsk Electrode Plant" ("**PJSC "EPM - ChEP"**") and Public Joint Stock Company "ENERGOPROM — Novocherkassk Electrode Plant" ("**PJSC "EPM - NEP"**"). Each of CJSC "EPM-NovEP", PJSC "EPM - ChEP" and PJSC "EPM - NEP" is therefore an associate of Mr. Blavatnik, and thus a connected person of the Company under the Listing Rules. Accordingly, the transactions between members of the Group and CJSC "EPM-NovEP", PJSC "EPM - ChEP" and PJSC "EPM - NEP", discussed below, constitute continuing connected transactions of the Company under the Listing Rules.

UC RUSAL TH entered into a number of contracts with CJSC "EPM-NovEP", PJSC "EPM - ChEP" and PJSC "EPM - NEP" to purchase various raw materials for production purposes. The prices for the purchase of raw materials under each of the contracts are determined on an arm's length basis. The consideration for each of these contracts was satisfied in cash via wire transfer.

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

Buyer (member of the Group)	Seller	Date of contract	Term of contract	Type of raw materials	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
UC RUSAL TH	CJSC "EPM-NovEP"	19.12.2013 (addendum)	Up to 31.12.2014	Calcined petroleum coke	Within 3 calendar days upon receipt of invoice for shipped products	15
UC RUSAL TH	PJSC "EPM - ChEP"	20.12.2013 (additional agreement)	Up to 31.12.2014	Graphitised and carbon electrodes	Upon delivery	0
UC RUSAL TH	CJSC "EPM-NovEP"	20.12.2013 (additional agreement)	Up to 31.12.2014	Graphitised and carbon electrodes	Upon delivery	1.9
UC RUSAL TH	PJSC "EPM - NEP"	20.12.2013 (additional agreement)	Up to 31.12.2014	Graphitised and carbon electrodes	Upon delivery	1.2
UC RUSAL TH	PJSC "EPM - NEP"	15.05.2014 (additional agreement)	Up to 31.12.2014	Graphitised and carbon electrodes	Upon delivery	1.5
UC RUSAL TH	PJSC "EPM - ChEP"	15.05.2014 (additional agreement)	Up to 31.12.2014	Graphitised and carbon electrodes	Upon delivery	0.1
UC RUSAL TH	CJSC "EPM-NovEP"	15.05.2014 (additional agreement)	Up to 31.12.2014	Graphitised and carbon electrodes	Upon delivery	1.2
UC RUSAL TH	PJSC "EPM - ChEP"	15.05.2014	Up to 31.12.2014	Anode blocks	Upon delivery	0.6
Total:						21.5

DIRECTORS' REPORT

The aggregate consideration for the raw materials supplied for production under these contracts by the associates of Mr. Blavatnik during the year ended 31 December 2014 amounted to USD21.5 million which was within the maximum aggregate consideration of USD36.40 million for 2014 as disclosed in the announcement dated 16 May 2014.

D Purchase of raw materials from the associate of Mr. Blavatnik for repairs

As discussed above, CJSC "EPM-NovEP" is the associate of Mr. Blavatnik. Accordingly, the purchase of raw materials contracts, discussed below, between members of the Group as buyers and CJSC "EPM-NovEP" as seller, for the purposes of the Group's repair programme, constitute continuing connected transactions of the Company under the Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, the transactions disclosed below were aggregated as they are entered into by the Group with the associates of the same connected persons who are associated with one another and the subject matter of each of the agreements relate to the purchase of raw materials by members of the Group for repairing. The prices for the purchase of raw materials under each of the contracts are determined on an arm's length basis. The consideration for each of the contracts was satisfied in cash via wire transfer.

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

Buyer (member of the Group)	Seller	Date of contract	Type of raw materials	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
RUS-Engineering LLC	CJSC "EPM-NovEP"	17.02.2014	Cathode blocks	Up to 31.12.2014	Payment to be made within 20 days after supply	23.2
RUS-Engineering LLC	CJSC "EPM-NovEP"	17.02.2014	Carbon paste	Up to 31.12.2014	Payment to be made within 20 days after supply	3.2
SUAL-Kremniy-Ural LLC	CJSC "EPM-NovEP"	04.03.2014	Electrode paste	Up to 31.12.2014	Payment to be made within 10 days from the date of delivery	0
Total						26.4

The aggregate consideration for the raw materials supplied under these contracts by the associates of Mr. Blavatnik during the year ended 31 December 2014 amounted to USD26.4 million, which was within the maximum aggregate consideration of USD40.46 million for 2014 as disclosed in the announcement dated 5 March 2014.

E Purchase of raw materials for production from BCP

Mr. Deripaska is indirectly interested in CJSC BaselCement-Pikalevo ("**BCP**") as to more than 30% of the issued capital. BCP is therefore an associate of Mr. Deripaska and a connected person of the Company under the Listing Rules.

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

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

Buyer	Date of contract	Term of contract	Type of raw materials	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
UC RUSAL TH	23.12.2011	Up to 31.12.2014	Alumina products	Preliminary payment for the supply in the current month to be made during the month of supply in the amount of the monthly volume as stated in the contract, with final settlement based on actual supplied volumes of alumina products and actual price to be paid in the following month	8.5
Boksitogorsk Alumina Refinery	19.03.2008 25. 03.2011 (addendum)	Up to 31.12.2018	Limestone	100% prepayment	47
Total:					55.5

The aggregate consideration for the raw materials supplied under these contracts by BCP during the year ended 31 December 2014 amounted to USD55.5 million which was within the maximum aggregate consideration of USD104 million for 2014 as disclosed in the announcement dated 15 December 2011.

F Sale of raw materials to the associates of Mr. Deripaska and En+

Mr. Deripaska indirectly controls more than 30% of each of Achinsk Cement LLC, Stroyservice Limited Liability Company ("**Stroyservice**"), Open Joint Stock Company "Hakasskiy bentonite" (ceased to be a connected person on 13 February 2014), Limited Liability Company "Eniseyskiy CBK" (was a connected person during the following periods in 2014: 01 January 2014 – 01 April 2014 and 09 December 2014 – 31 December 2014), LLC "Autocomponent – Group GAZ" and "Glavstroy Ust Labinsk" Ltd., and therefore, each of them is an associate of Mr. Deripaska and thus a connected person of the Company according to the Listing Rules. Each of "KraMZ-Auto" Limited Liability Company ("**KraMZ-Auto**"), Closed Joint Stock Company "Irkutskenergoremont" ("**Irkutskenergoremont**"), LLC KraMZ, CJSC MC Soyuzmetallresource and Irkutskenergo is held by En+ as to more than 30% of the issued share capital. En+ is in turn held by Mr. Deripaska as to more than 50% of the issued share capital. Each of KraMZ-Auto, Irkutskenergoremont, LLC KraMZ, CJSC MC Soyuzmetallresource and Irkutskenergo is therefore an associate of En+ and of Mr. Deripaska. Accordingly, the contracts discussed below constitute continuing connected transactions of the Company under the Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, the transactions disclosed below were aggregated as they are entered into by the Group with the associates of the same connected persons who are associated with one another and the subject matter of each of the agreements relate to the sale of raw materials by members of the Group. The prices for the sale of raw materials under each of the contracts are determined on an arm's length basis. The consideration for each of these contracts was satisfied in cash via wire transfer.

The details of these contracts are set out below:

Buyer (associate of Mr. Deripaska/En+)	Seller (member of the Group)	Date of contract	Type of raw materials	Term of contract	Payment term	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
KraMZ-Auto	RUSAL Achinsk	15.11.2013 (additional agreement)	Diesel fuel	Up to 31.12.2014	100% prepayment	0.1
Achinsk Cement LLC	RUSAL Achinsk	15.11.2013 (additional agreement)	Diesel fuel	Up to 31.12.2014	100% prepayment by instalments	0
Achinsk Cement LLC	RUSAL Achinsk	15.11.2013 (additional agreement)	Fuel oil	Up to 31.12.2014	100% prepayment by instalments	0.6
Achinsk Cement LLC	RUSAL Achinsk	15.11.2013 (additional agreement) (Addendum: 28.02.2014)	Coal	Up to 31.12.2014	Partially by way of loan and partially be prepaid (Note 3)	7.2
Achinsk Cement LLC	RUSAL Achinsk	15.11.2013 (additional agreement)	Pulverised coal fuel	Up to 31.12.2014	100% prepayment by instalments	0
Achinsk Cement LLC	RUSAL Achinsk	25.12.2013 (Addendum: 28.02.2014)	Nepheline mud	Up to 31.12.2014 (Note 1)	Partially by way of loan and partially be prepaid (Note 4)	1.9
Achinsk Cement LLC	RUSAL Achinsk	25.12.2013 (Addendum: 28.02.2014)	Crushed limestone	Up to 31.12.2014 (Note 1)	Partially by way of loan and partially be prepaid (Note 5)	4.8
Achinsk Cement LLC	RUSAL Achinsk	25.12.2013 (Addendums: 01.12.2014 and 26.12.2014)	Clay from open pit overburden	Up to 31.12.2014 (Note 1)	100% prepayment	0.1

DIRECTORS' REPORT

Buyer (associate of Mr. Deripaska/En+)	Seller (member of the Group)	Date of contract	Type of raw materials	Term of contract	Payment term	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
KraMZ-Auto	RUSAL Krasnoyarsk	01.01.2014	Fuel and lubricants	Up to 31.12.2014	Payment before the 15th day of the month following the month of delivery of the goods	0.2
KraMZ-Auto	RUSAL Bratsk	01.01.2014	Lumber, construction materials and other inventories (gasoline, diesel fuel, oil, lubricants)	Up to 31.12.2014	Payment within 10 business days from delivery	0
KraMZ-Auto	RUSAL Sayanogorsk	01.01.2014	Fuel and lubricants	Up to 31.12.2014	Payment within 10 business days upon receipt of the invoice.	0.4
Stroyservice	RUSAL Sayanogorsk	01.01.2014	Lumber, construction (fuel, oil, lubricants)	Up to 31.12.2014	Payment within 10 business days upon receipt of the invoice	2.4
Irkutskenergoremont	RUSAL Bratsk	01.01.2014	Lumber, construction materials and other inventories (gasoline, diesel fuel, oil, lubricants)	Up to 31.12.2014	Payment within 10 business days from delivery	0
Open Joint Stock Company "Hakasskiy bentonit"	RUSAL Achinsk	27.12.2013	Soda ash	Up to 31.12.2014 (Note 1)	Payment within 15 days from delivery	0.1
Limited Liability Company "Eniseyskiy CBK"	RUSAL Achinsk	27.12. 2013	Soda ash	Up to 31.12.2014 (Note 1)	Payment within 10 days from delivery	0.1

Buyer (associate of Mr. Deripaska/En+)	Seller (member of the Group)	Date of contract	Type of raw materials	Term of contract	Payment term	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
LLC KraMZ	UC RUSAL TH	26.12.2013	Silicon	Up to 31.12.2014 (Note 2)	100% prepayment	0.2
LLC "Autocomponent - Group GAZ"	UC RUSAL TH	26.12.2013	Silicon	Up to 31.12.2014 (Note 2)	100% prepayment	0.1
CJSC MC Soyuzmetallresource	UC RUSAL TH	27.01.2014	Aluminium powder grade APG	Up to 31.12.2014	100% payment within 30 days from date of shipment	0.5
"Glavstroy Ust Labinsk" Ltd.	UC RUSAL TH	27.01.2014	Granules of high purity aluminium	Up to 31.12.2014	100% prepayment	0.6
JSC Irkutskenergo	JSC Kremniy	28.02.2014 (additional agreement)	Coal sweepings	Up to 31.12.2014	Payment within 10 days after shipment	0
Achinsk Cement LLC	RUSAL Achinsk	10.09.2014 (additional agreement)	Crushed limestone	Up to 31.12.2014 (may be extended by additional agreement)	Pre-paid in 2 installments	0
Total						19.3

Notes:
1. The contract is renewable upon agreement of both parties.
2. The contract will be renewed for one year automatically unless either party chooses not to renew the contract one month before the expiry of the contract.
3. (a) Payment for volumes shipped by 30 April 2014 in the amount of USD1,060,606 was satisfied by way of drawing a loan from the seller at the interest rate of 9% per annum and was to be repaid by two installments in May and June 2014, and any shipped volume at an amount exceeding USD1,060,606 was paid within 5 banking days from date of pro forma invoice; and (b) payment for volumes shipped from 1 May 2014 to 31 December 2014 was 100% prepaid.
4. (a) Payment for volumes shipped by 30 April 2014 in the amount of USD454,545 was satisfied by way of drawing a loan from the seller at the interest rate of 9% per annum and was repaid by two installments in May and June 2014, and any shipped volume at an amount exceeding USD454,545 was paid within 5 banking days from date of pro forma invoice; and (b) payment for volumes shipped from 1 May 2014 to 31 December 2014 was 100% prepaid.
5. (a) Payment for volumes shipped by 30 April 2014 in the amount of USD606,061 was satisfied by way of drawing a loan from the seller at the interest rate of 9% per annum and was repaid by two instalments in May and June 2014, and any shipped volume at an amount exceeding USD606,061 was paid within 5 banking days from date of pro forma invoice; and (b) payment for volumes shipped from 1 May 2014 to 31 December 2014 was 100% prepaid.

The aggregate consideration for the raw materials supplied under these contracts to the associates of Mr. Deripaska/En+ during the year ended 31 December 2014 amounted to USD19.3 million, which was within the maximum aggregate consideration of USD41.807 million for 2014 as disclosed in the announcement dated 29 December 2014.

G Sale of raw materials to the associates of Mr. Blavatnik

Mr. Blavatnik indirectly holds more than 30% of the issued share capital of Doncarb Graphite Limited Liability Company ("**Doncarb Graphite**"). Therefore, Doncarb Graphite is an associate of Mr. Blavatinik. As discussed above, CJSC "EPM – NovEP" is also an associate of Mr. Blavatnik. Thus each of CJSC "EPM – NovEP" and Doncarb Graphite is a connected person of the Company under the Listing Rules. Accordingly, the transactions between members of the Group and Doncarb Graphite or CJSC "EPM – NovEP", discussed below, constitute continuing connected transactions of the Company under the Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, the transactions disclosed below were aggregated as they are entered into by the Group with the associates of the same connected persons who are associated with one another and the subject matter of each of the agreements relate to the sale of raw materials by members of the Group.

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

Buyer (associate of Mr. Blavatnik)	Seller (member of the Group)	Date of contract	Type of raw materials	Term of contract	Payment term	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
Doncarb Graphite	UC RUSAL TH	20.12.2013	Silicon	Up to 31.12.2014,	100% prepayment	0
CJSC "EPM – NovEP"	UC RUSAL TH	19.12.2013 (addendum)	Green petroleum coke	Up to 31.12.2014	Payment within 25 calendar days upon receipt of invoice for shipped products	8.5
Total						8.5

The aggregate consideration for the raw materials supplied under these contracts by the Group during the year ended 31 December 2014 amounted to USD8.5 million, which was within the maximum aggregate consideration of USD22.135 million for 2014 as disclosed in the announcement dated 17 March 2014.

H Transportation Contracts

As discussed above, KraMZ-Auto is an associate of En+ and of Mr. Deripaska. En+, being held by Mr. Deripaska as to more than 50% of the issued share capital, holds more than 30% of the issued share capital of OJSC Otdeleniye Vremennoy Expluatatsii ("**OVE**") and thus OVE is also an associate of En+ and of Mr. Deripaska. Each of KraMZ-Auto and OVE is therefore an associate of En+ and/or Mr. Deripaska and a connected person of the Company under the Listing Rules. Accordingly, the contracts between members of the Group and KraMZ-Auto or OVE, as discussed below, constitute continuing connected transactions of the Company under the Listing Rules. Pursuant to these contracts, KraMZ-Auto and OVE were to provide various transportation services to members of the Group. All these transportation contracts are on arms-length commercial terms. The consideration for each of these contracts was satisfied in cash via wire transfer.

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

DIRECTORS' REPORT

Service provider (associate of En+ and/or Mr. Deripaska)	Customer (member of the Group)	Date of contract	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
KraMZ-Auto	LLC IT-Service	27.12.2013	Up to 31.12.2014	Payment to be made within 60 calendar days of receipt of the invoice	0.1
OVE	RUSAL Sayanogorsk	01.01.2014 (addendum: 27.11.2014)	Up to 31.12.2014	Payment to be made within 10 days of receipt of the invoice	3
KraMZ-Auto	RUSAL Bratsk	01.01.2014 (addendum: 28.11.2014)	Up to 31.12.2014	Payment to be made within 10 banking days of receipt of the invoice	1.8
KraMZ-Auto	RUSAL Krasnoyarsk	01.01.2014	Up to 31.12.2014	Payment to be made within 10 calendar days of receipt of the invoice	3.1
KraMZ-Auto	RUSAL Krasnoyarsk	01.01.2014	Up to 31.12.2014	Payment to be made within 10 calendar days of receipt of the invoice	0.9
KraMZ-Auto	RUSAL Sayanogorsk	01.01.2014	Up to 31.12.2014	Payment to be made within 10 calendar days of receipt of the invoice	0.2
KraMZ-Auto	RUSAL Sayanogorsk	01.01.2014	Up to 31.12.2014	Payment to be made within 10 banking days of receipt of the invoice	0.3

Service provider (associate of En+ and/or Mr. Deripaska)	Customer (member of the Group)	Date of contract	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
KraMZ-Auto	RUSAL Sayanogorsk	01.01.2014	Up to 31.12.2014	Payment to be made within 10 banking days of receipt of the invoice	1.3
KraMZ-Auto	Sayanogorsky Vagonoremontniy Zavod Limited Liability Company	01.01.2014	Up to 31.12.2014	Payment to be made within 10 banking days of receipt of the invoice	0
KraMZ-Auto	Sayanogorsky Vagonoremontniy Zavod Limited Liability Company	01.01.2014	Up to 31.12.2014	Payment to be made within 10 calendar days of receipt of the invoice	0
KraMZ-Auto	RUSAL SAYANAL OJSC	01.01.2014	Up to 31.12.2014.	Payment to be made within 15 days after the receipt of the VAT invoice	0.3
OVE	RUSAL SAYANAL OJSC	25.12.2013	Up to 31.12.2014.	Payment to be made within 10 days after the receipt of the VAT invoice	0
KraMZ-Auto	RUS-Engineering LLC	27.01.2014 (with a series of contracts entered into during January 2014)	Up to 31.12.2014	The first 50% of every invoiced amount is to be paid by the 15th day of the month following the month in which transportation services were provided, the remaining 50% is to be paid by the 30th day of the month following the month in which transportation services were provided.	1.2

DIRECTORS' REPORT

Service provider (associate of En+ and/or Mr. Deripaska)	Customer (member of the Group)	Date of contract	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
KraMZ-Auto	RUS-Engineering LLC	19.02.2014	Up to 31.12.2014	The first 50% of every invoiced amount is to be paid by the 15th day of the month following the month in which transportation services were provided, the remaining 50% is to be paid by the 30th day of the month following the month in which transportation services were provided.	0.4
KraMZ-Auto	RUSAL SAYANAL OJSC	04.03.2014	Up to 31.12.2014	Payment within 10 days after receipt of invoice.	0
KraMZ-Auto	RUSAL Medical Centre	06.03.2014	Up to 31.12.2014	Payment within 10 days after receipt of invoice.	0
Total:					12.6

The aggregate consideration for the transportation services provided by the associates of En+ and/or Mr. Deripaska during the year ended 31 December 2014 amounted to USD12.6 million, which was within the maximum aggregate consideration of USD19.855 million for 2014 as disclosed in the announcement dated 1 December 2014.

l Heat Supply Contracts with associates of En+

Each of Baikalenergo Closed Joint Stock Company, Khakass Utility Systems Limited Liability Company and Irkutskenergo is held by En+ (being a substantial shareholder of the Company) as to more than 30% of the issued share capital, and is therefore an associate of En+. Each of Baikalenergo Closed Joint Stock Company, Khakass Utility Systems Limited Liability Company and Irkutskenergo is thus a connected person of the Company under the Listing Rules. Accordingly, the contracts below constitute continuing connected transactions of the Company. Pursuant to these contracts, the associates of En+ were to supply heat (including heat energy and heat power in the form of steam and hot water) to members of the Group. All of these heat supply contracts are on arms-length commercial terms. The consideration for each of these contracts was satisfied in cash via wire transfer.

Supplier (associate of En+)	Customer (member of the Group)	Date of contract	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
Baikalenergo Closed Joint Stock Company	RUSAL Taishet Aluminium Smelter Limited Liability Company	01.01.2012	Up to 31.12.2014	Not less than 85% to be paid by the end of the current month, with the final settlement for actually consumed hot water to be made no later than the 10th day of the following month	0
Khakass Utility Systems Limited Liability Company	RUSAL Sayanogorsk	01.01.2014	Up to 31.12.2014	Payment within 15 days after the receipt of invoice	5.1
Baikalenergo Closed Joint-Stock Company	RUSAL Sayanogorsk	31.12.2013	Up to 31.12.2014	Payment to be made by the 20th day of the month following the accounting month against the invoice received	0
Baikalenergo Closed Joint Stock Company	RUSAL Sayanogorsk	31.12.2013	Up to 31.12.2014	Payment to be made by the 20th day of the month following the accounting month against the invoice received	0
Irkutskenergo	RUSAL Bratsk	31.12.2013	Up to 31.12.2014	Advance payment of 35% of the total price on the 18th day of each month, and 50% by the end of each month with the remainder (15%) being paid up by the 10th day of the next month	0
Irkutskenergo	SUAL OJSC	31.12.2013	Up to 31.12.2014	Advance payment of 35% of the total price on the 18th day of each month, and 50% by the end of each month with the remainder being settled by the 10th day of the next month based on actual consumption	1.8

Supplier (associate of En+)	Customer (member of the Group)	Date of contract	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
Irkutskenergo	SUAL OJSC	31.12.2013	Up to 31.12.2014 (will be renewed for one year automatically unless either party chooses not to renew the contract without prior consent of the other party one month before the expiry of the contract)	Advance payment of 35% of the total price on the 18th day of each month, and 50% by the end of each month with the remainder being settled by the 10th day of the next month based on actual consumption	1.5
Khakass Utility Systems Limited Liability Company	Joint Stock Company RUSAL SAYANAL	27.12.2013	Up to 31.12.2014	Payment to be made not later than the 28th day of the month following the accounting month	0.5
Irkutskenergo	OJSC "SibVAMI"	26.12.2013	Up to 31.12.2016	Advance payment of 35% of the total price on the 18th day of each month, and 50% by the end of each month with the remainder (15%) being paid up by the 10th day of the next month	0
Total:					8.9

The aggregate consideration for the heat supply provided by the associates of En+ during the year ended 31 December 2014 amounted to USD8.9 million, which was within the maximum aggregate consideration of USD11.80 million for 2014 as disclosed in the announcement dated 2 January 2014.

J Purchase of Vehicles from the associates of Mr. Deripaska

Each of OJSC Ruzhimmash, Achinsk Cement LLC and «Russian Buses - GAZ Group» LLC is indirectly held by Mr. Deripaska as to more than 30% of the issued share capital, and therefore is an associate of Mr. Deripaska and a connected person of the Company under the Listing Rules.

Accordingly, the transactions entered into between members of the Group as buyers and OJSC Ruzhimmash, Achinsk Cement LLC or «Russian Buses - GAZ Group» LLC as seller constitute continuing connected transactions of the Company under the Listing Rules. The prices for the purchase of vehicles under each of these contracts are determined on an arm's length basis. The consideration for each of these contracts was satisfied in cash via wire transfer.

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

Buyer (member of the Group)	Seller (associate of Mr. Deripaska)	Date of contract	Subject matter of the purchase	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
RUSAL Trans	OJSC Ruzhimmash	27.12.2012	Railcars	Up to 31.12.2014	See Note 1	0
RUSAL Achinsk	Achinsk Cement LLC	20.05.2014	Dump truck	Up to 31.12.2014	100% prepayment	0
"Compagnie des Bauxites de Kindia" S.A.	"Russian Buses - GAZ Group" LLC	05.09.2014	Buses	Up to 31.12.2014	50% of the total value of the agreement as advance payment shall be paid within 15 days from the date of invoice, and 50% of the total value of the agreement as the balance payment shall be paid within 15 days from the date of receipt of notification regarding readiness of goods for shipping	0
Total:						0

Note 1:
Under the railcars supply agreement, the payment terms are as follows:
Payment for development and manufacturing:

40% To be paid within 15 banking days after the effective date of agreement

45% To be paid at least 10 days prior to the commencement of preliminary and certification testing of the trial railcar; and

Balance To be paid within 10 working days after three months of operation of the railcar under a normal load from the railcar delivery date. If there are deficiencies that would require elimination or additional improvements are identified during that period, the final payment date will be postponed proportionately to the time spent of eliminating deficiencies identified during the operation of the railcar

Payment for supply of railcars:
- 70% (prepayment) of the agreed cost of monthly railcar batch will be effected 15 days prior to the beginning of the month of the approved batch delivery; and
- the final settlement will be made against the invoice within 7 banking days from the date of signing the railcar acceptance.

The aggregate consideration for the vehicles supplied under these contracts by the associates of Mr. Deripaska during the year ended 31 December 2014 amounted to nil which was within the maximum aggregate consideration of USD15.34 million for 2014 as disclosed in the announcement dated 8 September 2014.

K Repair Services Contracts with the associates of En+

Each of Bratskenergoremont Closed Joint Stock Company ("Bratskenergoremont"), Irkutskenergoremont, IENC, OVE and KraMZ-Auto, LLC KraMZ and Khakas Utility Systems Limited Liability Company is directly or indirectly held by En+ as to more than 30% of the issued share capital, each of them is therefore an associate of En+ and thus is a connected person of the Company under the Listing Rules.

Accordingly, the transactions entered into between members of the Group as customers and Bratskenergoremont, Irkutskenergoremont, IENC, OVE and KraMZ-Auto, LLC KraMZ or Khakas Utility Systems Limited Liability Company as contractors constitute continuing connected transactions of the Company under the Listing Rules. The consideration for the repair services under each of these contracts are determined on an arm's length basis. The consideration for each of these contracts was satisfied in cash via wire transfer.

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

Date of contract	Customer (member of the Group)	Contractor (associate of En+)	Term of contract	Repair services	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
28.08.2013	RUS-Engineering LLC	Bratskenergoremont	Up to 31.12.2014	Operations on overhaul maintenance of boiler	Payment is to be made within 60 days after signing the work acceptance certificate of the relevant stage by the parties.	2.5
21.01.2014	RUS-Engineering LLC	Irkutskenergoremont	Up to 31.12.2014	Maintenance and servicing of equipment	Prepayment of up to 30% by the customer with the final settlement to be made within 30 days after receipt of invoices.	1
22.01.2014	RUSAL Bratsk	Irkutskenergoremont	Up to 31.12.2014	Maintenance and servicing of equipment	Prepayment of up to 30% by the customer with the final settlement to be made within 30 days after receipt of invoices.	0
31.12.2013	OJSC SUAL	IENC	Up to 31.12.2014.	Rendering of maintenance and operating services	Payment on a monthly basis in the amount of 1/12 part of the contract value within 5 days after signature of the services acceptance certificate based on the original invoice.	0

Date of contract	Customer (member of the Group)	Contractor (associate of En+)	Term of contract	Repair services	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
31.12.2013	OJSC SUAL	IENC	Up to 31.12.2014	Plant maintenance	Payment on a monthly basis in the amount of 1/12 part of the contract value within 5 days after signature of the services acceptance certificate based on the original invoice.	0.1
01.01.2014	RUSAL Sayanogorsk	OVE	Up to 31.12.2014	Repair services	Payment upon work is performed within 5 days.	0
01.01.2014	RUSAL Krasnoyarsk	KraMZ-Auto	Up to 31.12.2014	Motor vehicle repair and maintenance services	Payment within 10 days after the receipt of the invoice.	0
01.01.2014	RUSAL Bratsk	KraMZ-Auto	Up to 31.12.2014	Motor vehicle repair and maintenance services	Payment within 10 days after the receipt of the invoice.	0
20.02.2014	RUS-Engineering LLC	LLC KraMZ	Up to 31.12.2014	Repair of coil of the induction furnace	70% prepayment; the remaining 30% is to be paid within 5 banking days after signing of the work completion certificate and receiving the original invoice.	0

DIRECTORS' REPORT

Date of contract	Customer (member of the Group)	Contractor (associate of En+)	Term of contract	Repair services	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
20.02.2014	RUS-Engineering LLC	Bratskenergoremont	Up to 31.12.2014	Maintenance of power plant equipment	90% is to be paid within 30 calendar days; 10% is to be paid within 60 calendar days after signing the work acceptance certificate against the invoice issued by the contractor.	1.3
20.02.2014 (addendum)	RUSAL Bratsk	Irkutskenergoremont	Up to 30.06.2014	Repair of process equipment (relocation of water pipelines)	Prepayment of not more than 30% of the estimated scope of works for the current month by the 10th day of each month for purchase of materials for the repair works. Payment for actual work is made on a monthly basis within 30 days after receiving an invoice issued by the contractor.	0
11.03.2014	RUSAL Sayanogorsk	Khakass Utility Systems Limited Liability Company	Up to 31.12.2014	Monthly maintenance of a fuel oil pumping station of the energy shop	Payment is to be made within 60 calendar days after the receipt of original invoices based on certificates signed by both parties.	0
11.03.2014	RUSAL Sayanogorsk	Khakass Utility Systems Limited Liability Company	Up to 31.12.2014	Monthly maintenance of external heat supply networks and utility lines	Payment is to be made within 60 calendar days after the receipt of original invoices based on certificates signed by both parties.	0.1

Date of contract	Customer (member of the Group)	Contractor (associate of En+)	Term of contract	Repair services	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
02.04.2014	RUS-Engineering LLC	Irkutskenergoremont	Up to 31.12.2014	Repair of transformers	Payment is to be made within 60 calendar days after receiving the original invoice from the contractor based on the work completion certificate.	0.1
01.04.2014	RUS-Engineering LLC	LLC KraMZ	Up to 31.12.2014	Repair of coil of the induction furnace	70% prepayment; the remaining 30% is to be paid within 5 banking days after signing the work completion certificate and receiving the original invoice.	0
19.05.2014 (addendum)	RUSAL Bratsk	Irkutskenergoremont	Up to 31.12.2014	Repair of process equipment in the auxiliary production area	Payment for the completed and accepted work is to be made within 40 calendar days after the date of the work completion certificate issued by the contractor, which indicates the scope and cost of completed work against an invoice issued by the contractor provided the work is done properly and on time.	0.1

DIRECTORS' REPORT

Date of contract	Customer (member of the Group)	Contractor (associate of En+)	Term of contract	Repair services	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
19.05.2014	RUSAL Bratsk	Bratskenergoremont	Up to 31.12.2014	Equipment repair works at RUSAL Bratsk Aluminium Smelter Open Joint Stock Company	Payment for completed and accepted work to be done within 60 calendar days after the date of the work completion certificate issued by the contractor, which indicates the scope and cost of completed works against an invoice issued by the contractor provided the work is done properly and on time.	0
19.05.2014 (addendum)	RUSAL Bratsk	Irkutskenergoremont	Up to 31.12.2014	Repair of process equipment in the auxiliary production area at RUSAL Bratsk Aluminium Smelter Open Joint Stock Company	Payment for completed and accepted work to be done within 40 calendar days after the date of the work completion certificate issued by the contractor, which indicates the scope and cost of completed works against an invoice issued by the contractor provided the work is done properly and on time.	1.6

Date of contract	Customer (member of the Group)	Contractor (associate of En+)	Term of contract	Repair services	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
05.06.2014	RUS-Engineering LLC	Irkutskenergoremont	Up to 31.12.2014	Repair services of the turbine, high pressure and low pressure hose rotors and supervision installation	(i) as to turbine repair, the payment is to be made within 60 calendar days from the date of signing by the parties of the act of acceptance of the performed works on the basis of the invoice presented by the contractor; and (ii) as to the repair of high pressure and low pressure hose rotors and supervision installation, 50% of the consideration is to be paid within 30 calendar days, the remaining 50% is to be paid within 60 calendar days, both from the date of signing by the parties of the act of acceptance of the performed works on the basis of the invoice presented by the contractor.	0.8

Date of contract	Customer (member of the Group)	Contractor (associate of En+)	Term of contract	Repair services	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
03.09.2014 (addendum)	RUSAL Bratsk	Irkutskenergoremont	Up to 31.12.2014	Repair services of the auxiliary process equipment at RUSAL Bratsk	Works performed by the contractor and accepted by the customer are to be paid for within 40 calendar days after the customer signs the contractor's work description and cost report against a commercial invoice issued by the contractor provided the work is completed in due manner and course.	0
03.09.2014	RUS-Engineering LLC	Irkutskenergoremont	Up to 31.12.2014	Repair services of the turbine and engineering services	Payment within 60 calendar days from the date of signing by the parties of the acceptance certificate for the works on the basis of the invoice presented by the contractor.	0
09.10.2014 (addendum)	RUS-Engineering LLC	Irkutskenergoremont	Up to 31.12.2014	Repair services of transformers	Payment within 60 calendar days upon receiving an original invoice from the contractor against a work completion certificate.	0

Date of contract	Customer (member of the Group)	Contractor (associate of En+)	Term of contract	Repair services	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
09.10.2014	RUS-Engineering LLC	Irkutskenergoremont	Up to 31.12.2014	Repair services of transformers	Payment within 60 calendar days upon receiving an original invoice from the contractor against a work completion certificate.	0.1
09.10.2014 (addendum)	RUS-Engineering LLC	Bratskenergoremont	Up to 31.12.2014	Repair services of the boiler	Payment within 60 calendar days upon signing of the relevant stage work acceptance certificate by the parties and receiving the invoice from the contractor.	0.8
Total:						8.5

The aggregate consideration for the repair services provided under these contracts by the associates of En+ during the year ended 31 December 2014 amounted to USD8.5 million which was within the maximum aggregate consideration of USD12.37 million for 2014 as disclosed in the announcement dated 10 October 2014.

L Purchase of materials from associates of Mr. Deripaska

As discussed above, Stroyservice is an associate of Mr. Deripaska, therefore Stroyservice is a connected person of the Company under the Listing Rules.

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

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

Buyer (member of the Group)	Seller (associate of Mr. Deripaska)	Date of contract	Subject matter of the purchase	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
RUSAL Sayanogorsk	Stroyservice	01.01.2014	Railroad accessories	Up to 31.12.2014	Within 20 calendar days upon receipt of invoice	3.6
Total:						3.6

The aggregate consideration for the materials supplied under the above contract by the associate of Mr. Deripaska during the year ended 31 December 2014 amounted to USD3.6 million which was within the maximum aggregate consideration of USD4.93 million for 2014 as disclosed in the announcement dated 2 January 2014.

M Transport Logistics Services Contracts with associates of En+

Each of LLC "RTC", Global Commodity Transport Limited and LLC "EN+ LOGISTICA" is directly or indirectly held by En+ as to more than 30% of the issued share capital, each of them is therefore an associate of En+ and thus is a connected person of the Company under the Listing Rules.

Accordingly, the transactions entered into between members of the Group as customers and LLC "RTC", Global Commodity Transport Limited or LLC "EN+ LOGISTICA" as service provider constitute continuing connected transactions of the Company under the Listing Rules. The consideration for the transportation logistics services under each of these contracts are determined on an arm's length basis. The consideration for each of these contracts was satisfied in cash via wire transfer.

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

Date of contract	Customer (member of the Group)	Service provider (associate of En+)	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
31.12. 2013	OJSC Boksit Timana	LLC "RTC"	Up to 31.12.2014, and was renewed up to 31 December 2015 pursuant to the addendum dated 1 January 2015 (may be extended if neither party declares its intention to terminate)	Payment is to be made not later than the 10th calendar day of the following month.	0
31.12. 2013	OJSC SUAL	LLC "RTC"	Up to 31.12.2014 and was renewed up to 31 December 2015 pursuant to the addendum dated 1 January 2015	100% prepayment.	0
31.12. 2013	OJSC SUAL	LLC "RTC"	Up to 31.12.2014 and was renewed up to 31 December 2015 pursuant to the addendum dated 1 January 2015	100% prepayment.	0
31.12. 2013 (Addendum: 20.06.2014)	RUSAL Achinsk	LLC "RTC"	Up to 31.12.2014 and was renewed up to 31 December 2015 pursuant to the addendum dated 1 January 2015	Payment to be made monthly based on certificates of work performed and invoices, within 3 business days from the date of issuing of documents.	0.3
31.12. 2013	Open Joint Stock Company "SUBR"	LLC "RTC"	Up to 31.12.2014 and was renewed up to 31 December 2015 pursuant to the addendum dated 1 January 2015	Payment to be made within 30 days after receipt of invoice.	0

Date of contract	Customer (member of the Group)	Service provider (associate of En+)	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
30.12. 2013 (Addenda: 25.06.2014, 27.06.2014)	Open Joint Stock Company "United Company RUSAL -Trading House"	LLC "RTC"	Up to 31.12.2014 and was renewed up to 31 December 2015 pursuant to the addendum dated 1 January 2015	Prepayment to be made within 5 days after the prepayment invoice is issued based on the requested services. The consideration based on the actual services is to be settled by the 30th day from the date of signing the act of fulfilled work.	0.1
30.12. 2013 (Addendum: 30.06.2014)	RTI Limited	Global Commodity Transport Limited	Up to 31.12.2014 and was extended up to 31 December 2015 pursuant to the addendum dated 1 January 2015	100% prepayment.	0.5
30.12. 2013 (Addendum: 30.06.2014)	Open Joint Stock Company "United Company RUSAL -Trading House"	Global Commodity Transport Limited	Up to 31.12.2014 and was extended up to 31 December 2015 pursuant to the addendum dated 1 January 2015	100% prepayment.	0
30.12. 2013	Open Joint Stock Company "United Company RUSAL -Trading House"	LLC "EN+ LOGISTICA"	Up to 31.12.2014 and was extended up to 31 December 2015 pursuant to the addendum dated 12 January 2015	Payment to be made on the 15th day of the month following the month of rendering services.	0.9

Date of contract	Customer (member of the Group)	Service provider (associate of En+)	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
30.12. 2013 (Addendum: 30.06.2014)	RTI Limited	LLC "RTC"	Up to 31.12. 2014 and was extended up to 31 December 2015 pursuant to the addendum dated 1 January 2015	RTI Limited pays LLC "RTC" for forwarding in accordance with additional agreements. Within five days upon receipt of a copy of the balance invoice that RTI Limited remits to the accounts of the LLC "RTC" the difference in the amount of prepayment and the amount corresponding to the actual dispatch. The payment to LLC "RTC" should be made in Russian Rubles by bank transfer to LLC "RTC"'s bank account.	0.9
30.12. 2013	LLC RUSALTRANS	LLC "RTC"	Up to 31.12.2014 and was extended to up to 31 December 2015 pursuant to the additional agreement dated 26 December 2014	Payment to be made on the 15th day of the month following the month of rendering services.	0
Total:					2.7

The aggregate consideration for the transport logistics services provided under these above contracts by the associates of En+ during the year ended 31 December 2014 amounted to USD2.7 million which was within the maximum aggregate consideration of USD15.757 million for 2014 as disclosed in the announcement dated 2 July 2014.

N Short-term Capacity Contract with an associate of Onexim

Onexim, a substantial shareholder of the Company, is beneficially interested in more than 30% of the issued share capital of JSC "Quadra-Power Generation". JSC "Quadra-Power Generation" is therefore an associate of Onexim and thus a connected person of the Company under the Listing Rules.

Accordingly, the transactions entered into between members of the Group as buyers and JSC "Quadra-Power Generation" as capacity supplier under the short-term capacity contracts as listed below constitute continuing connected transactions of the Company under the Listing Rules. These short-term capacity contracts are obligatory contracts on the wholesale electricity and capacity market. The consideration for each of these contracts was satisfied in cash via wire transfer.

Date of contract	Buyer (member of the Group)	Supplier (associate of Onexim)	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2014 USD million (excluding VAT)
10.01.2014	OJSC SUAL	JSC "Quadra-Power Generation"	Up to 31.12.2014	Consideration to be paid in advance by monthly installments, with the final settlement for the actual supply be paid by the 21st day of the following month.	0.6
31.01.2014 *(additional agreement 26.12.2014)*	OJSC SUAL	JSC "Quadra-Power Generation"	Up to 31.12.2014	Consideration to be paid in advance by monthly installments, with the final settlement for the actual supply be paid by the 21st day of the following month.	0
Total:					0.6

The aggregate consideration for the short-term capacity contracts with the associate of Onexim during the year ended 31 December 2014 amounted to USD0.6 million which was within the maximum aggregate consideration of USD5.29 million for 2014 as disclosed in the announcement dated 2 January 2014.

O Financial Advisory Services from an associate of Onexim

Onexim, a substantial shareholder of the Company, is beneficially interested in more than 30% of the issued share capital of Renaissance Securities (Cyprus) Limited ("**Renaissance Securities**"). Renaissance Securities is therefore an associate of Onexim and thus a connected person of the Company under the Listing Rules.

Accordingly, the transactions entered into between RTI Limited, a member of the Group, and Renaissance Securities under the financial advisory services mandate letter as discussed below constitute continuing connected transactions of the Company under the Listing Rules.

On 7 April 2014, RTI Limited entered into a mandate letter with Renaissance Securities, pursuant to which Renaissance Securities agreed to provide certain financial advisory services to RTI Limited (the "**Mandate Letter**"), on the major terms as follows:

Services:	Financial advisory services in respect of a potential sale of shares of a subsidiary(ies) of the Company (the "Sale of Shares").
Term:	From 7 April 2014 to 6 April 2015. The term may be extended for a further 12-month period in case an indicative offer in respect of the Sale of Shares is in place but not yet completed during the term of the Mandate Letter. As at the Latest Practicable Date, the Company has not extended the term of the Mandate Letter.
Fee:	Up to USD10 million (including a fixed success fee and an incentive fee) for the entire term of the Mandate Letter, including any extended period of the term.
Payment terms:	1. USD500,000 is to be paid upon execution of binding and definitive legal transaction documents in respect of the Sale of Shares. 2. USD2.5 million is to be paid upon completion of the Sale of Shares. 3. An incentive fee of up to USD7 million, depending on the transaction value in respect of the Sale of Shares, is to be paid upon completion of the Sale of Shares. The fees are to be satisfied in cash via wire transfer.

The consideration for the financial advisory services under the above Mandate Letter was determined on an arm's length basis.

The aggregate consideration for the financial advisory services provided under these above contracts by Renaissance Securities during the year ended 31 December 2014 amounted to nil which was within the maximum aggregate consideration of USD10 million for 2014 as disclosed in the announcement dated 8 April 2014.

(II) The transactions and arrangements summarised below were entered into by members of the Group on or prior to 31 December 2014 and are in relation to transactions for the year ending 31 December 2015 and subsequent years (and not for the year ended 31 December 2014):

A Purchase of raw materials from associates of Mr. Blavatnik for production

As discussed above, each of Doncarb Graphite, CJSC "EPM – NovEP" and PJSC "EPM–NEP" is an associate of Mr. Blavatnik and thus is a connected person of the Company under the Listing Rules. Accordingly, the transactions entered into between members of the Group as buyers and Doncarb Graphite, CJSC "EPM – NovEP" or PJSC "EPM–NEP" as seller constitute continuing connected transactions of the Company under the Listing Rules.

On 20 November 2014, UC RUSAL TH, as buyer, entered into an additional agreement to a previous purchase agreement for graphitised electrodes dated 18 June 2013 with CJSC "EPM-NovEP", as seller, for the purchase of graphitised electrodes in the estimated amount of 1,914 metric tonnes for the year ending 31 December 2015, for an estimated total consideration of approximately USD2,871,000. The term of the agreement is up to 31 December 2015. The payment of the consideration is to be made upon delivery and is to be satisfied in cash via wire transfer.

On 20 November 2014, UC RUSAL TH, as buyer, entered into an additional agreement to a previous purchase agreement for graphitised electrodes dated 20 February 2013 with PJSC "EPM-NEP", as seller, for the purchase of graphitised electrodes in the estimated amount of 902 metric tonnes for the year ending 31 December 2015, for an estimated total consideration of approximately USD1,908,720. The term of the agreement is up to 31 December 2015. The payment of the consideration is to be made upon delivery and is to be satisfied in cash via wire transfer.

On 28 November 2014, UC RUSAL TH, as buyer, entered into a purchase agreement for cathode blocks with Doncarb Graphite, as seller, pursuant to which UC RUSAL TH agreed to purchase and Doncarb Graphite agreed to supply cathode blocks in the estimated amount of 198 metric tonnes for the year ending 31 December 2015, for an estimated total consideration of approximately USD411,048. The term of the agreement is up to 31 December 2015. The payment of the consideration is to be made upon delivery and is to be satisfied in cash via wire transfer.

On 22 December 2014, UC RUSAL TH as buyer, entered into an addendum to the above-mentioned agreement with Doncarb Graphite, as seller pursuant to which US RUSAL TH agreed to purchase and Doncarb Graphite agreed to supply graphitised electrodes in the estimated amount of 77 metric tonnes for the year ending 31 December 2015, for an estimated total consideration of approximately USD140,525. The term of the addendum is up to 31 December 2015. The payment of the consideration is to be made upon delivery and is to be satisfied in cash via wire transfer.

On 29 December 2014, UC RUSAL TH, as buyer, entered into an addendum to a previous purchase agreement for calcined petroleum coke dated 26 February 2013 with CJSC "EPM-NovEP", as seller, for the purchase of calcined petroleum coke in the estimated amount of 99,600 metric tonnes for the year ending 31 December 2015, for an estimated total consideration of approximately USD22.532 million. The term of the agreement is up to 31 December 2015. The payment of the consideration is to be made within 3 calendar days upon receipt of invoice for shipped goods and is to be satisfied in cash via wire transfer.

B Purchase of raw materials from an associate of Mr. Deripaska

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

On 31 December 2014, UC RUSAL TH, as the buyer, and BCP, as the supplier, entered into a contract pursuant to which UC RUSAL TH agreed to buy and BCP agreed to sell alumina and hydrate. The key terms of the contract are set out below:

Estimated amount of alumina to be supplied for the three years ending 31 December 2017:

Estimated amount of consideration for alumina for the three years ending 31 December 2017:	2015: 226,667 tonnes 2016: 226,667 tonnes 2017: 226,667 tonnes
	2015: USD76,500,000 2016: USD76,500,000 2017: USD76,500,000
Estimated amount of hydrate to be supplied for the three years ending 31 December 2017:	2015: 33,333 tonnes of aluminium oxide in the hydrate 2016: 33,333 tonnes of aluminium oxide in the hydrate 2017: 33,333 tonnes of aluminium oxide in the hydrate
Estimated amount of consideration for the hydrate for the three years ending 31 December 2017:	2015: USD10,806,558 2016: USD10,806,558 2017: USD10,806,558
Terms of payment:	Consideration will be settled in cash via wire transfer, and prepayment for the supplies will be made on the 5th, the 15th, the 25th day of the supplying month, and the final settlement will be made on the 5th day of the following month.
Scheduled termination date:	31 December 2017

C Sale of raw materials to associates of Mr. Deripaska and En+

As discussed above, each of Achinsk Cement LLC and Stroyservice is an associate of Mr. Deripaska and is thus a connected person of the Company; and each of KraMZ-Auto and Irkutskenergoremont is an associate of Mr. Deripaska and of En+, and is thus a connected person of the Company. Accordingly, the contracts discussed below constitute continuing connected transactions of the Company under the Listing Rules.

In December 2014, members of the Group, as sellers, entered into the following raw materials supply contracts with the associates of Mr.

Deripaska/En+, as buyers, with particulars set out below:

No.	Date of contract	Seller (member of the Group)	Buyer (an associate of Mr. Deripaska/ En+)	Raw materials to be supplied	Estimated delivery volume for the year ending 31 December 2015	Estimated consideration payable for the year ending 31 December 2015, excluding VAT (USD)	Payment terms
1.	22.12.2014	RUSAL Achinsk	Achinsk Cement LLC	Limestone	925,683 tonnes	5,666,484	100% pre-payment
2.	22.12.2014	RUSAL Achinsk	Achinsk Cement LLC	Nepheline mud	606,150 tonnes	2,123,232	100% pre-payment
3.	22.12.2014	RUSAL Achinsk	Achinsk Cement LLC	Clay from overburden	93,931 tonnes	115,892	100% pre-payment
4.	22.12.2014	RUSAL Achinsk	Achinsk Cement LLC	Pulverised coal fuel	12,000 tonnes	888,919	100% pre-payment
5.	22.12.2014	RUSAL Achinsk	Achinsk Cement LLC	Coal	211,343 tonnes	11,783,057	100% pre-payment
6.	22.12.2014	RUSAL Achinsk	Achinsk Cement LLC	Fuel oil	3,650 tonnes	1,549,301	100% pre-payment
7.	22.12.2014	RUSAL Achinsk	Achinsk Cement LLC	Diesel fuel	7.2 tonnes	8,012	100% pre-payment
8.	22.12.2014	RUSAL Achinsk	KraMZ-AutoLLC	Diesel fuel	120 tonnes	125,276	100% pre-payment

For each of the contracts set out in the table above, the consideration is to be satisfied in cash via wire transfer. For contracts no. 1 to no. 8 above, the term is up to 31 December 2015 and each of the contracts is renewable upon agreement of both parties.

D Sale of raw materials to associates of Mr. Blavatnik

On 29 December 2014, UC RUSAL TH, as seller, entered into an addendum to the green petroleum coke sale agreement dated 26 February 2013 with CJSC "EPM-NovEP", as buyer, pursuant to which UC RUSAL TH agreed to supply and CJSC "EPM-NovEP" agreed to purchase green petroleum coke of approximately 132,000 tonnes during the year ending 31 December 2015, at a total consideration of approximately USD16.12 million. The term of the contract is up to 31 December 2015. Under this addendum, the consideration is to be paid within 25 calendar days upon receipt of invoice for shipped products and is to be satisfied in cash via wire transfer.

E Transportation Contracts

As discussed above, each of KraMZ-Auto and OVE is an associate of En+ and of Mr. Deripaska, and therefore is a connected person of the Company. Accordingly, the transactions entered into between members of the Group, and KraMZ-Auto or OVE, constitute continuing connected transactions of the Company under the Listing Rules.

During December 2014 members of the Group, as customers, entered into the following transportation contracts with the particulars set out below:

Date of contract	Customer (member of the Group)	Service provider (associate of En+)	Transportation services	Estimated consideration payable for the year ending 31 December 2015 excluding VAT (USD)	Scheduled termination date	Payment terms
29.12.2014 (addendum to contract dated 25.12.2013)	OJSC "RUSAL SAYANAL"	OVE	Cargo transportation	USD38,062	31 December 2015	Payment within 10 working days after receipt of invoice
26.12.2014	OJSC "RUSAL SAYANAL"	KraMZ-Auto	Cargo transportation	USD486,809	31 December 2015	Payment within 15 calendar days after receipt of invoice
30.12.2014	OJSC "RUSAL SAYANAL"	KraMZ-Auto	Passenger transportation	USD34,208	31 December 2015	Payment within 10 calendar days after receipt of invoice

The consideration under these transportation contracts is to be paid in cash via wire transfer.

F Heat Supply Contracts with associates of En+

As discussed above, each of Irkutskenergo, Baikalenergo and Khakass Utility Systems Limited Liability Company is an associate of En+, and is thus a connected person of the Company under the Listing Rules.

Accordingly, the transactions entered into between members of the Group and Irkutskenergo, Baikalenergo or Khakass Utility Systems Limited Liability Company, as discussed below, constitute continuing connected transactions of the Company under the Listing Rules.

During December 2014, members of the Group, as purchasers, entered into the following heat supply contracts with the particulars set out below:

Date of contract	Purchaser (member of the Group)	Supplier (associate of En+)	Form of heat	Estimated amount of heat to be supplied for the relevant year	Estimated consideration payable for the relevant year excluding VAT (USD)	Payment terms
23.12.2014 (Note 1)	Limited Liability Company RUSAL Taishet Aluminium Smelter	Baikalenergo CJSC	Thermal power	2015: 846.56 Gcal 2016: 846.56 Gcal 2017: 846.56 Gcal	2015: USD30,447.75 2016: USD33,248.62 2017: USD38,915.47	Advance payment of 35% of the total price on the 18th day of each month, and 50% by the 30th day of each month with the remainder (15%) being paid up by the 10th day of the month following the billing month
30.12.2014 (Note 2) (addendum to contract dated 27.12.2013)	OJSC RUSAL SAYANAL	Khakass Utility Systems LLC	Heat and chemically purified water	2015: Heat-37,000 Gcal Chemically purified water-77,000 m3	2015: USD724,172	Payment no later than the 28th day of a month following the billing month based on the invoice received

1. The scheduled termination date of the contract is 31 December 2017.
2. This is an addendum to the contract dated 27 December 2013 which extended the scheduled termination date of the contract to 31 December 2015, and will be extended for one year unless any party choose to terminate one month prior to expiry.

G Purchase of Vehicles from the associate of Mr. Deripaska

Mr. Deripaska is indirectly interested in Ruzhimmash as to more than 30% of the issued share capital. Ruzhimmash therefore is an associate of Mr. Deripaska and is thus a connected person of the Company under the Listing Rules. Accordingly, the transactions entered into between members of the Group, and Ruzhimmash, constitute continuing connected transactions of the Company under the Listing Rules.

On 26 November 2014, RUSAL Trans, a member of the Group, as the buyer, and Ruzhimmash, an associate of Mr. Deripaska, as the supplier, entered into an additional agreement to the railcars supply agreement dated 27 December 2012 (as disclosed in the Company's announcement dated 28 December 2012) pursuant to which the parties agreed to extend the term of the agreement up to 31 December 2015, and RUSAL Trans agreed to buy and Ruzhimmash agreed to develop, manufacture and sell approximately 300 railcars in 2015 for a total consideration of up to approximately USD25.17 million (of which approximately USD1.49 million was pre-paid by 30 November 2014 and the remainder is to be settled during 2015) for the year ending 31 December 2015. The consideration for the railcars to be supplied in 2015 is to be satisfied in cash via wire transfer. The cost for the relevant research and development and 70% of the price for the railcars shall be pre-paid, and the remaining 30% of the consideration shall be paid within 7 days from the date of signing the act of acceptance of wagons according to the invoice.

H Transport Logistics Services Contracts

LLC "RTC is an indirect subsidiary of En+, and is therefore an associate of En+. Accordingly, LLC "RTC" is a connected person of the Company under the Listing Rules. Accordingly, the transactions entered into between members of the Group, and LLC "RTC", constitute continuing connected transactions of the Company under the Listing Rules.

During December 2014 a member of the Group, as customer, entered into the following transport logistics services contracts with the particulars set out below:

Date of contract	Customer (member of the Group)	Service provider (an associate of En+)	Estimated consideration payable for the year ending 31 December 2015, excluding VAT (USD)	Payment terms	Scheduled termination date and extension clause, if any
26.12.2014 (additional agreement to contract dated 30.12.2013)	LLC RUSALTRANS	LLC "RTC"	297,485	Payment to be made within 15 days of the month following the month of rendering of services in cash via wire transfer	Up to 31 December 2015 and may be extended for the next calendar year if neither party declares its intention to terminate the contract in writing not later than 30 calendar days prior to its expiration

I Purchase of raw materials from associates of Mr. Blavatnik for repairs

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

On 25 December 2014, RUS-Engineering LLC, as buyer, entered into a purchase agreement for carbon paste with CJSC "EPM-NovEP", as seller, for the purchase of carbon paste in the estimated amount of up to 1,300 metric tonnes for the year ending 31 December 2015, for an estimated total consideration of approximately USD889,000. The term of the agreement is up to 31 December 2015. The payment of the consideration is to be made within 20 calendar days (from 1 January 2015 to 14 January 2015) or 45 calendar days (from 15 January 2015 to 31 December 2015) after actual delivery and is to be satisfied in cash via wire transfer.

On 30 December 2014, RUS-Engineering LLC, as buyer, entered into a purchase agreement for cathode blocks (as addendum to the contract dated 17 February 2014) with CJSC "EPM-NovEP", as seller, for the purchase of cathode blocks in the estimated amount of up to 4,661 metric tonnes for the year ending 31 December 2015, for an estimated total consideration of approximately USD6,150,320. The term of the agreement is up to 31 December 2015. The payment of the consideration is to be made within 20 calendar days (from 1 January 2015 to 14 January 2015) or 45 calendar days (from 15 January 2015 to 31 December 2015) after actual delivery and is to be satisfied in cash via wire transfer.

11 AGREEMENTS SUBJECT TO CHANGE OF CONTROL PROVISIONS

The following agreements with the Company contain change of control provisions allowing the other parties under such agreements to cancel their commitments in full and declare (or which action would result in) all outstanding loans immediately due and payable in the relevant event:

(a) Up to USD4,750,000,000 Aluminium Pre-Export Finance Term Facility Agreement and up to USD400,000,000 Multicurrency Aluminum Pre-Export Finance Term Facility Agreement each as amended and restated on 18 August 2014, between United Company Rusal PLC as Borrower and ING Bank N.V. as Facility Agent, BNP Paribas (Suisse) SA and ING Bank N.V. as Security Agents, and Natixis as Offtake Agent and others,- in the event that any person (or persons acting in concert) other than the core shareholder (as defined in the credit facility agreement) has or gains control of the Company. The final maturity of the debt is 31 December 2020.

(b) Up to RUB 15,000,000,000 multicurrency facility agreement dated 16 December 2013 between, among others, VTB Capital Plc as Facility Agent and Security Agent and the Borrowers (United Company Rusal plc, Krasnoyarsk Aluminium Smelter, Bratsk Aluminium Smelter, OJSC "Siberian-Urals Aluminium Company") - in the event that any person (or persons acting in concert) other than the core shareholder (as defined in the credit facility agreement) has or gains control of the Company. As of 30 June 2014, the outstanding nominal value of debt was RUB10,142 million and the final maturity of the debt was 17 December 2018.

12 MAJOR CUSTOMERS AND SUPPLIERS

Large scale end-customers of the Company include Glencore, Toyota, J.ARON & COMPANY, LG International and Mechem SA.

The largest customer and the five largest customers of the Group accounted for 32% and 47%, respectively, of the Group's total sales for the year ended 31 December 2014.

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

The amount of purchases from the largest supplier and the five largest suppliers of the Group accounted for 10% and 24%, respectively, of the Group's total cost of sales for the year ended 31 December 2014.

Save for the fact that Glencore is deemed to be interested in 9.02 % (long position) and 8.62 % (short position) of the total issued share capital of the Company within the meaning of Part XV of the SFO as at 31 December 2014 and Mr. Ivan Glasenberg, a non-exective Director, is a member of the Board of Directors and the Chief Executive Officer of Glencore, no Director or their respective close 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 interests in the Group's five largest customers of the primary aluminium or alumina at any time during 2014.

13 DIRECTORS

The following individuals served as Directors during the financial year:

Name	Position at year end (unless specified otherwise)	Notes
Oleg Deripaska	President, Executive Director	Appointed as the President and ceased to be the Chief Executive Officer on 17 November 2014
Vladislav Soloviev	Chief Executive Officer, Executive Director	Appointed as the Chief Executive Officer and ceased to be the First Deputy Chief Executive Officer on 17 November 2014
Stalbek Mishakov	Executive Director	
Vera Kurochkina	Executive Director	
Maxim Sokov	Non-executive Director	Re-designated as a Non-executive Director on 20 August 2014
Daniel Lesin Wolfe	Non-executive Director	Appointed as a Director on 20 June 2014
Dmitry Afanasiev	Non-executive Director	
Ekaterina Nikitina	Non-executive Director	
Gulzhan Moldazhanova	Non-executive Director	
Ivan Glasenberg	Non-executive Director	
Len Blavatnik	Non-executive Director	
Maksim Goldman	Non-executive Director	
Olga Mashkovskaya	Non-executive Director	
Christophe Charlier	Non-executive Director	Ceased to be a Director on 20 June 2014
Elsie Leung Oi-sie	Independent Non-executive Director	
Mark Garber	Independent Non-executive Director	
Matthias Warnig	Chairman of the Board, Independent Non-executive Director	
Peter Nigel Kenny	Independent Non-executive Director	
Philip Lader	Independent Non-executive Director	

Particulars of appointments of Directors

A. Executive Directors

Each of the executive Directors has agreed to act as executive Director with effect from their respective dates of appointment, with a term of up to the annual general meeting in the third year after the commencement of the appointment according to the Articles of Association, which may be terminated in accordance with the terms of their respective employment contracts and applicable legislation. The appointment of each

DIRECTORS' REPORT

executive Director is subject to the provisions of retirement and rotation of Directors under the Articles of Association.

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

Each of the non-executive Directors and the independent non-executive Directors has signed an appointment letter with the Company with effect from their respective dates of appointment with a term of up to the annual general meeting in the third year after the commencement of the appointment according to 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 forthcoming annual general meeting that are not determinable by the Company 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. The Board considers that all independent non-executive Directors are independent by reference to the factors stated in the Listing Rules.

D. Change of particulars of Directors

Mr. Maksim Goldman became a member of the Board of Directors of Bank of Cyprus Public Company Limited and also became a member of the Audit Committee and the Remuneration and Human Resources Committee of Bank of Cyprus Public Company Limited with effect from 20 November 2014.

Dr. Peter Nigel Kenny ceased to be a Non-executive Director of First City Monument Bank plc with effect from 31 December 2014.

Ms. Olga Mashkovskaya became a member of the Board of OOO "Glavmosstroy Corporation" since 18 February 2014 and ceased to be a member of the Board of JSC "SLAVIA GROUP"" since 6 June 2014.

Mr. Vladislav Soloviev ceased to be a member of each of the Board of Directors, Remuneration Committee and Corporate Governance and Nominations Committee of En+ with effect from 29 January 2015.

Mr. Ivan Glasenberg became a Non-executive director of Pirelli & C. SpA (MI:PECI) since 10 July 2014.

E. Resignation of Director

Mr. Christophe Charlier resigned as a Non-executive Director and as a member of any committee of the Board (including the Audit Committee of the Company) with effect from 20 June 2014 due to other business commitments.

F. Appointment of Director

Mr. Daniel Lesin Wolfe was appointed as a Non-executive Director and as a member of the Audit Committee, the Standing Committee and the Norilsk Nickel Investment Supervisory Committee of the Company with effect from 20 June 2014.

G. Re-election of Director

Mr. Maxim Sokov was re-elected as a Non-executive Director with effect from 20 August 2014.

H. Appointments of the President and Chief Executive Officer

Mr. Oleg Deripaska was appointed by the Board as the President of the Company and ceased to be the Chief Executive Officer of the Company with effect from 17 November 2014. Mr. Deripaska remains as an Executive Director.

Mr. Soloviev was appointed by the Board as the Chief Executive Officer of the Company and ceased to be the First Deputy Chief Executive Officer of the Company with effect from 17 November 2014. Mr. Soloviev remains as an Executive Director.

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

As at 31 December 2014, the interests and short positions of the Directors and Chief Executive Officer in the Shares, underlying Shares and debentures of UC RUSAL as recorded in the register required to be kept pursuant to section 352 of the SFO or otherwise notified to UC RUSAL and the Hong Kong Stock Exchange pursuant to the Model Code (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 2014	Percentage of issued share capital as at 31 December 2014
Oleg Deripaska	Beneficiary of a trust *(Note 1)*	7,312,299,974(L)	48.13%
	Beneficial owner *(Note 2)*	35,374,065(L)	0.23%
	Total	**7,347,674,039(L)**	**48.36%**
Vera Kurochkina	Beneficial owner *(Note 2)*	499,469(L)	0.003%
Vladislav Soloviev	Beneficial owner *(Note 2)*	1,049,304(L)	0.007%
Maxim Sokov	Beneficial owner *(Note 2)*	413,751(L)	0.003%

(L) Long position

Notes – see notes on page 130.

Interests in the shares of associated corporations of UC RUSAL

As at 31 December 2014, Mr. Oleg Deripaska, the President and an Executive Director of UC RUSAL, had disclosed interests in the shares of a number of associated corporations (within the meaning of Part XV of the SFO) of UC RUSAL, the details of which are set out in the "Disclosure of Interests" section on the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

Interests and short positions in underlying Shares and in the underlying shares of the associated corporations of UC RUSAL

Name of Director/ Chief Executive Officer	Capacity	Number of underlying Shares as at 31 December 2014	Percentage of issued share capital as at 31 December 2014
Oleg Deripaska	Beneficiary of a trust *(Note 1)*	1,539,481,200(L) *(Note 7)*	10.133%
Vera Kurochkina	Beneficial owner	70,870 (L) *(Note 8)*	0.0005%
Vladislav Soloviev	Beneficial owner	262,325 (L) *(Note 8)*	0.002%

(L) Long position

Notes – see notes on page 130.

Other than as disclosed, as at 31 December 2014, neither any Director or the Chief Executive Officer had any interest or short position, whether beneficial or non-beneficial, in the Shares, underlying Shares and debentures of the Company or in any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company or the Hong Kong Stock Exchange and entered into the register required to be kept under section 352 of the SFO, or which were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

15 DIRECTORS' INTERESTS IN BUSINESSES THAT MAY COMPETE WITH THE COMPANY

Mr. Deripaska, Ms. Gulzhan Moldazhanova, Mr. Maxim Sokov, Ms. Olga Mashkovskaya and Mr. Vladislav Soloviev were interested in/were directors of En+, Mr. Len Blavatnik was interested in SUAL Partners, Mr. Ivan Glasenberg was interested in Glencore and was a Director and the Chief Executive Officer of Glencore. En+, SUAL Partners and Glencore are businesses which compete or are likely to compete, either directly or indirectly, with the Company. The summary below provides a description of these businesses, as well as facts demonstrating that the Group is capable of carrying on its own business independently of and at arm's length from these businesses.

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 four executive Directors, nine non-executive Directors and five independent non-executive Directors;

(b) the decision-making mechanism of the Board set out in the Articles of Association provides that all Directors with a conflicting interest shall not vote when a conflicted resolution is to be discussed and voted on;

(c) the Board has five independent non-executive Directors with extensive corporate governance and financial experience and is able to review, enhance and implement measures to manage any conflict of interests between the businesses in which the Directors have interests and the Group in order to protect minority shareholders' interests and to manage the affairs of the Group independently of the businesses in which the Directors have interests that may compete with the Company. The independent non-executive Directors make recommendations on proposed 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 that relates 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 44, Esplanade, St. Helier, Jersey, JE4 9WG, Channel Islands. En+ is ultimately controlled by one of its beneficial owners Mr. Deripaska, who indirectly holds 91.6% of the shares in En+.

En+'s strategy is to focus on businesses with mining expertise, including in relation to the extraction of raw materials for energy production, electricity generation and the production of non-ferrous metals. En+ specialises in metals that require high energy consumption and then looks 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 more than 30% in Krasnoyarsk Metallurgical Plant ("KraMZ"), a plant which produces semi-finished aluminium alloys and extrusion products.

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 majority of the Board currently comprises 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 Latest Practicable Date, nine of the Directors were nominated by En+. Four of Directors are also directors of En+. The overlapping Directors at the Latest Practicable Date were Mr. Deripaska (being Executive Director) and Mr. Sokov, Ms. Mashkovskaya and Ms. Moldazhanova (being non-executive Directors). All of the overlapping Directors have been elected on the basis of their qualifications and breadth of experience, as set out in further details in the "Profiles of Directors and Senior Management" section in this Annual Report.

The Company's non-executive Directors attend Board meetings and provide guidance to and decide on the Company's important matters. Certain 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, the Directors are of the view that the Group is able to operate independently from En+, notwithstanding the fact that nine Directors were nominated by En+.

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

Operational Independence

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

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

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

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

(b) the Group purchases electricity in accordance with the Rules of the Wholesale Electricity and Capacity Market at contract prices in accordance with direct sale-purchase agreements with suppliers (both related or unrelated to the Controlling Shareholder) and/or at market prices for electricity sold on the market irrelative to the particular supplier. In 2014, the overall share of electricity purchased by the Group's aluminium plants from suppliers related to the Controlling Shareholder did not exceed 52%.The Group has an option of switching to suppliers unrelated to the Controlling Shareholder including by purchasing electricity on the wholesale electricity market, though there would be certain price impact;

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

(d) the Group is currently already a very large volume user with significant negotiating power in the Russian power market. In 2014, the Group has consumed approximately 29% of the power generated in Siberia; and

(e) the power plants owned or controlled by Mr. Deripaska are located in remote regions where there is 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 rather 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 managements 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 of 2014, En+ had not provided any security and/or guarantee over the Group's borrowings. 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 of the Company to acquire such excluded business.

Mr. Deripaska is a beneficial owner of En+, the substantial shareholder of CEAC.

Mr. Deripaska is a beneficial owner of En+, the substantial shareholder of the KraMZ group of companies. 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 En+, the substantial shareholder of DOZAKL, one of Russia's manufacturers of aluminium composite tape. 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. Len Blavatnik being a shareholder of SUAL Partners as to more than 30% of the total issued share capital. SUAL Partners is a holding company that holds interests in the Company and a separate kitchenware and houseware business which does not compete with the Group's business.

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

The Directors are of the view that the Group is able to operate independently from SUAL Partners because the Group's day-to-day operations are managed by four 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 of 2014, SUAL Partners had not provided any security and/or guarantee over the Group's borrowings.

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

Extent of Competition

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

C. Glencore

Amokenga Holdings is a company incorporated in Bermuda whose registered office is at 22 Victoria Street, Canon's Court, Hamilton, HM12, Bermuda. Amokenga Holdings is ultimately controlled by Glencore, which is a public company listed on the London Stock Exchange, with secondary listings on the Hong Kong and Johannesburg Stock Exchange's. No individual shareholder controls more than 20% of the share capital of Glencore. Glencore's industrial and marketing activities are supported by a global network of more than 90 offices located in over 50 countries and employ around 200,000 people, including contractors. 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, the Standing Committee and the Norilsk Nickel Investment Supervisory 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 of the Company, 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 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 41% of its excess alumina in monetary terms in 2014. 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 40% 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 four executive Directors and the senior management team who are 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 of 2014, Glencore had not provided any security and/or guarantee over the Group's borrowings. As a result of the above analysis, the Directors believe that the Group is financially independent from Glencore.

Extent of Competition

Glencore participates in the marketing of both aluminium and alumina from world markets as well as from industrial assets in which it has an interest. Glencore's subsidiaries own 100% of the Columbia Falls aluminium smelter (which is currently idle), 100% of the Sherwin Alumina Refinery and has an economic interest of 46.5%[17] in Century Aluminium Company, a NASDAQ-quoted company whose assets include: the Ravenswood aluminium smelter (which is currently idle), the Hawesville aluminium smelter and the Nordural aluminium smelter and a 49.67% equity interest in the Mt. Holly aluminium smelter. Glencore, in its business of trading, is also a customer of the Group.

16 SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2014, so far as the Directors are aware, the following interests or short positions in the Shares or underlying Shares of the Company were notified to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and were entered in the register required to be kept by the Company under section 336 of the SFO and of article L.233-7 of the French Commercial Code:

17 Represents Glencore's economic interest, comprising 41.8 per cent. voting interest and 4.7per cent. non-voting interest.

Interests and short positions in Shares

Name of Shareholder	Capacity	Number of Shares held as at 31 December 2014	Percentage of issued share capital as at 31 December 2014
Oleg Deripaska	Beneficiary of a trust *(Note 1)*	7,312,299,974(L)	48.13%
	Beneficial owner *(Note 2)*	35,374,065(L)	0.23%
	Total	**7,347,674,039(L)**	**48.36%**
Fidelitas Investments Ltd. *(Note 1)*	Interest of controlled corporation	7,312,299,974(L)	48.13%
B-Finance Ltd. *(Note 1)*	Interest of controlled corporation	7,312,299,974(L)	48.13%
En+ *(Note 1)*	Beneficial owner	7,312,299,974(L)	48.13%
Victor Vekselberg *(Note 3)*	Beneficiary of a trust	3,710,590,137(L)	24.42%
TCO Holdings Inc. *(Note 3)*	Interest of controlled corporation	3,710,590,137(L)	24.42%
SUAL Partners *(Note 3)*	Beneficial owner	2,400,970,089(L)	15.80%
	Other	1,309,620,048(L)	8.62%
	Total	3,710,590,137(L)	24.42%
Mikhail Prokhorov *(Note 4)*	Beneficiary of a trust	2,586,499,596(L)	17.02%
Onexim Group Limited *(Note 4)*	Interest of controlled corporation	2,586,499,596(L)	17.02%
Onexim *(Note 4)*	Beneficial owner	2,586,499,596(L)	17.02%
Glencore International plc *(Note 5)*	Beneficial owner	1,328,988,048(L)	8.75%

(L) Long position
Notes – see notes on page 130.

Interests and short positions in underlying Shares

Name of Shareholder	Capacity	Number of underlying Shares as at 31 December 2013	Percentage of issued share capital as at 31 December 2013
Oleg Deripaska *(Note 1)*	Beneficiary of a trust	1,539,481,200(L) *(Note 7)*	10.133%
Fidelitas Investments Ltd. *(Note 1)*	Interest of controlled corporation	1,539,481,200(L) *(Note 6)*	10.133%
B-Finance Ltd. *(Note 1)*	Interest of controlled corporation	1,539,481,200(L) *(Note 6)*	10.133%
En+ *(Note 1)*	Beneficial owner	1,539,481,200(L) *(Note 6)*	10.133%
Glencore International plc *(Note 5)*	Beneficial owner	41,807,668(L) *(Note 6)*	0.28%
		1,309,620,048(S) *(Note 6)*	8.62%

(L) Long position (S) Short position

Other than the interests disclosed above, so far as the Directors are aware, as at 31 December 2014, the Company has not been notified of any other notifiable interests or short positions in Shares or underlying Shares.

(Note 1)
These interests were directly or beneficially held by En+. As informed by En+, Fidelitas Investments Ltd. has changed its name to Fidelitas International Investments Corp. Based on the information provided by Mr. Deripaska and the records on the electronic filing systems operated by the Hong Kong Stock Exchange, Mr. Deripaska was the founder, trustee and a beneficiary of a discretionary trust which, as at 31 December 2014, held a majority stake of the share capital of Fidelitas International Investments Corp. (formerly known as Fidelitas Investments Ltd.), which, as at 31 December 2014, held a majority stake of the share capital of B-Finance Ltd. As at 31 December 2014, B-Finance Ltd. held 70.35% of the share capital of En+. Each of B-Finance Ltd., Fidelitas International Investments Corp., 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 2014.
(Note 2)
All or some of these Shares represent the share awards which were granted under the long-term share incentive plan of the Company and were vested on 21 November 2011, 21 November 2012, 21 November 2013 and 21 November 2014. For details, please refer to Note 10 to the consolidated financial statements for the year ended 31 December 2014.
(Note 3)
These interests and short positions were directly held by SUAL Partners. SUAL Partners is controlled as to 35.84% by Renova Metals and Mining Limited, which is in turn wholly-owned by Renova Holding Limited. Renova Holding Limited is controlled by TZ Columbus Services Limited as to 100% under a trust and TZ Columbus Services Limited acts as trustee of the trust and is, in turn wholly-owned by TCO Holdings Inc. Mr. Vekselberg is the sole beneficiary of the relevant trust. Each of Renova Metals and Mining Limited, Renova Holding Limited, TZ Columbus Services Limited, TCO Holdings Inc. and Mr. Vekselberg is deemed to be interested in the Shares held by SUAL Partners by virtue of the SFO.
(Note 4)
These interests were directly held by Onexim. Onexim is wholly-owned by Onexim Group Limited, which is owned by a trust of which Mikhail Prokhorov is the beneficial owner. Each of Onexim Group Limited and Mikhail Prokhorov is deemed to be interested in the Shares held by Onexim.
(Note 5)
Amokenga Holdings Ltd. directly holds the relevant interests in the Company, and is wholly-owned by Glencore Finance (Bermuda) Ltd. which is, in turn, wholly-owned by Glencore Group Funding Limited. Glencore Group Funding Limited is wholly-owned by Glencore International AG, which is wholly-owned by Glencore International plc. In light of the fact that Glencore International plc, Glencore International AG, Glencore Group Funding Limited and Glencore Finance (Bermuda) Ltd. (together, the "Glencore Entities") directly or indirectly control one-third or more of the voting rights in the shareholders' meetings of Amokenga Holdings Ltd., in accordance with the SFO, the interests of Amokenga Holdings Ltd. are deemed to be, and have therefore been included in the interests of the Glencore Entities.
(Note 6)
These underlying Shares represent physically settled unlisted derivatives.
(Note 7)
These underlying Shares represent unlisted physically settled options.
(Note 8)
These underlying Shares represent the share awards which were granted but not yet vested under the long-term share incentive plan of the Company.

As of the Latest Practicable Date, no Shareholders notified the Company of their change in ownership of the share capital or voting rights in application of article L.233-7 of the French Commercial Code. None of the Major Shareholders have or will have different voting rights attached to the Shares they hold in the Company.

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

17 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).

18 EMOLUMENT POLICY

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

The aggregate remuneration that the Directors have received (including fees, salaries, bonus, contributions to defined contribution benefit plans (including pension), housing and other allowances, and other benefits in kind) for the financial year ended 31 December 2014 was approximately USD16.2 million. Additional information on the remuneration of the Directors and the individuals with the highest emoluments can be found in notes 10 and 11 to the consolidated financial statements.

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

Basis for Compensation of Directors and Senior Management

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

2 Non-executive Directors

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

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

(c) The executive Directors are not entitled to a director's fee, and they are entitled to a salary pursuant to their respective employment with the Group, which is determined with reference to the relevant experience, duties and responsibilities with the Group and bonus is to be paid on the basis of achievement of performance targets.

B. Chief Executive Officer

Prior to the appointment of new CEO in November 2014, the CEO's annual compensation comprised the following:

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

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

(c) LTIP: all such awards, based strictly on the 12-month share price appreciation, comprising:

  (i) 50% of the LTIP Award for certain Award Period shall vest annually in equal amounts over three years with no performance conditions other than continued employment; and

  (ii) 50% of the LTIP Award for certain Award Period shall vest in three equal tranches over three years, subject to CEO's continued employment and each of such subsequent year's substantial achievement of that prior year's Business Plan, and such LTIP Award with each tranche to be released after a further two-year holding period from the date of vesting and subject to continued employment throughout such period.

The quantum of the LTIP award will be based strictly on share price appreciation compared

DIRECTORS' REPORT

with a comparator group of 6 to 15 global, public, complex and (though not exclusively) extractive-industry companies' share price movements.

The newly appointed CEO's compensation shall comprise the following:

(i) USD3.5 million per annum base salary, paid monthly;
(ii) Annual discretionary bonus at a target level of USD3.5 million (equivalent to 100% of the base salary), to be paid within 30 working days after the Remuneration Committee of the Company determines the exact bonus amount, on the basis of the performance results of the CEO and the Company;
(iii) Other ancillary benefits.

C. President

The President's annual compensation comprises the following:

(a) USD2 million per annum base salary, paid monthly;
(b) Annual discretionary bonus at a target level of USD4 million (equivalent to 200% of the base salary), to be paid within 30 working days after the Remuneration Committee of the Company determines the exact bonus amount, on the basis of the performance results of the President and the Company;
(c) Other ancillary benefits.

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.

D. LTIP and the Production System Incentive Plan

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

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

During 2014, the Board did not approve any LTIP Award for 2013 and, therefore, no Shares were granted under the 2013 LTIP Award.

Out of those shares conditionally granted under the 2010 LTIP Award, the fourth tranche of the Shares vested in November 2014 comprised 1,343,514 Shares. For the year ended 31 December 2014, Elian Employee Benefit Trustee Limited, as trustee of the United Company RUSAL Plc Employee Benefit Trust and the LTIP ("Trustee") acquired a total of 1,750,886 Shares with a nominal value of USD0.01 per Share. The purchased Shares represent approximately 0.0115% of the Company's issued share capital as at 31 December 2014 and at the Latest Practicable Date.

In June 2013, the Board decided to approve the establishment of the PSIP, an employee share award plan aimed at rewarding the Company's employees for achievements in the Production System implementation.

The PSIP is a one-off share award plan and its objectives are:

- to increase the employees' commitment to the achievement of the Group's strategic goals in implementing the Production System;
- to share the Group's success with the employees;
- to recognize contributions made by certain employees in implementing the Production System;
- to enhance alignment of the interests of the employees with those of the shareholders.

No new shares of the Company were issued for the purposes of the Plan. The maximum number of shares awarded under the PSIP does not exceed 0.05% of the total number of issued shares as at the date of the Award.

The Company, in accordance with the PSIP rules, selected employee(s) for participation in the PSIP (the "Employee"). The Directors of the Company or other connected persons are not eligible for participation in the PSIP.

The shares awarded under the PSIP that are transferable to an Employee will vest on each year over 3 (three) years.

In July 2014, there were 2,006,218 shares vested in the participants of the PSIP.

Neither LTIP nor the PSIP constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

19 PENSION SCHEMES

Information on the Company's pension schemes is set out in note 28(a) to the consolidated financial statements.

20 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 Latest Practicable Date, the Company has sufficiently maintained the abovementioned public float.

21 AUDITORS

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

22 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.

23 LITIGATION

Details of the litigation in which the Company, its subsidiaries and certain beneficial owners are involved in are set out in notes 28 (provisions for legal claims) and 33 (legal contingencies) to the consolidated financial statements.

24 SOCIAL INVESTMENTS AND CHARITY

Contribution to the development of the company's habitat is a priority for UC RUSAL. UC RUSAL is not only one of the leaders in aluminium production, but also one of the most socially responsible companies in the regions where it operates, with rich experience in the development and realisation of sponsorship and charity projects. When implementing social investment programmes RUSAL actively cooperates with governmental, non-profit and business structures, sharing its business experience with local communities and supporting social initiatives valuable to the communities in which it operates. In 2014, UC RUSAL allocated more than USD13 million to sponsorship and charity projects.

25 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 2014 in which a Director is or was materially interested, either directly or indirectly.

On behalf of the Board
Wong Po Ying, Aby
Company Secretary
30 April 2015

ALTHOUGH THE WIND IS INVISIBLE, ITS ENERGY AND POWER IS OBVIOUS, WE FEEL IT. WHEN MAN LAUNCHED THE VERY FIRST AIR BALLOON INTO THE SKY WE UNRAVELED THE MYSTERY OF THE AIR STREAMS AND LEARNT HOW TO USE THEM.

CORPORATE GOVERNANCE REPORT

WE BELIEVE THAT HIGH QUALITY CORPORATE GOVERNANCE ENSURES SUCCESSFUL BUSINESS DEVELOPMENT

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. During 2014, 13 Board meetings were held. The Board also conducted a quarterly review of the effectiveness on the Company's internal control system during 2014, on basis of which a set of activities were implemented during the year.

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 the 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 believe 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(i) 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 during 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 the Model Code as set out in 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 Model Code and the Code for Securities Transactions throughout the Review Period.

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 and Board committee meetings

The Board currently comprises a combination of executive, non-executive and independent non-executive Directors. During the year ended 31 December 2014, the Board consisted of the Directors listed below and their attendance record for the 13 Board meetings held by the Board during the Review Period, other Board committee meetings held during the Review Period and the annual general meeting held on 12 May 2014 ("**AGM**") is as follows:

	Attendance and number of meetings				
	Board meetings (total: 13 meetings in 2014)	Corporate Governance and Nomination Committee meetings (total: 5 meetings in 2014)	Remuneration Committee meetings (total: 3 meetings in 2014)	Audit Committee meetings (total: 11 meetings in 2014)	AGM (total: 1 meeting in 2014)
Executive Directors					
Oleg Deripaska	12 (Note 8)	–	–	–	1
Vladislav Soloviev	12 (Note 8)	–	–	–	1
Vera Kurochkina	12 (Note 1)	–	–	–	0
Stalbek Mishakov	12 (Note 8)	–	–	–	1
Non-executive Directors					
Maxim Sokov *(re-designated as a Non-executive Director on 20 August 2014)*	11 (Note 2)	–	–	–	1
Len Blavatnik	0 (Note 3)	–	–	–	0
Dmitry Afanasiev	9 (Note 4)	–	–	–	0
Ivan Glasenberg	7 (Note 5 (i))	2 (Note 5 (i))	–	–	0
Maksim Goldman	12 (Note 8)	–	3	–	1
Daniel Lesin Wolfe *(appointed as a Director on 20 June 2014)*	*7 (7 Board meetings were held during his tenure)*	–	–	*4 (4 meetings were held during his tenure)*	0
Gulzhan Moldazhanova	9 (Note 6)	–	–	–	0
Olga Mashkovskaya	11 (Note 7)	–	–	7	0
Ekaterina Nikitina	13	5	3	–	1
Christophe Charlier *(ceased to be a Director on 20 June 2014)*	*6 (6 Board meetings were held during his tenure)*	–	–	*5 (7 meetings were held during his tenure)*	0

	Attendance and number of meetings				
	Board meetings (total: 13 meetings in 2014)	Corporate Governance and Nomination Committee meetings (total: 5 meetings in 2014)	Remuneration Committee meetings (total: 3 meetings in 2014)	Audit Committee meetings (total: 11 meetings in 2014)	AGM (total: 1 meeting in 2014)
Independent non-executive Directors					
Peter Nigel Kenny	10	3	2	11	1
Philip Lader	13	5	3	11	1
Elsie Leung Oi-sie	12	–	3	9	1
Matthias Warnig	13	–	–	–	1
Mark Garber	13	5	3	–	1

Notes:

1. During 2014, Ms. Vera Kurochkina attended 12 Board meetings in person, and 1 Board meeting was attended by her alternate.
2. During 2014, Mr. Maxim Sokov attended 11 Board meetings in person, and 1 Board meeting was attended by his alternate. Mr. Sokov had conflict of interest in the matters discussed in 1 of the 13 Board meetings and therefore did not attend that meeting in person nor by his alternate.
3. During 2014, Mr. Len Blavatnik attended none of the Board meetings in person, and 10 Board meetings were attended by his alternate. Mr. Blavatnik had conflict of interest in the matters discussed in 1 of the 13 Board meetings and therefore did not attend that meeting in person nor by his alternate.
4. During 2014, Mr. Dmitry Afanasiev attended 9 Board meetings in person, and 3 Board meetings were attended by his alternate.
5. During 2014, Mr. Ivan Glasenberg (i) attended 7 Board meetings in person, and 3 Board meetings were attended by his alternate; Mr. Glasenberg had conflict of interest in the matters discussed in 3 of the 13 Board meetings and therefore did not attend those 3 meetings in person nor by his alternate; and (ii) attended 2 Corporate Governance and Nomination Committee meetings in person, and 3 Corporate Governance and Nomination Committee meetings were attended by his alternate.
6. During 2014, Ms. Gulzhan Moldazhanova attended 9 Board meetings in person, and 3 Board meetings were attended by her alternate. Ms. Moldazhanova had conflict of interest in the matters discussed in 1 of the 13 Board meetings and therefore did not attend that meeting in person nor by her alternate.
7. During 2014, Ms. Olga Mashkovskaya attended 11 Board meetings in person, and 1 Board meeting was attended by her alternate. Ms. Mashkovskaya had conflict of interest in the matters discussed in 1 of the 13 Board meetings and therefore did not attend that meeting in person nor by her alternate.
8. The Director had conflict of interest in the matters discussed in 1 of the 13 Board meetings and therefore did not attend that meeting.

Biographical details of the Directors are set out in the section headed Profiles of Directors and Senior Management on pages 57 to 81 of this Annual Report.

(b) Term of appointment of Directors

Paragraph A.4.1 of the CG Code provides that non-executive Directors should be appointed for a specific term, subject to re-election. Paragraph A.4.2 of the CG Code provides that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least every three years. Each of the non-executive Directors signed an appointment letter with the Company providing for the same three years term. 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 2014, 13 Board meetings were held.

At the Board meeting held on 24 February 2015, the Directors approved, among other things, the annual results of the Company for the year ended 31 December 2014. On 10 April 2015 the Board approved updated annual results of the Company for the year ended 31 December 2014.

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 considered 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 Board 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 Group to executive Directors and the executive committee to ensure effectiveness and appropriateness of functions.

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 RUSAL Global. The 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 shares

The Board has been given authority by the Company's shareholders to issue Shares. The mandate is described on pages 83 and 84 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.

(g) Shareholders' Agreements

The Shareholders' Agreement with the Company and the Shareholders' Agreement between Major Shareholders were both entered into on 22 January 2010 and are still in force. For brief details of these shareholders' agreements, please see Appendix A and Appendix B.

(h) Shareholder Options

Glencore has granted En+ and SUAL Partners the Glencore Call Option to acquire all Shares held by Glencore on the date of exercise of the Glencore Call Option that were also (i) held by Glencore on 26 March 2007 or (ii) issued to Glencore by the Company after 26 March 2007 but before the exercise of the Glencore Call Option. The Glencore Call Option may only be exercised by En+ but, following exercise, SUAL Partners has the right to participate in proportion to their holding of Shares at that time vis-à-vis En+. The Glencore Call Option is exercisable until 26 March 2017.

The exercise price of the option will be determined by an investment bank as 120% of the higher of (i) the market value of Glencore's option securities, which is determined by reference to the enterprise value of the Group on the relevant option exercise date or after an initial public offering, the volume weighted average price of a Share over the preceding five trading days; and (ii) a valuation calculated by reference to the cumulative aggregate

EBITDA of the Group for the preceding 12 quarters and the discounted enterprise value/EBITDA multiple at which certain of the Group's competitors trade.

(i) Board meetings at which Directors have material interests

A.1.7 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 be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting."

The Board generally endeavoured throughout the twelve-month period ended 31 December 2014 to ensure that it did not deal with business by way of written resolution where a substantial shareholder of the Company or a Director had disclosed an interest in a matter to be considered by the Board which the Board determined to be material. As a result, there were only two occurrences (out of the twenty four written resolutions the Board passed during the period) when urgent business was dealt with by the Board by way of written resolution where a material interest of a Director was stated to have been disclosed. In both of those instances, the interest of the Director was a potential conflict of interest by virtue of a board position held by a director with the entity contracting with the Company. On both occurrences, the written resolutions were supplemental to the approval of the matter which had been approved by previous Board meetings that had been held rather than an approval of a new transaction. In each case, the resolution was passed by the requisite majority excluding any of the materially interested Directors.

Of the thirteen Board meetings held in the twelve-month period ended 31 December 2014 where one or more Director(s) had disclosed a material interest, all the independent non-executive Directors (who had not disclosed material interests in the transaction) were present at nine of the Board meetings held. Four Board meetings were held where one of the five independent non-executive Directors was absent from the meeting. Given the size of the Board and the amount of urgent business transacted by the Company where Directors and substantial shareholders of the Company have material interests, it is difficult to rearrange any scheduled Board meeting or postpone the discussion of such business in order to ensure all of the independent non-executive Directors are present. The Board meetings on those occasions were therefore proceeded with despite the fact that certain independent non-executive Directors were not able to attend but on each occasion most of the independent non-executive Directors (none of whom had disclosed material interests on any of those occasions) were present.

4. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman of the Board and the Chief Executive Officer are segregated and are independent to each other. The Chairman (being Mr. Matthias Warnig) is chiefly responsible for maintaining the effective operation of the Board. The Chairman is also responsible for chairing Board meetings, briefing Board members on issues discussed at Board meetings and ensuring good corporate governance practices and procedures are established. Mr. Oleg Deripaska was the Chief Executive Officer prior to 17 November 2014 and Mr. Vladislav Soloviev is the Chief Executive Officer from 17 November 2014 onwards. The role as Chief Executive Officer is primarily concerned with the supervision of the execution of the policies determined by the Board particularly in the areas of production and supply chain, financial management and corporate finance, sales and marketing and others. 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 Group and ensuring that the strategic decisions made by the Board are implemented.

5. INDEPENDENT NON-EXECUTIVE DIRECTORS

Rule 3.10A of the Listing Rules requires that an issuer must appoint independent non-executive directors representing at least one-third of the board. In this regard, the Hong Kong Stock Exchange has granted a waiver to the Company from strict compliance with the requirements under Rules 3.10A and 3.11 of the Listing Rules. The percentage of the number of our independent non-executive Directors (i.e. 27.8%) is very close to the one-third requirement under Rule 3.10A of the Listing Rules. The current composition of the Board represents an appropriate mix of Directors which offers sufficient independent checks and balances and an appropriate governance structure for the Company. As at the Latest Practicable Date, the Company had 5 out of 18 Directors who are independent non-executive Directors, and there is no change in the shareholders' agreement in relation to board nominations/appointments (as described on pages 287 and 288 of the Company's prospectus dated 31 December 2009).

The Board believes 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 and/or the Securities and Futures Commission 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.

6. NOMINATION OF DIRECTORS AND THE WORK OF THE CORPORATE GOVERNANCE AND NOMINATION COMMITTEE

The Company established a corporate governance and nomination committee with written terms of reference in compliance with the CG Code.

The primary functions of the Corporate Governance and Nomination Committee are, among other things, to develop, recommend and annually review corporate governance guidelines, policies and practices for the Company and its consolidated subsidiaries on corporate governance and compliance with legal and regulatory requirements, to oversee corporate governance matters, to review and monitor the training and continuous professional development of Directors and senior management, to develop, review and monitor the Company's code of conduct and compliance manual and applicable to employees and Directors, reviewing the Company's compliance with the CG Code set out in Appendix 14 of the Listing Rules and disclosure in the Corporate Governance Report, and to make recommendations to the Board, including those in relation to the appointment and removal of Directors. The Corporate Governance and Nomination Committee is provided with sufficient resources to discharge its duties and its terms of reference also permit it to obtain access to a legal adviser.

In recommending a candidate for appointment to the Board, the Corporate Governance and Nomination Committee is required to determine criteria, objectives and procedures for selecting Board members, including factors such as independence (in the case of independent non-executive directors), diversity, age, future succession planning, integrity, skills, expertise, experience, knowledge about the Company's business and industry, and willingness to devote adequate time and effort to Board responsibilities. In identifying suitable candidates the Corporate Governance and Nomination Committee is required to use open advertising or the services of external advisers to facilitate the search, consider candidates from a wide range of backgrounds and consider candidates on merit against objective criteria, taking care that appointees have enough time to devote to the position.

The Corporate Governance and Nomination Committee consists of a majority of independent non-executive Directors. The members are as follows:

- Mr. Philip Lader *(Chairman of the Committee, Independent Non-executive Director)*
- Dr. Peter Nigel Kenny *(Independent Non-executive Director)*
- Mr. Mark Garber *(Independent Non-executive Director)*
- Mr. Ivan Glasenberg *(Non-executive Director)*
- Ms. Ekaterina Nikitina *(Non-executive Director)*

The Corporate Governance and Nomination Committee has held 5 meetings during the Review Period. At these meetings, the Corporate Governance and Nomination Committee considered, amongst other things, (i) the annual general meeting materials, (ii) the recommendation of qualified individuals to the Board, including Mr. Daniel Lesin Wolfe, (iii) changes in the executive committee, (iv) changes to the composition of the Board committees, (v) provisions of the new Hong Kong Companies Ordinance and amendments to the Listing Rules.

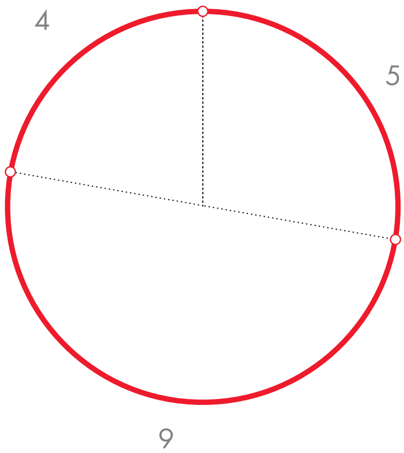
The members of the Corporate Governance and Nomination Committee have regularly attended and actively participated in meetings. For the attendance record of the meetings held by the Corporate Governance and Nomination Committee during 2014, please refer to paragraph 3(a) of this Corporate Governance Report.

According to the Articles of Association, at every annual general meeting, one-third of the Directors or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office; but if any Director has at the start of the annual general meeting been in office for three years or more since his last appointment or reappointment, he shall retire at the annual general meeting. The Directors to retire by rotation shall be, first, those who wish to retire and not be re-appointed to office and, second, those who have been longest in office since their last appointment or re-appointment. As between persons who became or were last re-appointed directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. The details of the Directors who will retire and offer themselves for re-election at the forthcoming annual general meeting are set out in the relevant circular issued by the Company.

The Corporate Governance and Nomination Committee also monitors the implementation of the Board Diversity Policy of the Company. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The current mix of skills, experience and other diversity criteria of directors, including but not limited to sex, age, nationality and educational background, provides for a balanced composition of the Board.

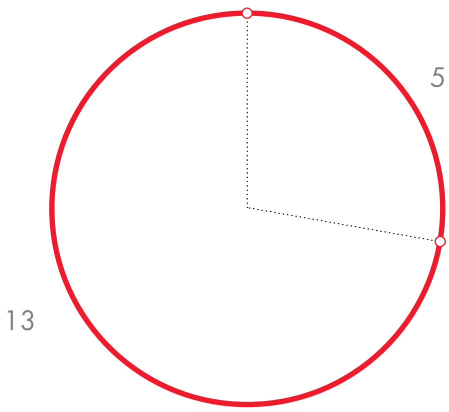
Diversity

Independent directors on the Board



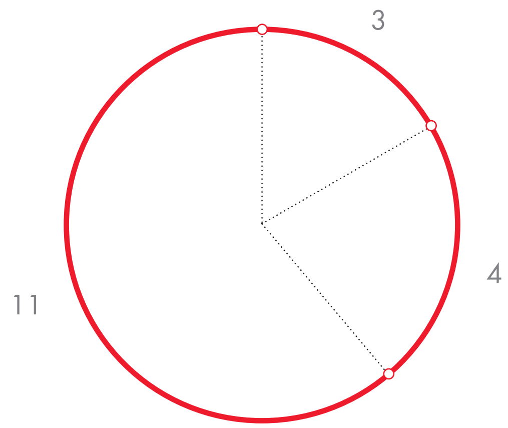
5 Independent directors
9 Non-executive
4 Executive

Women on the Board



5 Women
13 Men

Directors' experience in metals & mining



3 Over 14 years
4 9-14 years
11 Less than 9 years

The Board Diversity Policy of the Company is set out below:

1. Purpose

1.1 This Policy aims to set out the approach to achieve diversity on the Company's board of directors (the "Board").

2. Vision

2.1 The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

3. Policy Statement

3.1 With a view to achieving sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

4. Measurable Objectives

4.1 Selection of candidates will take into consideration a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the candidates will bring to the Board.

5. Monitoring and Reporting

5.1 The Corporate Governance and Nomination Committee will monitor the implementation of this Policy. It will also report annually, in the Corporate Governance Report, on the Board's composition under diversified perspectives (including gender, ethnicity, age, length of service).

6. Review and Revision of this Policy

6.1 The Corporate Governance and Nomination Committee will review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Corporate Governance and Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

7. Disclosure of this Policy

7.1 This Policy will be published on the Company's website for public information.

7.2 A summary of this Policy together with the measurable objectives set for implementing this Policy, and the progress made towards achieving those objectives will be disclosed in the annual Corporate Governance Report.

7. INFORMATION RELATING TO THE REMUNERATION POLICY AND THE WORK OF THE REMUNERATION COMMITTEE

The Company has established a remuneration committee with written terms of reference in compliance with the CG Code. The primary functions of the Remuneration Committee are, among other things, to make recommendations to the Board on the remuneration package of the Directors and senior management, and to assist the Board in overseeing the administration of the Company's compensation and benefits plans. Remuneration policies are determined on the basis of an employee's qualifications and performance, as well as the complexity of his or her job. Wages for each employee are generally reviewed annually and revised in accordance with a performance assessment and local labour market conditions. The Remuneration Committee consists of a majority of independent non-executive Directors. The members are as follows:

- Ms. Elsie Leung Oi-sie *(Chairman of the Committee, Independent Non-executive Director)*
- Mr. Philip Lader *(Independent Non-executive Director)*
- Dr. Peter Nigel Kenny *(Independent Non-executive Director)*
- Mr. Mark Garber *(Independent Non-executive Director)*
- Mr. Maksim Goldman *(Non-executive Director)*
- Ms. Ekaterina Nikitina *(Non-executive Director)*

The Remuneration Committee has held 3 meetings during the Review Period. At those meetings, the Remuneration Committee discussed and recommended the Board to approve KPIs of the management, KPIs of the CEO and STIP of the CEO for 2013, KPIs of the CEO for 2014, KPIs of the key managers for 2014, executive appointments (President & CEO of the Company). For details of the Company's emolument policy, including in respect of the LTIP, please refer to section 18 of the Directors' Report. The members of the Remuneration Committee have regularly attended and actively participated in meetings. For the attendance record of the meetings held by the Remuneration Committee during 2014, please refer to paragraph 3(a) of this Corporate Governance Report.

Pursuant to paragraph B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the financial year ended 31 December 2014 is set out below:

	Year ended 31 December	
	2014 Number of individuals	2013 Number of individuals
HK$34,000,001-HK$34,500,000 (USD4,350,001 – USD4,450,000)	1	–
HK$40,500,001-HK$41,000,000 (USD5,200,001 – USD5,300,000)	–	1
HK$45,500,001-HK$46,000,000 (USD5,900,001 – USD6,000,000)	1	–
HK$51,500,001-HK$52,000,000 (USD6,600,001 – USD6,700,000)	1	1
HK$62,000,001-HK$62,500,000 (USD8,000,001 – USD8,100,000)	–	1
HK$64,000,001-HK$64,500,000 (USD8,250,001 – USD8,350,000)	1	–
HK$65,500,001-HK$66,000,000 (USD8,400,001 – USD8,500,000)	1	–
HK$97,000,001-HK$97,500,000 (USD12,500,001 – USD12,600,000)	–	1

The total remuneration, including the basic salary, performance-linked salary, incentive-linked salary and bonus of the Directors in 2014 amounted to approximately USD16.2 million. All other non-executive Directors are entitled to receive Director's fees and additional fees for being a member of a Board committee or chairing a Board committee. Further particulars regarding Directors' emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are detailed in note 10 and note 11 to the consolidated financial statements for the year ended 31 December 2014 as disclosed in this Annual Report.

8. THE WORK OF AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the CG Code.

The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Company's financial reporting process, internal control and risk management systems, to oversee the audit process and to perform other duties and responsibilities as are assigned to the Audit Committee by the Board. The Audit Committee is assisted by the Company's internal audit function which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Audit Committee consists of a majority of independent non-executive Directors. The members are (or were, see notes) as follows:

- Dr. Peter Nigel Kenny *(Chairman of the Committee, Independent Non-executive Director, with relevant professional qualifications and knowledge related to accounting and financial management)*
- Mr. Philip Lader *(Independent Non-executive Director)*
- Ms. Elsie Leung Oi-sie *(Independent Non-executive Director)*
- Ms. Olga Mashkovskaya *(Non-executive Director)*
- Mr. Daniel Lesin Wolfe *(Non-executive Director, appointed as a member of the committee with effect from 20 June 2014)*
- Mr. Christophe Charlier *(former Non-executive Director, resigned with effect from 20 June 2014)*

During the Review Period, the Audit Committee has held 11 meetings. The Company's external auditors are regularly invited to attend meetings of the Audit Committee. At the meeting on 27 March 2014 and 9 April 2014, members of the Audit Committee reviewed the consolidated financial statements for the year ended 31 December 2013. At a meeting on 26 August 2014, members of the Audit Committee reviewed the consolidated interim condensed financial information as at and for the three and six months ended 30 June 2014, and at a meeting on 24 February 2015, members of the Audit Committee reviewed the consolidated financial statements for the year ended 31 December 2014. The Audit Committee is of the opinion that such consolidated financial statements have complied with the applicable accounting standards, the Listing Rules, other legal requirements and that adequate disclosures have been made. Minutes of Audit Committee meetings are taken, recorded and kept.

The Audit Committee reviews the Company's financial and accounting policies and practices, meets the external auditors on a regular basis, and reviews all related party transactions before the Board's consideration. The Audit Committee also reviews the Company's financial controls, internal control and risk management system.

The members of the Audit Committee have regularly attended and actively participated in meetings. For the attendance record of meetings held by the Audit Committee during 2014, please refer to paragraph 3(a) of this Corporate Governance Report.

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

For the year ended 31 December 2014, the total fees paid or payable in respect of audit and non-audit services provided by the Group's external auditor, JSC KPMG, are set out below:

	For the year ended 31 December 2014 USD' 000
Audit services	
Annual audit services	7,000
Annual non-audit services	1,300

The non-audit services mainly comprised tax compliance, interim review service and certain agreed-upon-procedure work.

The responsibilities of JSC KPMG with respect to the 2014 consolidated financial statements are set out in the "Independent Auditors' Report" on page 149.

The Audit Committee is responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the external auditor, which is subject to the approval by the Board and at annual general meetings of the Company by its shareholders.

10. DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the consolidated financial statements for the year ended 31 December 2014, in accordance with applicable law and IFRS, and that these consolidated financial statements must give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period.

The Companies (Jersey) Law 1991 requires the Directors to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Company and its subsidiaries and of the profit or loss of the Company and its subsidiaries for that period. In preparing these consolidated financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the consolidated financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Chief Financial Officer of the Group is required to regularly present and explain to the Audit Committee and the Board reports on the Group's financial position 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 149 and 150 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 the Directorate for control, internal audit and business coordination (hereinafter referred to as the Directorate for control), which is responsible for developing and monitoring the Company's risk management policies. The Directorate for control reports regularly to the Board on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by the Company's internal audit function, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The internal control capability is regularly improved and enhanced.

The Board has conducted a quarterly review of the effectiveness on the Company's internal control system during 2014. The following activities were implemented in 2014:

Key steps for the optimisation of procurement activities in 2014:

√ Control of procurement of materials, equipment, transportation and construction services selection
√ Operation of the Tender Committee of the Group and participation in other corporate commissions and committees
√ The project on disposal of non-liquid and non-core assets of the Company was launched
√ Develop B2B trading platform Transtrade. Rusal for transportation services selection and price reduction
√ Cooperation with Fabrikant electronic trading platform aimed at using auction trading to achieve minimum prices
√ Maintenance of transparency of procurement procedures by on-line monitoring Hotline and portal "Suppliers" on the Company's corporate website

Key steps for the Company's risk management in 2014:

√ Organization of independent risk audits of Company production facilities conducted by specialists Willis Group and Engineering Center "Ingosstrakh" for risk mitigation purposes and optimisation of Company insurance programmes
√ Formation of the annual Corporate Risk Map of the Company and providing quarterly reports to the Audit Committee on the status of the Company's risk management
√ Preparing of UC RUSAL risk insurance programme in 2014-2015

Audit process is linked to planned activity which includes risk charts in operational areas and tasks given by the CEO, Management and management bodies of the Company. All audits are aimed at identification of material risks, assessment of the existing key parameters of the business processes and issuing recommendations for improving the internal control system and monitoring recommendations issued as follow-up to audits.

Pursuant to the Listing Rules and IFRS 24, 28, 31 the Company has developed and implemented a multi-level system of control over transactions with related parties, so that the Company can prevent non-compliance with the Listing Rules and other applicable regulations.

These measures led to the improvement of risk identification quality and increased responsibility of persons involved in risk management process.

For the year ended 31 December 2014, the Audit Committee conducted regular assessment of risks and the Group's internal control system effectiveness.

For the year ended 31 December 2014, the Directors consider that the Group's internal control system complied with the CG Code.

12. RELEVANT OFFICERS' SECURITIES TRANSACTIONS

The Company has also adopted a code for Securities Transactions by Relevant Officers of the Company (the "**Relevant Officers Code**"). The Relevant Officers Code was based on Appendix 10 to the Listing Rules but it was made more exacting. It was also based on the provisions of articles L.451-2-1, L.465-2, L.621-18-2 of the French Monetary and Financial Code, Chapters II and III of Title II of Book II of the General Regulation of the AMF and Titles II and III of Book VI of the General Regulation of the AMF with respect to insider dealing and market misconduct. It applies to any employee of the Company or a director or employee of a subsidiary of the Company who, because of such office or employment, is likely to be in possession of unpublished price sensitive information in relation to the Company or its securities. The Relevant Officers Code was adopted by the Board on 9 April 2010.

The Company has not been notified of any transaction by any Relevant Officer in application of article L.621-18-2 of the French monetary and financial code and articles 223-22 A to 223-25 of the General Regulations of the AMF.

13. DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to Code Provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. During the Review Period, all Directors of the Company (namely, Mr. Oleg Deripaska, Ms. Vera Kurochkina, Mr. Maxim Sokov, Mr. Vladislav Soloviev, Mr. Stalbek Mishakov, Mr. Dmitry Afanasiev, Mr. Len Blavatnik, Mr. Ivan Glasenberg, Mr. Maksim Goldman, Ms. Gulzhan Moldazhanova, Mr. Christophe Charlier (ceased to be a Director on 20 June 2014), Mr. Daniel Lesin Wolfe, Ms. Olga Mashkovskaya, Ms. Ekaterina Nikitina, Mr. Mark Garber, Dr. Peter Nigel Kenny, Mr. Philip Lader, Ms. Elsie Leung Oi-sie and Mr. Matthias Warnig), received regular briefings and updates on the Group's business, operations, risk management and corporate governance matters. Materials on new or changes to salient rules and regulations applicable to the Group (including the rules on connected transactions and the new Hong Kong Companies Ordinance provisions) were provided to the Directors.

14. GOING CONCERN

As of 31 December 2014, 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.

15. 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.

There has been no change to the Memorandum and Articles of Association of the Company during 2014.

16. SHAREHOLDERS' RIGHT

Right to convene an extraordinary general meeting

Shareholder(s) holding, at the date of deposit of a written requisition to the Directors or the secretary of the Company, 5 per cent or more of the Company's voting share capital may require an extraordinary general meeting to be called for the transaction of any business specified in such requisition.

If the Directors do not within 21 days from the date of the deposit of the requisition call a meeting to be held within 2 months of the date of the deposit of the requisition, the requisitionists or any of them holding more than half of the total voting rights of all of them may call a meeting to be held within 3 months from that date. All reasonable expenses incurred by the requisitionists as a result of the failure of the board shall be reimbursed to the requisitionists by the Company.

No business other than that stated in the requisition as the objects of the meeting shall be transacted at the meeting.

Putting forward proposals at general meetings

Shareholder(s) holding 2.5 per cent or more of the total voting rights of all shareholders or 50 per cent or more of them holding shares on which there has been paid up an average sum, per shareholder, equivalent of HK$ 2,000 or more have the right at their own expense (unless the Company otherwise resolves) to require the Company to (a) give to shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting and (b) circulate to shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The Company does not have to give notice of any resolution or circulate any statement unless (a) a copy of the requisition signed by the requisitionists is deposited at the Company's registered office (i) at least 6 weeks before the meeting in the case of a requisition requiring notice of a resolution (although this requirement does not apply if an annual general meeting is called for a date 6 weeks or less after the copy has been deposited) or (ii) at least 1 week before the meeting in the case of any other requisition and (b) there is deposited with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect to the requisition.

The Company shall also not be bound to circulate any statement if, on the application either of the Company or of any other person who claims to be aggrieved, a court is satisfied that the rights are being abused to secure needless publicity for defamatory matter; and the court may order the Company's costs on an application to be paid in whole or in part by the requisitionists, notwithstanding that they are not parties to the application.

Company's contact details

Any proposal to convene an extraordinary general meeting, to put forward a proposal at a general meeting and any general enquiries of the Board should be sent to "The Board of Directors c/o the Company Secretary, United Company RUSAL Plc, 44 Esplanade, St Helier, Jersey, JE4 9WG".

17. COMPANY SECRETARY

The Company engages Ms. Aby Wong Po Ying of Elian Fiduciary Services (Hong Kong) Limited as its company secretary. Ms. Wong's primary contact person in the Company is Mr. Eugene Choi, Authorised Representative of the Company.

THE SUN, OUR SOURCE OF HEAT AND LIGHT, GAVE RISE TO THE CREATION AND CONTINUED EXISTENCE OF LIFE ON OUR PLANET. THE SUN POSSESSES AMAZING POWER; THE POWER OF CREATION, TRANSFORMATION, AND PROGRESS.

FINANCIAL STATEMENTS

Independent auditor's report to the members of United Company RUSAL Plc
(Incorporated in Jersey with limited liability)

We have audited the accompanying consolidated financial statements of United Company RUSAL Plc ("the Company") and its subsidiaries (the "Group"), which comprise the Consolidated and Company Statements of Financial Position as at 31 December 2014, the Consolidated Statements of Income, Comprehensive Income, Changes in Equity and 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.

(A) DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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.

(B) 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 judgment, 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 audit opinion.

Independent auditor's report to the members of United Company RUSAL Plc - continued

(C) OPINION

In our opinion 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 2014 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.

(D) OTHER MATTER

In our report dated 24 February 2015, we expressed an opinion on the Group's consolidated financial statements as at and for the year ended 31 December 2014 that was qualified for the effect of such adjustments, if any, that might have been determined to be necessary had we been able to obtain sufficient appropriate audit evidence in relation to the Group's estimate of the share of profit, other comprehensive income and foreign currency translation loss of the Group's equity investee, OJSC MMC Norilsk Nickel ("Norilsk Nickel"). Since that date, the directors have obtained the required information and have adjusted the Group's accounting for the Norilsk Nickel investment. We have audited the adjustments described in note 1(d) to the consolidated financial statements and, in our opinion, such adjustments are appropriate and have been properly applied. Accordingly, our present report on the Group's consolidated financial statements as at and for the year ended 31 December 2014, as presented herein and approved by the Board of Directors on 10 April 2015, is different from our previous report dated 24 February 2015.

(E) MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Other than the matter described in the Basis for Qualified Opinion, we have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company; or
- the financial statements of the Company are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Andrei Shvetsov
For and on behalf of JSC "KPMG"
Recognized Auditor

10 April 2015

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2014

	Note	Year ended 31 December 2014 USD million	2013 USD million
Revenue	5	9,357	9,760
Cost of sales		(7,223)	(8,429)
Gross profit		2,134	1,331
Distribution expenses		(402)	(488)
Administrative expenses		(605)	(645)
Loss on disposal of property, plant and equipment		(10)	(16)
Impairment of non-current assets and restructuring expenses	9(b)	(103)	(1,919)
Other operating expenses	6	(72)	(67)
Results from operating activities		942	(1,804)
Finance income	7	30	51
Finance expenses	7	(1,361)	(787)
Share of profits of associates	18	500	84
Share of profits/(losses) of joint ventures	19	36	(551)
Loss recycled from other comprehensive income	17	–	(234)
Profit/(loss) before taxation		147	(3,241)
Income tax	8	(238)	(81)
Loss for the year		(91)	(3,322)
Attributable to:			
Shareholders of the Company		(91)	(3,322)
Loss for the year		(91)	(3,322)
Loss per share			
Basic and diluted loss per share (USD)	14	(0.006)	(0.219)

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	Year ended 31 December 2014 USD million	2013 USD million
Loss for the year		(91)	(3,322)
Other comprehensive income			
Items that will never be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on post retirement benefit plans	28(a)	12	(2)
		12	(2)
Items that are or may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates	18	10	(17)
Change in fair value of cash flow hedges		(81)	8
Recycling of losses relating to the Norilsk Nickel shares sold	17	–	234
Foreign currency translation differences for equity-accounted investees		(3,452)	(777)
Foreign currency translation differences for foreign operations		(709)	(305)
		(4,232)	(857)
Other comprehensive income for the period, net of tax		(4,220)	(859)
Total comprehensive income for the year		(4,311)	(4,181)
Attributable to:			
Shareholders of the Company		(4,311)	(4,181)
Total comprehensive income for the year		(4,311)	(4,181)

There was no tax effect relating to each component of other comprehensive income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	31 December 2014 USD million	31 December 2013 USD million
ASSETS			
Non-current assets			
Property, plant and equipment	15	3,953	4,167
Intangible assets	16	2,572	3,497
Interests in associates	18	4,470	8,175
Interests in joint ventures	19	409	585
Deferred tax assets	21	57	143
Derivative financial assets	29	30	13
Other non-current assets		80	110
Total non-current assets		11,571	16,690
Current assets			
Inventories	22	1,998	2,248
Trade and other receivables	23	686	817
Derivative financial assets	29	32	9
Cash and cash equivalents	24	570	716
Total current assets		3,286	3,790
Total assets		14,857	20,480

	Note	31 December 2014 USD million	31 December 2013 USD million
EQUITY AND LIABILITIES			
Equity	25		
Share capital		152	152
Shares held for vesting		(1)	(1)
Share premium		15,786	15,786
Other reserves		2,679	2,740
Currency translation reserve		(8,679)	(4,518)
Accumulated losses		(7,700)	(7,609)
Total equity		2,237	6,550
Non-current liabilities			
Loans and borrowings	26	8,847	8,691
Bonds	27	113	458
Provisions	28	507	677
Deferred tax liabilities	21	515	472
Derivative financial liabilities	29	350	188
Other non-current liabilities		48	49
Total non-current liabilities		10,380	10,535

	Note	31 December 2014 USD million	31 December 2013 USD million
Current liabilities			
Loans and borrowings	26	303	1,234
Bonds	27	144	442
Current tax liabilities	21(e)	41	15
Trade and other payables	30	1,321	1,472
Derivative financial liabilities	29	318	122
Provisions	28	113	110
Total current liabilities		2,240	3,395
Total liabilities		12,620	13,930
Total equity and liabilities		14,857	20,480
Net current assets		1,046	395
Total assets less current liabilities		12,617	17,085

Approved and authorised for issue by the board of directors on 10 April 2015.

Vladislav A. Soloviev
Chief Executive Officer

Alexandra Y. Bouriko
Chief Financial Officer

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

As at 31 December 2014

	Note	31 December 2014 USD million	31 December 2013 USD million
ASSETS			
Non-current assets			
Investments in subsidiaries	20	21,688	15,047
Total non-current assets		21,688	15,047
Current assets			
Other receivables	23	1,839	15
Cash and cash equivalents	24	13	247
Total current assets		1,852	262
Total assets		23,540	15,309
EQUITY AND LIABILITIES			
Equity	25		
Share capital		152	152
Reserves		10,165	3,431
Total equity		10,317	3,583
Non-current liabilities			
Loans and borrowings	26	7,810	7,795
Total non-current liabilities		7,810	7,795

	Note	31 December 2014 USD million	31 December 2013 USD million
Current liabilities			
Loans and borrowings	26	1,146	1,577
Trade and other payables	30	2,638	744
Other current liabilities	34(c)	1,629	1,610
Total current liabilities		5,413	3,931
Total liabilities		13,223	11,726
Total equity and liabilities		23,540	15,309
Net current liabilities		(3,561)	(3,669)
Total assets less current liabilities		18,127	11,378

Approved and authorised for issue by the board of directors on 10 April 2015.

Vladislav A. Soloviev
Chief Executive Officer

Alexandra Y. Bouriko
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Note	Share capital USD million	Shares held for vesting USD million	Share premium USD million	Other reserves USD million	Currency translation reserve USD million	Accumulated losses USD million	Total equity USD million
Balance at 1 January 2014		152	(1)	15,786	2,740	(4,518)	(7,609)	6,550
Loss for the year		–	–	–	–	–	(91)	(91)
Other comprehensive income for the year		–	–	–	(59)	(4,161)	–	(4,220)
Total comprehensive income for the year		–	–	–	(59)	(4,161)	(91)	(4,311)
Share-based compensation	25(b)	–	–	–	(2)	–	–	(2)
Balance at 31 December 2014		152	(1)	15,786	2,679	(8,679)	(7,700)	2,237
Balance at 1 January 2013 (restated)		152	(1)	15,787	2,747	(3,666)	(4,287)	10,732
Loss for the year		–	–	–	–	–	(3,322)	(3,322)
Other comprehensive income for the year		–	–	–	(7)	(852)	–	(859)
Total comprehensive income for the year		–	–	–	(7)	(852)	(3,322)	(4,181)
Share-based compensation	25(b)		–	(1)	–	–	–	(1)
Balance at 31 December 2013		152	(1)	15,786	2,740	(4,518)	(7,609)	6,550

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	Year ended 31 December 2014 USD million	2013 USD million
OPERATING ACTIVITIES			
Loss for the year		(91)	(3,322)
Adjustments for:			
Depreciation	9(b)	445	505
Amortisation	9(b)	14	15
Impairment of non-current assets and restructuring expenses	9(b)	103	1,919
Share-based compensation	25(b)	1	4
Impairment of trade and other receivables	6	4	5
Debtors write-off		–	12
Impairment of inventories	22	8	38
Provision/(reversal of provision) for legal claims	6	3	(11)
Tax provision	6	–	65
Pension provision/(reversal of pension provision)		4	(25)
Change in fair value of derivative financial instruments	7	487	12
Foreign exchange loss/(gain)		13	(51)
Loss on disposal of property, plant and equipment		10	16
Interest expense	7	847	775
Interest income	7	(30)	(22)
Income tax expense	8	238	81
Recycle of losses from other comprehensive income	17	–	234
Share of profits of associates	18	(500)	(84)
Share of (profits)/losses of joint ventures	19	(36)	551

FINANCIAL STATEMENTS

	Note	Year ended 31 December 2014 USD million	2013 USD million
Cash from operating activities before changes in working capital and provisions		1,520	717
Decrease in inventories		261	176
(Increase)/decrease in trade and other receivables		(32)	24
(Increase)/decrease in prepaid expenses and other assets		(2)	1
Decrease in trade and other payables		(236)	(338)
Decrease in provisions		(20)	(36)
Cash generated from operations before income tax paid		1,491	544
Income taxes paid	21(e)	(93)	(136)
Net cash generated from operating activities		1,398	408
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		37	30
Interest received		28	15
Acquisition of property, plant and equipment		(465)	(538)
Dividends from associates		884	803
Dividends from joint ventures	19	42	63
Acquisition of intangible assets	16	(14)	(15)
Proceeds from disposal of non-current asset available for sale	17	–	620
Changes in restricted cash	24	2	–
Net cash generated from investing activities		514	978

FINANCIAL STATEMENTS

	Note	Year ended 31 December 2014 USD million	 2013 USD million
FINANCING ACTIVITIES			
Proceeds from borrowings		1,631	1,785
Repayment of borrowings		(2,271)	(2,250)
Refinancing fees and other expenses		(130)	(66)
Interest paid		(677)	(631)
Purchases of shares held for vesting		(1)	(2)
(Payments) /proceeds from settlement of derivative instruments		(452)	5
Net cash used in financing activities		(1,900)	(1,159)
Net increase in cash and cash equivalents		12	227
Cash and cash equivalents at beginning of the year	24	701	490
Effect of exchange rate fluctuations on cash and cash equivalents		(156)	(16)
Cash and cash equivalents at the end of the year	24	557	701

Restricted cash amounted to USD13 million and USD15 million at 31 December 2014 and 31 December 2013, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1 BACKGROUND

(a) Organisation

United Company RUSAL Plc (the "Company" or "UC RUSAL") was established by the controlling shareholder of RUSAL Limited ("RUSAL") as a limited liability company under the laws of Jersey on 26 October 2006. On 27 January 2010, the Company successfully completed a dual placing on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") and the Professional Segment of NYSE Euronext Paris ("Euronext Paris") (the "Global Offering") and changed its legal form from a limited liability company to a public limited company.

The Company's registered office is 44 Esplanade, St Helier, Jersey, JE4 9WG.

The Company directly or through its wholly owned subsidiaries controls a number of production and trading entities (refer to note 35) engaged in the aluminium business and other entities, which together with the Company are referred to as "the Group".

Upon successful completion of the Global Offering, the Company issued 1,636,363,646 new shares in the form of shares listed on the Stock Exchange, and in the form of global depositary shares ("GDS") listed on Euronext Paris representing 10.81% of the Company's issued and outstanding shares, immediately prior to the Global Offering.

The shareholding structure of the Company as at 31 December 2014 and 31 December 2013 was as follows:

	31 December 2014	31 December 2013
En+ Group Limited ("En+")	48.13%	48.13%
Onexim Holdings Limited ("Onexim")	17.02%	17.02%
SUAL Partners Limited ("SUAL Partners")	15.80%	15.80%
Amokenga Holdings Limited ("Amokenga Holdings")	8.75%	8.75%
Held by Directors	0.25%	0.26%
Shares held for vesting	0.00%*	0.00%*
Publicly held	10.05%	10.04%
Total	100%	100%

* As at 31 December 2014 and 2013 the Group held 514,056 and 106,684 ordinary shares for LTIP, respectively (note 25(b)).

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

Related party transactions and controlling parties are disclosed in notes 34 and 36, respectively.

(b) Operations

The Group operates in the aluminium industry primarily in the Russian Federation, Ukraine, Guinea, Jamaica, Ireland, Italy, Nigeria and Sweden and is principally engaged in the mining and refining of bauxite and nepheline ore into alumina, the smelting of primary aluminium from alumina and the fabrication of aluminium and aluminium alloys into semi-fabricated and finished products. The Group sells its products primarily in Europe, Russia, other countries of the Commonwealth of Independent States ("CIS"), Asia and North America.

(c) Business environment in emerging economies

The Russian Federation, Ukraine, Jamaica, Nigeria and Guinea have been experiencing political and economic changes that have affected, and may continue to affect, the activities of enterprises operating in these environments. Consequently, operations in these countries involve risks that typically do not exist in other markets, including reconsideration of privatisation terms in certain countries where the Group operates following changes in governing political powers.

The recent conflict in Ukraine and related events has increased the perceived risks of doing business in the Russian Federation. The imposition of economic sanctions on Russian individuals and legal entities by the European Union, the United States of America, Japan, Canada, Australia and others, as well as retaliatory sanctions imposed by the Russian government, has resulted in increased economic uncertainty including more volatile equity markets, a depreciation of the Russian Ruble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. The longer term effects of recently implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine.

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.

(d) Previously issued Consolidated Financial Statements as at and for the year ended 31 December 2014

The Group has previously issued consolidated financial statements as at and for the year ended 31 December 2014 dated 24 February 2015. At that date the Group was unable to obtain consolidated IFRS financial statements of the Group's significant equity investee, OJSC MMC Norilsk Nickel, as at and for year ended 31 December 2014. Consequently the Group estimated its share in the profits and other comprehensive income of OJSC MMC Norilsk Nickel for the year ended 31 December 2014 based on publicly available information at that time. On 31 March 2015 OJSC MMC Norilsk Nickel published its IFRS consolidated financial statements and management reassessed its share in the profits and other comprehensive income of OJSC MMC Norilsk Nickel based on this information. As a result, management concluded that share of profits of associates and foreign currency translation differences for foreign operations were overstated by USD384 million and USD692 million, respectively, and share of other comprehensive income of associates and interests in associates were understated by USD9 million and USD317 million, respectively, in the Group's previously issued consolidated financial statements as at and for the year ended 31 December 2014 dated 24 February 2015.

These consolidated financial statements as at and for the year ended 31 December 2014 have been adjusted accordingly.

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").

These consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing these consolidated financial statements, the Group has adopted all these new and revised IFRSs, except for any new standards or interpretations that are not yet effective as at 31 December 2014. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on 1 January 2014 are set out in note 39.

(b) Basis of measurement

The consolidated financial statements have been prepared in accordance with the historical cost basis except as set out in the significant accounting policy in note 3(c) below.

(c) Functional and presentation currency

The Company's functional currency is the United States Dollar ("USD") because it reflects the economic substance of the underlying events and circumstances of the Company. The functional currencies of the Group's significant subsidiaries are the currencies of the primary economic environment and key business processes of these subsidiaries and include USD, Russian Roubles ("RUB"), Ukrainian Hryvna and Euros ("EUR"). The consolidated financial statements are presented in USD, rounded to the nearest million, except as otherwise stated herein.

(d) Use of judgements, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported revenue and costs during the relevant period.

Management bases its judgements and estimates on historical experience and various other factors that are believed to be appropriate and reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 38.

(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 2013.

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 Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The consolidated financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of income and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in the statement of income. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (refer to note 3(c)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (refer to note 3(a) (iv)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses.

(ii) Acquisitions of non-controlling interests

The acquisition of an additional non-controlling interest in an existing subsidiary after control has been obtained is accounted for as an equity transaction with any difference between the cost of the additional investment and the carrying amount of the net assets acquired at the date of exchange recognised directly in equity.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the common control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of the equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of additional paid-in capital.

(iv) Associates and joint ventures (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures 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 joint ventures are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The Group's investment also includes goodwill identified on acquisition. 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 (but disclosed) except to the extent that the Group has an obligation to, or has made payments on behalf of, the investee.

When the Group ceases to have significant influence over an associate or joint control over a joint ventures, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in the statement of income. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (refer to note 3(c)), or, when appropriate for joint ventures, the cost on initial recognition of an investment in an associate.

When an associate sells equity interests in its subsidiaries to its non-controlling shareholders in an equity transaction, this represents a dilution of the Group's indirect interest in the subsidiary of the associate and therefore gives rise to the recognition of a gain or loss in the Group's consolidated financial statements.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary items in a foreign currency are measured based on historical cost are translated using the exchange rate at the date of transaction. Foreign currency differences arising on retranslation are recognised in the statement of income, except for differences arising on the retranslation of qualifying cash flow hedges to the extent the hedge is effective, which is recognised in the statement of comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated from their functional currencies to USD at the exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to USD at exchange rates approximating exchange rates at the dates of the transactions.

Foreign currency differences arising on translation are recognised in the statement of comprehensive income and presented in the currency translation reserve in equity. For the purposes of foreign currency translation, the net investment in a foreign operation includes foreign currency intra-group balances for which settlement is neither planned nor likely in the foreseeable future and foreign currency differences arising from such a monetary item are recognised in the statement of comprehensive income.

When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount of the currency translation reserve is transferred to the statement of income as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the statement of income.

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in securities, trade and other receivables (excluding prepayments and tax assets), cash and cash equivalents, loans and borrowings and trade and other payables (excluding advances received and tax liabilities).

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Held-to-maturity investments

If the Group has the positive intent and ability to hold securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses (refer to note 3(h) (i)).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities at initial recognition of three months or less that are subject to insignificant risk of changes in their fair values, and are used by the Group in the management of its short-term commitments.

Others

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses (refer to note 3(h) (i)). Investments in equity securities that are not quoted on a stock exchange and where fair value cannot be estimated on a reasonable basis by other means are stated at cost less impairment losses (refer to note 3(h) (i)).

Non-derivative financial liabilities

The Group's non-derivative financial liabilities, subsequent to initial recognition, are measured at amortised cost using the effective interest method.

(ii) Derivative financial instruments, including hedge accounting

The Group enters, from time to time, into various derivative financial instruments to manage its exposure to commodity price risk, foreign currency risk and interest rate risk.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80% - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variation in cash flows that ultimately could affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of income when incurred. Subsequent to initial recognition, derivatives are measured at fair value.

The measurement of fair value of derivative financial instruments, including embedded derivatives, is based on quoted market prices. Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, fair value is estimated based on the Group's views on relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. Changes in the fair value therein are accounted for as described below.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in the statement of comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of a derivative is recognised in the statement of income.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to the statement of income in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to the statement of income.

Changes in the fair value of separated embedded derivatives and derivative financial instruments not designated for hedge accounting are recognised immediately in the statement of income.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 January 2004, the date of transition to IFRSs, was determined by reference to its fair value at that date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs (refer to note 3(n)). Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of periodic relining of electrolysers is capitalised and depreciated over the expected production period.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within gain/(loss) on disposal of property, plant and equipment in the statement of income.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of income as incurred.

(iii) Exploration and evaluation assets

Exploration and evaluation activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activities include:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Administration costs that are not directly attributable to a specific exploration area are charged to the statement of income.

License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Exploration and evaluation expenditure is capitalised as exploration and evaluation assets when it is expected that expenditure related to an area of interest will be recouped by future exploitation, sale, or, at the reporting date, the exploration and evaluation activities have not reached a stage that permits a reasonable assessment of the existence of commercially recoverable ore reserves. Capitalised exploration and evaluation expenditure is recorded as a component of property, plant and equipment at cost less impairment losses. As the asset is not available for use, it is not depreciated. All capitalised exploration and evaluation expenditure is monitored for indications of impairment. Where there are indicators of potential impairment, an assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash-generating unit) to which the exploration is attributed. Exploration areas at which reserves have been discovered but which require major capital expenditure before production can begin are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway or planned. To the extent that capitalised expenditure is not expected to be recovered it is charged to the statement of income.

Exploration and evaluation assets are transferred to mining property, plant and equipment or intangible assets when development is sanctioned.

(iv) Stripping costs

Expenditure relating to the stripping of overburden layers of ore, including estimated site restoration costs, is included in the cost of production in the period in which it is incurred.

(v) Mining assets

Mining assets are recorded as construction in progress and transferred to mining property, plant and equipment when a new mine reaches commercial production.

Mining assets include expenditure incurred for:

- Acquiring mineral and development rights;
- Developing new mining operations.

Mining assets include interest capitalised during the construction period, when financed by borrowings.

(vi) Depreciation

The carrying amounts of property, plant and equipment (including initial and any subsequent capital expenditure) are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned, or the estimated life of the associated mine or mineral lease, if shorter. Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated.

The property, plant and equipment is depreciated on a straight-line or units of production basis over the respective estimated useful lives as follows:

- Buildings — 30 to 50 years;
- Plant, machinery and equipment — 5 to 40 years;
- Electrolysers — 4 to 15 years;
- Mining assets — units of production on proven and probable reserves;
- Other (except for exploration and evaluation assets) — 1 to 20 years.

(e) Intangible assets

(i) Goodwill

On the acquisition of a subsidiary, an interest in a joint venture 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 joint ventures, the carrying amount of goodwill is included in the carrying amount of the interest in the associate and joint venture and the investment as a whole is tested for impairment whenever there is objective evidence of impairment. Any impairment loss is allocated to the carrying amount of the interest in the associate and joint venture.

When the fair value of the Group's share of identifiable net assets acquired exceeds the cost of acquisition, the difference is recognised immediately in the statement of income.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statement of income when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use and capitalised borrowing costs. Other development expenditure is recognised in the statement of income when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses (refer to note 3(h) (ii)).

(iii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses (refer to note 3(h) (ii)).

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of income when incurred.

(v) Amortisation

Amortisation is recognised in the statement of income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are as follows:

- software — 5 years;
- contracts, acquired in business combinations — 2-8 years.

The amortisation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

FINANCIAL STATEMENTS

(f) Leased assets

Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

The corresponding finance lease obligation is included within interest bearing liabilities. The interest element is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period.

Assets held under other leases (operating leases) are not recognised in the statement of financial position. Payments made under the lease are charged to the statement of income in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the statement of income as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the statement of income in the accounting period in which they are incurred.

(g) Inventories

Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is determined under the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

The production costs include mining and concentrating costs, smelting, treatment and refining costs, other cash costs and depreciation and amortisation of operating assets.

(h) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset occurred after the initial recognition of that asset and the impact can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the statement of income.

Impairment losses for trade receivables included within trade and other receivables whose recovery is considered doubtful but not remote are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the statement of income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other asset groups. Impairment losses are recognised in the statement of income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture 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 joint venture may be impaired.

An impairment loss in respect of an investment in an associate or joint venture is calculated as the difference between its carrying amount after application of the equity method of accounting (refer to note 3(a) (iv)) and its recoverable amount. The recoverable amount of such investment is the greater of its value in use and its fair value less cost to sell. In determining the value in use of the investment the Group estimates: (a) its share of the present value of the estimated future cash flows expected to be generated by the investee, including the cash flows from the operations of the investee and the proceeds on the ultimate disposal of the investment; or (b) the present value of the estimated future cash flows expected to arise from the dividends to be received from the investee and from its ultimate disposal depending on which available information with respect to each investee is more reliable. An impairment loss is reversed to the extent that the recoverable amount of the investment subsequently increases and the resulting carrying amount does not exceed the carrying amount that would have been determined, after application of the equity method, had no impairment loss previously been recognised.

(i) Insurance contracts

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies, controlled by the beneficial shareholder of the Group, the Group considers these to be insurance arrangements and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

(j) Employee benefits

(i) Salaries, annual bonuses, paid annual leave and cost of non-monetary benefits

Salaries, annual bonuses, paid annual leave and cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined benefit pension and other post-retirement plans

The Group's net obligation in respect of defined benefit pension and other post-retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Where there is a change in actuarial assumptions, the resulting actuarial gains and losses are recognised directly in the statement of comprehensive income.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the statement of income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately.

(iii) State pension fund

The Group makes contributions for the benefit of employees to Russia's and the Ukrainian State's pension funds. The contributions are expensed as incurred.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and past service costs that had not previously been recognised.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

(i) Site restoration

The mining, refining and smelting activities of the Group can give rise to obligations for site restoration and rehabilitation. Restoration and rehabilitation works can include facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation, and site restoration. The extent of work required and the associated costs are dependent on the requirements of law and the interpretations of the relevant authorities.

Provisions for the cost of each restoration and rehabilitation program are recognised at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass obligated and reasonably estimable restoration and rehabilitation activities expected to occur progressively over the life of the operation and at the time of closure in connection with disturbances at the reporting date. Routine operating costs that may impact the ultimate restoration and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

Restoration and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each operation. Discount rates used are specific to the country in which the operation is located. Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements.

When provisions for restoration and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of restoration and rehabilitation activities is amortised over the estimated economic life of the operation on a units of production or straight-line basis. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense recognised as part of finance expenses.

Restoration and rehabilitation provisions are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the unamortised capitalised cost, in which case the capitalised cost is reduced to nil and the remaining adjustment is recognised in the statement of income. Changes to the capitalised cost result in an adjustment to future amortisation charges. Adjustments to the estimated amount and timing of future restoration and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing those changes include revisions to estimated reserves, resources and lives of operations; developments in technology; regulatory requirements and environmental management strategies; changes in the estimated costs of anticipated activities, including the effects of inflation and movements in foreign exchange rates; and movements in general interest rates affecting the discount rate applied.

(ii) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

(l) Revenue

Goods sold

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the good and the amount of revenue can be measured reliably. This is generally when title passes. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

For the majority of sales transactions 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 not reduced for royalties or other taxes payable from production.

(m) Other expenses

Social expenditure

To the extent that the Group's contributions to social programms benefit the community at large and are not restricted to the Group's employees, they are recognised in the statement of income as incurred.

(n) Finance income and expenses

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses and changes in the fair value of financial assets at fair value through profit or loss. All borrowing costs are recognised in the statement of income using the effective interest method, except for borrowing costs related to the acquisition, construction and production of qualifying assets which are recognised as part of the cost of such assets.

Foreign currency gains and losses are reported on a net basis.

(o) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of income and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liability. Such changes to tax liabilities will impact tax expenses in the period that such a determination is made. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividends is recognised.

(p) Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups comprising assets and liabilities), that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRSs. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that has been abandoned may also qualify.

(q) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance and for which discrete consolidated financial statements are available.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(r) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

4 SEGMENT REPORTING

(a) Reportable segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. These business units are managed separately and the results of their operations are reviewed by the CEO on a regular basis.

Aluminium. The Aluminium segment is involved in the production and sale of primary aluminium and related products.

Alumina. The Alumina segment is involved in the mining and refining of bauxite into alumina and the sale of alumina.

Energy. The Energy segment includes the Group companies and projects engaged in the mining and sale of coal and the generation and transmission of electricity produced from various sources. Where the generating facility is solely a part of an alumina or aluminium production facility it is included in the respective reportable segment.

Mining and Metals. The Mining and Metals segment includes the equity investment in OJSC MMC Norilsk Nickel ("Norilsk Nickel").

Other operations include manufacturing of semi-finished products from primary aluminium for the transportation, packaging, building and construction, consumer goods and technology industries; and the activities of the Group's administrative centres. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2014 and 2013.

The Aluminium and Alumina segments are vertically integrated whereby the Alumina segment supplies alumina to the Aluminium segment for further refining and smelting with limited sales of alumina outside the Group. Integration between the Aluminium, Alumina and Energy segments also includes shared servicing and distribution.

(b) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of income tax assets and corporate assets. Segment liabilities include trade and other payables attributable to the production and sales activities of the individual segments. Loans and borrowings are not allocated to individual segments as they are centrally managed by the head office.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments excluding impairment.

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 joint ventures, depreciation, amortisation, impairment and additions of non-current segment assets used by the segments in their operations. Inter-segment pricing is determined on a consistent basis using market benchmarks.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

The Group's customer base includes only one customer with whom transactions have exceeded 10% of the Group's revenues. In 2014 revenues from sales of primary aluminium and alloys to this customer amounted to USD2,745 million (2013: USD3,227 million). Details of concentrations of credit risk arising from this customer are set out in note 31(e).

(i) Reportable segments
Year ended 31 December 2014

	Aluminium USD million	Alumina USD million	Energy USD million	Mining and Metals USD million	Total segment result USD million
Revenue from external customers	7,823	612	3	–	8,438
Inter-segment revenue	162	1,267	–	–	1,429
Total segment revenue	7,985	1,879	3	–	9,867
Segment profit/(loss)	1,330	(60)	(20)	–	1,250
Impairment of non-current assets	(25)	(78)	–	–	(103)
Share of (losses)/profits of associates	–	(15)	–	515	500
Share of profits of joint ventures	1	–	35	–	36
Depreciation/amortisation	(365)	(85)	–	–	(450)
Non-cash (expense)/income other than depreciation	(17)	5	–	–	(12)
Additions to non-current segment assets during the year	257	195	5	–	457
Non-cash additions to non-current segment assets related to site restoration	–	12	–	–	12
Segment assets	7,919	1,675	28	–	9,622
Interests in associates	–	327	–	4,141	4,468
Interests in joint ventures	20	–	389	–	409
Total segment assets					14,499
Segment liabilities	(1,958)	(847)	(101)	–	(2,906)
Total segment liabilities					(2,906)

Year ended 31 December 2013

	Aluminium USD million	Alumina USD million	Energy USD million	Mining and Metals USD million	Total segment result USD million
Revenue from external customers	8,159	567	4	–	8,730
Inter-segment revenue	155	1,468	–	–	1,623
Total segment revenue	**8,314**	**2,035**	**4**	**–**	**10,353**
Segment profit/(loss)	**523**	**(270)**	**–**	**–**	**253**
Impairment of non-current assets and restructuring expenses	(1,745)	(174)	–	–	(1,919)
Share of (losses)/profits of associates	–	(21)	–	105	84
Share of profits/(losses) of joint ventures	2	–	(553)	–	(551)
Depreciation/amortisation	(414)	(96)	–	–	(510)
Non-cash expense other than depreciation	(9)	(100)	–	–	(109)
Additions to non-current segment assets during the year	332	197	12	–	541
Non-cash additions to non-current segment assets related to site restoration	–	7	–	–	7
Segment assets	9,754	1,734	32	–	11,520
Interests in associates	–	371	–	7,801	8,172
Interests in joint ventures	18	–	567	–	585
Total segment assets					**20,277**
Segment liabilities	(1,744)	(957)	(2)	–	(2,703)
Total segment liabilities					**(2,703)**

FINANCIAL STATEMENTS

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

	Year ended 31 December	
	2014 USD million	2013 USD million
Revenue		
Reportable segment revenue	9,867	10,353
Elimination of inter-segment revenue	(1,429)	(1,623)
Unallocated revenue	919	1,030
Consolidated revenue	9,357	9,760

	Year ended 31 December	
	2014 USD million	2013 USD million
Profit		
Reportable segment profit	1,250	253
Impairment of non-current assets and restructuring expenses	(103)	(1,919)
Share of profits of associates	500	84
Share of profits/(losses) of joint ventures	36	(551)
Recycle of losses from other comprehensive income	–	(234)
Finance income	30	51
Finance expenses	(1,361)	(787)
Unallocated expenses	(205)	(138)
Consolidated profit/(loss) before taxation	147	(3,241)

	31 December 2014 USD million	31 December 2013 USD million
Assets		
Reportable segment assets	14,499	20,277
Elimination of inter-segment receivables	(165)	(336)
Unallocated assets	523	539
Consolidated total assets	**14,857**	**20,480**

	31 December 2014 USD million	31 December 2013 USD million
Liabilities		
Reportable segment liabilities	(2,906)	(2,703)
Elimination of inter-segment payables	165	336
Unallocated liabilities	(9,879)	(11,563)
Consolidated total liabilities	**(12,620)**	**(13,930)**

(iii) Geographic information

The Group's operating segments are managed on a worldwide basis, but operate in four principal geographical areas: the CIS, Europe, Africa and the Americas. In the CIS, production facilities operate in Russia and Ukraine. In Europe, production facilities are located in Italy, Ireland and Sweden. African production facilities are represented by bauxite mines and an alumina refinery in Guinea and an aluminium plant in Nigeria. In the Americas the Group operates two production facilities in Jamaica, one in Guyana and a trading subsidiary in the United States of America.

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets and interests in associates and joint ventures ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset. Unallocated specified non-current assets comprise mainly goodwill and interests in associates and joint ventures.

	Revenue from external customers Year ended 31 December	
	2014 USD million	2013 USD million
Russia	1,793	1,926
Netherlands	1,553	2,788
Turkey	977	852
USA	888	611
Japan	871	523
South Korea	530	437
Poland	267	306
Greece	272	171
Norway	226	407
Italy	214	136
Sweden	182	219
France	179	144
Germany	164	110
China	91	203
Other countries	1,150	927
	9,357	9,760

	Specified non-current assets	
	31 December 2014 USD million	31 December 2013 USD million
Russia	3,244	3,461
Ireland	355	339
Ukraine	227	254
Guyana	64	55
Armenia	51	55
Guinea	46	49
Unallocated	7,584	12,477
	11,571	16,690

5 REVENUE

	Year ended 31 December	
	2014 USD million	2013 USD million
Sales of primary aluminium and alloys	7,823	8,159
Third parties	*4,627*	*4,499*
Related parties – companies capable of exerting significant influence	*2,936*	*3,371*
Related parties – companies under common control	*226*	*241*
Related parties – associates	34	*48*
Sales of alumina and bauxite	612	567
Third parties	*377*	*342*
Related parties – companies capable of exerting significant influence	*235*	*225*
Sales of foil	303	313
Third parties	*291*	*306*
Related parties – companies under common control	*12*	*7*
Other revenue including energy and transportation services	619	721
Third parties	*530*	*554*
Related parties – companies capable of exerting significant influence	*26*	*23*
Related parties – companies under common control	*26*	*35*
Related parties – associates	*37*	*109*
	9,357	9,760

The Group's customer base is diversified and includes only one major customer - Glencore International AG (a member of Glencore International Plc Group which is a shareholder of the Company with a 8.75% share – refer to note 1(a)) - with whom transactions have exceeded 10% of the Group's revenue. In 2014 revenues from sales of primary aluminium and alloys to this customer amounted to USD2,745 million (2013: USD3,227 million).

6 OTHER OPERATING EXPENSES

	Year ended 31 December	
	2014 USD million	2013 USD million
Impairment loss on trade and other receivables	(4)	(5)
(Provision)/reversal of provision for legal claims	(3)	11
Tax provision	–	(65)
Charitable donations	(13)	(14)
Other operating (expense)/income	(52)	6
	(72)	(67)

7 FINANCE INCOME AND EXPENSES

	Year ended 31 December	
	2014 USD million	2013 USD million
Finance income		
Interest income on third party loans and deposits	28	14
Interest income on loans to related parties – *companies under common control*	2	3
Net foreign exchange gain	–	29
Interest income on provisions	–	5
	30	51
Finance expenses		
Interest expense on bank loans wholly repayable within 5 years, bonds and other bank charges	(461)	(754)
Interest expense on bank loans wholly repayable after 5 years	(357)	–
Interest expense on company loans from related parties – *companies exerting significant influence*	(18)	–
Change in fair value of derivative financial instruments (refer to note 29)	(487)	(12)
Net foreign exchange loss	(27)	–
Interest expense on provisions	(11)	(21)
	(1,361)	(787)

8 INCOME TAX

	Year ended 31 December	
	2014 USD million	2013 USD million
Current tax		
Current tax for the year	149	181
Deferred tax		
Origination and reversal of temporary differences	89	(100)
Actual tax expense	238	81

The Company is a tax resident of Cyprus with an applicable corporate tax rate of 12.5%. 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 18% (for the period ended 31 December 2013 – 19%); Guinea of 0%; China of 25%; Kazakhstan of 20%; Australia of 30%; Jamaica of 25%; Ireland of 12.5%; Sweden of 22% and Italy of 31.4%. For the Group's subsidiaries domiciled in Switzerland the applicable tax rate for the period is the corporate income tax rate in the Canton of Zug, Switzerland, which may vary depending on the subsidiary's tax status. The rate consists of a federal income tax and cantonal/communal income and capital taxes. The latter includes a base rate and a multiplier, which may change from year to year. Applicable income tax rates for 2014 are 9.27% and 14.60% for different subsidiaries (31 December 2013: 9.33% and 14.88%). For the Group's significant trading companies, the applicable tax rate is 0%. The applicable tax rates for the year ended 31 December 2014 were the same as for the year ended 31 December 2013 except as noted above.

	Year ended 31 December			
	2014		2013	
	USD million	%	USD million	%
Profit/(loss) before taxation	147	100	(3,241)	100
Income tax at tax rate applicable to the tax residence of the Company	18	13	(405)	13
Effect of different income tax rates	94	64	(137)	4
Financial expenses non-deductible for tax purposes	66	45	81	(3)
Effect of changes in investment in Norilsk Nickel	(19)	(13)	40	(1)
Effect of impairment of goodwill	–	–	50	(2)
Change in unrecognised deferred tax assets	42	28	338	(10)
Other non-deductible taxable items	37	25	114	(4)
Actual tax expense	238	162	81	(3)

9 LOSS FOR THE YEAR

Loss for the year is arrived at after charging:

(a) Personnel costs

	Year ended 31 December	
	2014 USD million	2013 USD million
Contributions to defined contribution retirement plans	207	246
Contributions to defined benefit retirement plans	5	9
Total retirement costs	212	255
Wages and salaries	795	869
Share-based compensation (refer to note 25(b))	1	4
	1,008	1,128

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	
	2014 USD million	2013 USD million
Amortisation of intangible assets	14	15
Depreciation (net of amount included in inventories)	445	505
Impairment losses in respect of:		
– property, plant and equipment	96	1,222
– intangible assets	–	382
Restructuring expenses	–	315
Mineral restoration tax	26	31
Net increase in provisions	31	152
Auditors' remuneration	7	7
Operating lease charges in respect of property	17	18
Cost of inventories (refer to note 22)	6,826	7,944

There were no restructuring expenses during the year ended 31 December 2014. As at 31 December 2013 restructuring expenses included inventories at closed plants in the amount of USD170 million, accounts receivable in amount of USD56 million, various redundancy payments in the amount of USD47 million, electricity and power costs in the amount USD18 million and USD12 million, respectively, and other expenses in the amount of USD12 million.

10 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Year ended 31 December 2014		
	Directors' fees USD thousand	Salaries, allowances, benefits in kind and discretionary bonuses USD thousand	Total USD thousand
Executive Directors (i)			
Oleg Deripaska	–	1,761	1,761
Vladislav Soloviev	–	4,196	4,196
Vera Kurochkina	–	1,236	1,236
Stalbek Mishakov	–	3,294	3,294
Non-executive Directors			
Maksim Goldman	247	–	247
Dmitry Afanasiev	214	–	214
Len Blavatnik	198	–	198
Ivan Glasenberg	247	–	247
Gulzhan Moldazhanova	222	–	222
Ekaterina Nikitina	230	345	575
Olga Mashkovaskaya	214	–	214
Christophe Charlier (a)	119	–	119
Daniel Lesin Wolfe (b)	128	–	128
Maksim Sokov (c)	75	1,876	1,951
Independent Non-executive Directors			
Matthias Warnig (Chairman)	474	–	474
Nigel Kenny	272	–	272
Philip Lader	331	–	331
Elsie Leung Oi-Sie	255	–	255
Mark Garber	263	–	263
	3,489	12,708	16,197

a. Christophe Charlier resigned from his position as a member of the Board of Directors in June 2014.
b. Daniel Lesin Wolfe was appointed as a Non-executive Director in June 2014.
c. Maksim Sokov was redesignated from the Executive to a Non-executive Director in August 2014.
d. Compensation of Executive Directors in the form of shares of the Company relates to a share-based long-term incentive plan (hereinafter "LTIP") (refer to note 25(b)). The fair value of the share-based compensation was recognised as an employee expense during the vesting period. On 21 November 2014 one-fifth of LTIP in

relation to the eligible employees vested as follows:

	Number of shares awarded	Number of shares vested on 21 November 2014	Value of share-based compensation vested USD thousand
Vladislav Soloviev	1,311,629	262,326	226
Vera Kurochkina	354,346	70,869	61

	Year ended 31 December 2013		
	Directors' fees USD thousand	Salaries, allowances, benefits in kind and discretionary bonuses USD thousand	Total USD thousand
Executive Directors (g)			
Oleg Deripaska	–	2,233	2,233
Vladislav Soloviev	–	3,211	3,211
Vera Kurochkina	–	728	728
Stalbek Mishakov (a)	–	4,731	4,731
Maksim Sokov	–	19,104	19,104
Non-executive Directors			
Maksim Goldman	223	–	223
Dmitry Afanasiev	204	–	204
Len Blavatnik	200	–	200
Ivan Glasenberg	235	–	235
Dmitry Yudin (b)	91	–	91
Alexandra Bouriko (c)	55	125	180
Ekaterina Nikitina (d)	116	145	261
Christophe Charlier	235	–	235

	Year ended 31 December 2013		
	Directors' fees USD thousand	Salaries, allowances, benefits in kind and discretionary bonuses USD thousand	Total USD thousand
Olga Mashkovaskaya (e)	53	–	53
Artem Volynets (b)	134	–	134
Gulzhan Moldazhanova	211	–	211
Vadim Geraskin (b)	84	–	84
Independent Non-executive Directors			
Matthias Warnig (Chairman)	456	–	456
Nigel Kenny	258	–	258
Philip Lader	321	–	321
Elsie Leung Oi-Sie	237	–	237
Mark Garber (d)	142	–	142
Barry Cheung Chun-Yuen (f)	118	–	118
	3,373	30,277	33,650

e. Stalbek Mishakov, an advisor for Chief Executive Officer, was appointed as a member of the Board of Directors in August 2013.

f. Dmitry Yudin, Artem Volynets and Vadim Geraskin resigned from their positions as the members of the Board of Directors in June 2013.

g. Alexandra Bouriko was appointed as a non-executive director in June 2013 and resigned from her position in the Board of Directors in October 2013.

h. Ekaterina Nikitina and Mark Garber were appointed as the members of the Board of Directors in June 2013.

i. Olga Mashkovskaya was appointed as a member of the Board of Directors in October 2013.

j. Barry Cheung Chun-Yuen resigned from his position as a member of the board of Directors in May 2013.

k. Compensation of Executive Directors in the form of shares of the Company relates to a share-based long-term incentive plan (hereinafter "LTIP") (refer to note 25(b)). The fair value of the share-based compensation was recognised as an employee expense during the vesting period. On 21 November 2013 one-third of LTIP in relation to the CEO and one-fifth of LTIP in relation to other eligible employees were vested as follows:

	Number of shares awarded	Number of shares vested on 21 November 2013	Value of share-based compensation vested USD thousand
Oleg Deripaska	1,669,065	417,266	139
Vladislav Soloviev	1,311,629	262,326	87
Vera Kurochkina	354,346	70,869	24
Maksim Sokov	401,596	80,319	27

The remuneration of the executive directors disclosed above includes compensation received starting from the date of the appointment and/or for the period until their termination as a member of the Board of Directors.

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

11 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two were directors in the year ended 31 December 2013, whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the other individuals are as follows:

	Year ended 31 December	
	2014 USD thousand	2013 USD thousand
Salaries and bonuses(*)	33,790	32,499

(*) Included in salaries and bonuses is remuneration in the form of shares of the Company for the years ended 31 December 2014 and 2013 in relation to a share-based long-term incentive plan (refer to note 25(b)).

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

	Year ended 31 December	
	2014 Number of individuals	2013 Number of individuals
HK$34,000,001-HK$34,500,000 (USD4,350,001 – USD4,450,000)	1	–
HK$40,500,001-HK$41,000,000 (USD5,200,001 – USD5,300,000)	–	1
HK$45,500,001-HK$46,000,000 (USD5,900,001 – USD6,000,000)	1	–
HK$51,500,001-HK$52,000,000 (USD6,600,001 – USD6,700,000)	1	1
HK$62,000,001-HK$62,500,000 (USD8,000,001 – USD8,100,000)	–	1
HK$64,000,001-HK$64,500,000 (USD8,250,001 – USD8,350,000)	1	–
HK$65,500,001-HK$66,000,000 (USD8,400,001 – USD8,500,000)	1	–
HK$97,000,001-HK$97,500,000 (USD12,500,001 – USD12,600,000)	–	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 2014 and 2013. The Company is subject to external capital requirements (refer to note 31(f)).

13 PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The profit attributable to equity shareholders of the Company includes a profit of USD6,734 million for the year ended 31 December 2014 (2013: includes a loss of USD2,629 million) which relates to the financial statements of the Company.

14 LOSS PER SHARE

The calculation of loss per share is based on the loss attributable to ordinary equity shareholders of the Company and the weighted average number of shares in issue during the years ended 31 December 2014 and 31 December 2013.

Weighted average number of shares:

	Year ended 31 December 2014	2013
Issued ordinary shares at beginning of the period	15,193,014,862	15,193,014,862
Effect of treasury shares	(4,330,505)	(2,228,639)
Weighted average number of shares at end of the period	15,188,684,357	15,190,786,223
Loss for the period, USD million	(91)	(3,322)
Basic and diluted loss per share, USD	(0.006)	(0.219)

There were no outstanding dilutive instruments during the years ended 31 December 2014 and 2013.

15 PROPERTY, PLANT AND EQUIPMENT

USD million	Land and buildings	Machinery and equipment	Electro-lysers	Other	Mining assets	Construction in progress	Total
Cost/Deemed cost							
Balance at 1 January 2013	3,814	6,040	1,998	144	689	1,469	14,154
Additions	1	3	157	26	9	371	567
Disposals	(11)	(47)	(10)	(2)	(1)	(17)	(88)
Transfers	39	142	4	–	11	(196)	–
Foreign currency translation	(58)	(50)	(28)	(1)	(40)	(29)	(206)
Balance at 31 December 2013	**3,785**	**6,088**	**2,121**	**167**	**668**	**1,598**	**14,427**
Balance at 1 January 2014	3,785	6,088	2,121	167	668	1,598	14,427
Additions	1	1	143	2	12	318	477
Acquired through business combination	1	4	–	–	–	1	6
Disposals	(13)	(54)	(111)	(3)	(35)	(15)	(231)
Transfers	26	181	4	1	29	(241)	–
Foreign currency translation	(328)	(288)	(77)	(6)	(217)	(202)	(1,118)
Balance at 31 December 2014	**3,472**	**5,932**	**2,080**	**161**	**457**	**1,459**	**13,561**

USD million	Land and buildings	Machinery and equipment	Electro-lysers	Other	Mining assets	Construction in progress	Total
Accumulated depreciation and impairment losses							
Balance at 1 January 2013	1,869	4,052	1,501	115	672	492	8,701
Depreciation charge	86	260	169	13	1	–	529
Impairment loss	185	161	77	24	14	761	1,222
Disposals	(5)	(30)	(7)	(1)	–	–	(43)
Foreign currency translation	(32)	(33)	(21)	(2)	(40)	(21)	(149)
Balance at 31 December 2013	**2,103**	**4,410**	**1,719**	**149**	**647**	**1,232**	**10,260**
Balance at 1 January 2014	2,103	4,410	1,719	149	647	1,232	10,260
Depreciation charge	77	221	160	7	3	–	468
Impairment loss	12	32	6	–	34	12	96
Disposals	(7)	(39)	(102)	(3)	(35)	–	(186)
Foreign currency translation	(287)	(208)	(135)	(6)	(215)	(179)	(1,030)
Balance at 31 December 2014	**1,898**	**4,416**	**1,648**	**147**	**434**	**1,065**	**9,608**
Net book value							
At 31 December 2013	**1,682**	**1,678**	**402**	**18**	**21**	**366**	**4,167**
At 31 December 2014	**1,574**	**1,516**	**432**	**14**	**23**	**394**	**3,953**

Depreciation expense of USD421 million (2013: USD478 million) has been charged to cost of goods sold, USD6 million (2013: USD8 million) to distribution expenses and USD18 million (2013: USD19 million) to administrative expenses.

During the years ended 31 December 2014 and 2013, 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 2014 and 2013 are advances to suppliers of property, plant and equipment of USD20 million and USD23 million, respectively.

(a) Impairment

Management reviewed the carrying amount of the group's non-financial assets at the reporting date to determine whether there were any indicators of impairment. Management identified several factors including declining aluminium prices and plant closures in the industry that indicated that a number of the Group's cash-generating units may be impaired.

For the purposes of impairment testing the recoverable amount of each cash generating unit was determined by discounting expected future net cash flows of the cash generating unit.

Based on results of impairment testing for the year 2014, management has concluded that no impairment loss relating to property, plant and equipment should be recognised in these financial statements.

The recoverable amount of a number of the cash generating units tested for impairment are particularly sensitive to changes in forecast aluminium prices, foreign exchange rates and applicable discount rates.

Based on results of impairment testing for the year 2013, management has concluded that an impairment loss relating to property, plant and equipment should be recognised in these financial statements in respect of the Taishet, Kubikenborg Aluminium and Kremniy cash generating units in the amounts of USD680 million, USD125 million and USD57 million, respectively.

The pre-tax discount rates applied to the Taishet, Kubikenborg Aluminium and Kremniy cash generating units were 18.61%, 12.20% and 13.60%, respectively, estimated in nominal terms based on an industry weighted average cost of capital.

The recoverable amount of a number of the cash generating units tested for impairment are particularly sensitive to changes in forecast aluminium prices, foreign exchange rates, applicable discount rates and in respect to Taishet, the expected timing of completion of the project and period required to reach full production capacity.

Additionally, management identified specific items of property, plant and equipment that are no longer in use and therefore are not considered to be recoverable amounting to USD96 million at 31 December 2014 (2013: USD360 million (including USD115 million of impairment relating specifically to 2013 SUAL plant closures and USD32 million relating to closure of other Group's plants)). These assets have been impaired in full. No further impairment of property, plant and equipment or reversal of previously recorded impairment was identified by management.

(b) Security

The carrying value of property, plant and equipment subject to lien under loan and swap agreements was USD600 million as at 31 December 2014 (31 December 2013: USD288 million under loan agreements), refer to notes 26 and 29.

(c) Net book value of properties

	31 December 2014 USD million	31 December 2013 USD million
Owned and leased properties		
In the Russian Federation		
Freehold	1,404	1,505
short-term leases	22	22
medium-term leases	7	7
Outside the Russian Federation		
Freehold	141	148
	1,574	1,682
Representing		
Land and buildings	1,574	1,682

Included in the above mentioned amounts is the land held on long lease in the Russian Federation that comprised USD29 million and USD29 million at 31 December 2014 and 31 December 2013, respectively. The Group does not hold land in Hong Kong.

FINANCIAL STATEMENTS

16 INTANGIBLE ASSETS

	Goodwill USD million	Other intangible assets USD million	Total USD million
Cost			
Balance at 1 January 2013	4,016	510	4,526
Additions	–	15	15
Disposals	–	(1)	(1)
Foreign currency translation	(170)	(1)	(171)
Balance at 31 December 2013	**3,846**	**523**	**4,369**
Balance at 1 January 2014	3,846	523	4,369
Additions	–	14	14
Disposals	–	(2)	(2)
Foreign currency translation	(916)	(7)	(923)
Balance at 31 December 2014	**2,930**	**528**	**3,458**
Amortisation and impairment losses			
Balance at 1 January 2013	(67)	(408)	(475)
Impairment	(382)	–	(382)
Amortisation charge	–	(15)	(15)
Balance at 31 December 2013	**(449)**	**(423)**	**(872)**
Balance at 1 January 2014	(449)	(423)	(872)
Amortisation charge	–	(14)	(14)
Balance at 31 December 2014	**(449)**	**(437)**	**(886)**
Net book value			
At 31 December 2013	**3,397**	**100**	**3,497**
At 31 December 2014	**2,481**	**91**	**2,572**

(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 initially 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 principally increased in 2007 as a result of the acquisition of certain businesses of SUAL Partners and Glencore.

(c) Impairment testing of goodwill and other intangible assets

For the purposes of impairment testing, the entire amount of goodwill is allocated to the aluminium segment of the Group's operations. The aluminium segment represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The recoverable amount represents value in use as determined by discounting the future cash flows generated from the continuing use of the plants within the Group's aluminium segment.

At 31 December 2014, management analysed changes in the economic environment and developments in the aluminium industry and the Group's operations since 31 December 2013 and performed an impairment test for goodwill at 31 December 2014 using the following assumptions to determine the recoverable amount of the segment:

- Total production was estimated based on average sustainable production levels of 3.6 million metric tonnes of primary aluminium, of 7.4 million metric tonnes of alumina and of 12.4 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 USD2,010 per tonne for primary aluminium in 2015, USD2,127 in 2016, USD2,203 in 2017, USD2,270 in 2018, USD2,313 in 2019. Operating costs were projected based on the historical performance adjusted for inflation;
- Nominal foreign currency exchange rates applied to convert operating costs of the Group denominated in RUB into USD were RUB59.6 for one USD in 2015, RUB55.6 in 2016, RUB53.2 in 2017, RUB51.2 in 2018, RUB49.3 in 2019. Inflation of 4.9% – 11.8% in RUB and 1.5% - 2.5% 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 16.2%;
- A terminal value was derived following the forecast period assuming a 2.1% annual growth rate.

Values assigned to key assumptions and estimates used to measure the units' recoverable amount was based on external sources of information and historic data. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results were particularly sensitive to the following key assumptions:

- A 5% reduction in the projected aluminium price level would have resulted in a decrease in the recoverable amount by 17% and would not lead to an impairment;
- A 5% increase in the projected level of electricity and alumina costs in the aluminium production would have resulted in a 5% decrease in the recoverable amount and would not lead to an impairment;
- A 1% increase in the discount rate would have resulted in a 6% decrease 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 the consolidated financial statements as at 31 December 2014.

At 31 December 2013, management analysed changes in the economic environment and developments in the aluminium industry and the Group's operations since 31 December 2012 and performed an impairment test for goodwill at 31 December 2013 using the following assumptions to determine the recoverable amount of the segment:

- Total production was estimated based on average sustainable production levels of 3.7 million metric tonnes of primary aluminium, of 7.4 million metric tonnes of alumina and of 11.6 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 USD1,865 per tonne for primary aluminium in 2014, USD2,016 in 2015, USD2,107 in 2016, USD2,171 in 2017, USD2,246 in 2018. Operating costs were projected based on the historical performance adjusted for inflation;
- Nominal foreign currency exchange rates applied to convert operating costs of the Group denominated in RUB into USD were RUB33.4 for one USD in 2014, RUB34.3 in 2015, RUB34.9 in 2016, RUB36.6 in 2017, RUB36.7 in 2018. Inflation of 4.1% – 5.6% in RUB and 2.2% - 2.5% 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 12%;
- A terminal value was derived following the forecast period assuming a 2.5% annual growth rate.

Values assigned to key assumptions and estimates used to measure the units' recoverable amount was 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 full impairment of goodwill of USD3,397 million;
- A 5% increase in the projected level of electricity and alumina costs in the aluminium production would have resulted in a 31% decrease in the recoverable amount and would lead to an additional impairment of USD1,058 million;
- A 1% increase in the discount rate would have resulted in a 32% decrease in the recoverable amount and would lead to an additional impairment of USD1,080 million.

Based on results of impairment testing, management concluded that an impairment of USD382 million should be recorded in the consolidated financial statements as at 31 December 2013.

17 NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE

On 24 April 2013 the Group completed disposal of 3,873,537 shares in Norilsk Nickel for USD620 million to Crispian Investments Limited.

On the date of disposal the Group recycled USD230 million of accumulated foreign currency translation losses and USD4 million of other losses relating to shares sold from other comprehensive income recognized in equity to the consolidated statement of income. The accumulated foreign currency translation losses of USD230 million and USD4 million of other losses were accumulated while the shares were recognized as part of the Group's investment in an associate.

18 INTERESTS IN ASSOCIATES

	31 December	
	2014 USD million	2013 USD million
Balance at the beginning of the year	8,175	9,673
Group's share of profits and other gains and losses attributable to associates	500	84
Dividends	(932)	(845)
Group's share of other comprehensive income	10	(17)
Foreign currency translation	(3,283)	(720)
Balance at the end of the year	4,470	8,175
Goodwill included in interests in associates	2,863	4,801

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.

FINANCIAL STATEMENTS

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 interest3	Proportion of ownership interest: Group's nominal interest	Principal activity
OJSC MMC Norilsk Nickel	Incorporated	Russian Federation	158,245,476 shares, RUB1 par value	27.82%	27.82%	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 for the year ended 31 December 2014 is presented below:

	OJSC MMC Norilsk Nickel		Queensland Alumina Limited		Other	
	Group share	100%	Group share	100%	Group share	100%
Non-current assets	4,987	7,464	493	676	2	–
Current assets	1,582	5,685	37	190	–	–
Non-current liabilities	(1,820)	(6,174)	(111)	(269)	–	–
Current liabilities	(608)	(2,182)	(92)	(455)	–	–
Net assets	4,141	4,793	327	142	2	–
Revenue	3,302	11,869	153	766	–	–
Profit/(loss) from continuing operations	515	2,003	(14)	4	–	–
Other comprehensive income	(3,243)	(3,519)	(30)	(13)	–	–
Total comprehensive income	(2,728)	(1,516)	(44)	(9)	–	–

The summary of the consolidated financial statements of associates for the year ended 31 December 2013 is presented below:

	OJSC MMC Norilsk Nickel		Queensland Alumina Limited		Other	
	Group share	100%	Group share	100%	Group share	100%
Non-current assets	8,707	12,289	563	711	2	–
Current assets	1,806	6,492	37	231	–	–
Non-current liabilities	(1,959)	(6,325)	(124)	(269)	–	–
Current liabilities	(753)	(2,706)	(105)	(521)	–	–
Net assets	**7,801**	**9,750**	**371**	**152**	**2**	**–**

	OJSC MMC Norilsk Nickel		Queensland Alumina Limited		Other	
	Group share	100%	Group share	100%	Group share	100%
Revenue	3,196	11,489	168	838	–	–
Profit/(loss) from continuing operations	105	765	(21)	(26)	–	–
Other comprehensive income	(675)	(958)	(61)	(20)	(1)	–
Total comprehensive income	**(570)**	**(193)**	**(82)**	**(46)**	**(1)**	**–**

(a) OJSC MMC Norilsk Nickel

The carrying value and market value of the Group's investment in Norilsk Nickel as at 31 December 2014 and 31 December 2013 were as follows:

	31 December 2014 USD million	31 December 2013 USD million
Carrying value	**4,141**	7,801
Market value (a)	**6,388**	7,261

a. Market value is determined by multiplying the quoted bid price per share on the Moscow Interbank Currency Exchange on the year-end date by the number of shares held by the Group

FINANCIAL STATEMENTS

The recoverable amount of the investment at 31 December 2014 was determined based on the underlying value in use based on the following significant assumptions.

- The long term commodity price forecasts for nickel, copper and other by-products, are management's estimates based on their experience of the specific commodities markets as at the date of the impairment test, and are within the range of external market forecasts. The prices used were as follows:

Metal	Units	2015	2016	2017	2018	2019
Nickel	USD/tonne	19,499	21,067	22,039	22,600	21,753
Copper	USD/tonne	6,749	6,998	7,246	7,335	7,270
Platinum	USD/oz	1,365	1,524	1,626	1,664	1,670
Palladium	USD/oz	853	905	920	901	873

- Total production volume was based on existing production levels for 2013 adjusted for a growth rate of 1.5-3.0% per year.
- Nominal foreign currency exchange rates applied to convert operating costs of the Group denominated in RUB into USD were RUB59.6 for one USD in 2015, RUB55.6 in 2016, RUB53.2 in 2017, RUB51.2 in 2018, RUB49.3 in 2019. Inflation of 4.9% – 11.8% in RUB and 1.5% - 2.5% 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 and was 16.7%.

Management concluded that no impairment is required to be recognised as a result of impairment testing. Values assigned to key assumptions and estimates used to measure the units' recoverable amounts were consistent with external sources of information and historic data. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results are not particularly sensitive and would not be impacted by a 5% reduction in projected sales price level or a 1% increase in discount rate.

The recoverable amount of the investment at 31 December 2013 was determined based on the underlying value in use based on the following significant assumptions.

- The long term commodity price forecasts for nickel, copper and other by-products, are management's estimates based on their experience of the specific commodities markets as at the date of the impairment test, and are within the range of external market forecasts. The prices used were as follows:

Metal	Units	2014	2015	2016	2017	2018
Nickel	USD/tonne	15,043	16,671	18,197	19,348	20,061
Copper	USD/tonne	6,962	6,941	7,071	7,143	7,210
Platinum	USD/oz	1,559	1,687	1,775	1,839	1,880
Palladium	USD/oz	782	837	824	843	856

- Total production volume was based on existing production levels for 2012 adjusted for a growth rate of 1.5-3.0% per year.
- Nominal foreign currency exchange rates applied to convert operating costs of the Group denominated in RUB into USD were RUB33.4 for one USD in 2014, RUB34.3 in 2015, RUB34.9 in 2016, RUB36.6 in 2017, RUB36.7 in 2018. Inflation of 4.1% – 5.6% in RUB and 2.2% - 2.5% 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 and was 13.4%.

Management concluded that no impairment is required to be recognised as a result of impairment testing. Values assigned to key assumptions and estimates used to measure the units' recoverable amounts were consistent with external sources of information and historic data. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results are not particularly sensitive and would not be impacted by a 5% reduction in projected sales price level or a 1% increase in discount rate.

19 INTERESTS IN JOINT VENTURES

The Group has the following movements in investments in joint ventures:

	31 December	
	2014 USD million	2013 USD million
Balance at the beginning of the year	585	1,156
Group's share of profits/(losses)	36	(551)
Adjustment for guarantee	–	100
Dividends	(43)	(63)
Foreign currency translation	(169)	(57)
Balance at the end of the year	**409**	**585**

Details of the Group's interest in the joint ventures are as follows:

Name of joint venture	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	Cyprus, Russian Federation	BOGES Limited – 10,000 shares EUR1.71 BALP Limited – 10,000 shares EUR1.71	50%	50%	Energy/Aluminium production – construction in progress
Mega Business & Alliances B.V. and its companies	Incorporated	Netherlands/ Russian Federation/ Kazakhstan	18,000 shares, EUR1	50%	50%	Transportation business
North United Aluminium	Incorporated	China	170,375,940 RMB	33%	33%	Aluminium alloys trading
VolkhOR	Incorporated	Cyprus, Russian Federation	1,000 shares, EUR1	50%	50%	Products for automotive market

Summary of the consolidated financial statements of joint venture – Group's effective interest for the year ended 31 December 2014 is presented below (all in USD million):

	LLP Bogatyr Komir and its trading companies	BEMO project	Other	Total
Non-current assets	239	472	43	754
Current assets	48	36	174	258
Non-current liabilities	(57)	(270)	(14)	(341)
Current liabilities	(51)	(565)	(172)	(788)
Net assets	179	(327)	31	(117)

	LLP Bogatyr Komir and its trading companies	BEMO project	Other	Total
Revenue	261	88	804	1,153
Profit from continuing operations	27	4	5	36
Other comprehensive income	(33)	(137)	1	(169)
Total comprehensive income	(6)	(133)	6	(133)
Cash and cash equivalents	8	14	41	63
Current financial liabilities	(19)	(534)	(14)	(567)
Non-current financial liabilities	(15)	(241)	(5)	(261)
Depreciation and amortisation	(20)	(21)	(3)	(44)
Interest income	–	1	–	1
Interest expense	(3)	(6)	(2)	(11)
Income tax expense or income	(10)	(3)	(2)	(15)

Summary of the consolidated financial statements of joint venture – Group's effective interest for the year ended 31 December 2013 is presented below (all in USD million):

	LLP Bogatyr Komir and its trading companies	BEMO project	Other	Total
Non-current assets	290	863	49	1,202
Current assets	55	37	245	337
Non-current liabilities	(77)	(829)	(17)	(923)
Current liabilities	(49)	(47)	(244)	(340)
Net assets	219	24	33	276
Revenue	325	70	908	1,303
Profit/(loss) from continuing operations	35	(505)	19	(451)
Other comprehensive income	(4)	(53)	–	(57)
Total comprehensive income	31	(558)	19	(508)

	LLP Bogatyr Komir and its trading companies	BEMO project	Other	Total
Cash and cash equivalents	7	8	47	62
Current financial liabilities	(16)	–	(38)	(54)
Non-current financial liabilities	(26)	(800)	(7)	(833)
Depreciation and amortisation	(23)	(19)	(4)	(46)
Interest income	–	1	–	1
Interest expense	(3)	(1)	(2)	(6)
Income tax expense or income	**(10)**	**3**	**(5)**	**(12)**

BEMO project

For the purposes of impairment testing, the BEMO project was separated into two cash generating units – the Boguchansky Aluminium Smelter ("BoAZ') and the Boguchansky Hydro Power Plant ("BOGES"). The recoverable amount was determined by discounting the expected future net cash flows of each cash generating unit.

At 31 December 2014, management analysed changes in the economic environment and developments in the aluminium and power generation industries since 31 December 2013 and performed an impairment test for its investment in BEMO project at 31 December 2014.

The pre-tax discount rates applied to discount the cash flows for BoAZ and BOGES were 17.2% and 21.5%, respectively, estimated in nominal terms based on an industry weighted average cost of capital.

The recoverable amounts of the two cash generating units are particularly sensitive to changes in forecast aluminium and electricity prices, foreign exchange rates, applicable discount rates and, in respect to BoAZ, the expected timing of commencement of the project and the forecast period to reach full production capacity.

As a result of impairment testing, no further impairment of investment in BEMO project or reversal of previously recorded impairment was identified by management.

At 31 December 2014, losses of USD375 million related to impairment charges at BoAZ have not been recognised because the Group's investment has already been fully written down to nil.

The Group's share of losses in joint ventures for the year ended 31 December 2013 includes impairment losses relating to property, plant and equipment of the BEMO project of which USD600 million was recognised by the Group.

The pre-tax discount rates applied to discount the cash flows for BoAZ and BOGES were 15.5% and 18%, respectively, estimated in nominal terms based on an industry weighted average cost of capital.

The recoverable amount of the two cash generating units are particularly sensitive to changes in forecast aluminium and electricity prices, foreign exchange rates, applicable discount rates and, in respect to BoAZ, the expected timing of commencement of the project and the forecast period to reach full production capacity.

The Group recognised its share of impairment losses in BEMO project entities to the extent of its investment in the corresponding entity and made the necessary adjustments to the carrying values of each investment. The Group's share of losses of related to BoGES and BoAZ were recognized in amount of USD352 million and USD248 million respectively. The loss relating to BoAZ was recognised to the extent of Group's investment. At 31 December 2013, additional losses of USD309 million related to impairment charges have not been recognised because the Group's investment has been fully written down to nil.

FINANCIAL STATEMENTS

20 INVESTMENTS IN SUBSIDIARIES

The Company

	31 December	
	2014 USD million	2013 USD million
Unlisted shares, at cost	29,369	27,529
Less: impairment	(7,681)	(12,482)
	21,688	15,047

Details of the principal subsidiaries are set out in note 35 to the consolidated financial statements. The decrease in the amount of impairment loss arises due to reversal of impairment of investments in several subsidiaries in the aluminium segment as a result of improvement of market conditions.

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 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Property, plant and equipment	27	31	(569)	(534)	(542)	(503)
Inventories	42	38	(1)	(1)	41	37
Trade and other receivables	6	19	–	(1)	6	18
Derivative financial liabilities	33	4	(9)	(4)	24	–
Tax loss carry-forwards	29	134	–	–	29	134
Others	70	67	(86)	(82)	(16)	(15)
Deferred tax assets/(liabilities)	207	293	(665)	(622)	(458)	(329)
Set off of deferred taxation	(150)	(150)	150	150	–	–
Net deferred tax assets/(liabilities)	57	143	(515)	(472)	(458)	(329)

FINANCIAL STATEMENTS

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

USD million	1 January 2013	Recognised in profit or loss	Foreign currency translation	31 December 2013
Property, plant and equipment	(513)	10	–	(503)
Inventories	18	20	(1)	37
Trade and other receivables	4	14	–	18
Derivative financial liabilities	6	(6)	–	–
Tax loss carry-forwards	109	25	–	134
Others	(45)	37	(7)	(15)
Total	**(421)**	**100**	**(8)**	**(329)**

USD million	1 January 2014	Recognised in profit or loss	Foreign currency translation	31 December 2014
Property, plant and equipment	(503)	(39)	–	(542)
Inventories	37	4	–	41
Trade and other receivables	18	(12)	–	6
Derivative financial liabilities	–	24	–	24
Tax loss carry-forwards	134	(65)	(40)	29
Others	(15)	(1)	–	(16)
Total	**(329)**	**(89)**	**(40)**	**(458)**

Recognised tax losses expire in the following years:

Year of expiry	31 December 2014 USD million	31 December 2013 USD million
From 6 to 10 years	20	117
From 2 to 5 years	9	17
	29	134

(c) Unrecognised deferred tax assets

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

	31 December 2014 USD million	31 December 2013 USD million
Deductible temporary differences	692	665
Tax loss carry-forwards	529	545
	1,221	1,210

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom. Tax losses expire in the following years:

Year of expiry	31 December 2014 USD million	31 December 2013 USD million
Without expiry	440	412
From 6 to 10 years	66	104
From 2 to 5 years	20	27
Up to 1 year	3	2
	529	545

(d) Unrecognised deferred tax liabilities

Retained earnings of the Group's subsidiaries where dividend distributions are subject to taxation included USD1,249 million and USD2,127 million as at 31 December 2014 and 31 December 2013, 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:

	31 December 2014 USD million	31 December 2013 USD million
Net income tax payable/(receivable) at the beginning of the year	8	(2)
Income tax for the year	149	181
Income tax paid	(93)	(136)
Dividend withholding tax	(62)	(43)
Translation difference	24	8
	26	8
Represented by:		
Income tax payable	41	15
Prepaid income tax (note 23)	(15)	(7)
Net income tax recoverable	26	8

22 INVENTORIES

	31 December 2014 USD million	31 December 2013 USD million
Raw materials and consumables	986	1,035
Work in progress	625	811
Finished goods and goods held for resale	680	708
	2,291	2,554
Provision for inventory obsolescence	(293)	(306)
	1,998	2,248

Inventories at 31 December 2014 and 31 December 2013 are stated at cost.

Inventory with a carrying value of USD3 million is pledged under existing secure bank loans at 31 December 2014 (31 December 2013: USD16 million), refer to note 26.

Inventory with a carrying value of USD123 million is pledged under existing trading contracts at 31 December 2014 (31 December 2013: USD113 million).

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

	Year ended 31 December	
	2014 USD million	2013 USD million
Carrying amount of inventories sold	6,826	7,944
Write-down of inventories	(8)	38
Inventories included in restructuring expenses	–	170
	6,818	8,152

FINANCIAL STATEMENTS

23 TRADE AND OTHER RECEIVABLES

The Group

	31 December 2014 USD million	31 December 2013 USD million
Trade receivables from third parties	167	180
Impairment loss on trade receivables	(18)	(45)
Net trade receivables from third parties	**149**	**135**
Trade receivables from related parties, including:	**61**	**44**
Companies capable of exerting significant influence	*43*	*34*
Impairment loss	*–*	*(8)*
Net trade receivables from companies capable of exerting significant influence	*43*	*26*
Companies under common control	*14*	*5*
Related parties – associates	*4*	*13*
VAT recoverable	219	351
Impairment loss on VAT recoverable	(31)	(35)
Net VAT recoverable	**188**	**316**
Advances paid to third parties	85	134
Impairment loss on advances paid	(4)	(3)
Net advances paid to third parties	**81**	**131**
Advances paid to related parties, including:	**66**	**68**
Related parties – companies capable of exerting significant influence	*2*	*–*
Related parties – companies under common control	*3*	*2*
Related parties – associates	*61*	*66*
Prepaid expenses	**21**	**20**
Prepaid income tax	**15**	**7**
Prepaid other taxes	**27**	**19**
Other receivables from third parties	73	82
Impairment loss on other receivables	(14)	(25)

	31 December 2014 USD million	31 December 2013 USD million
Net other receivables from third parties	59	57
Other receivables from related parties, including:	19	20
Related parties – companies under common control	*5*	*8*
Related parties – associates	*14*	*12*
	686	817

All of the trade and other receivables are expected to be settled or recognised as an expense within one year or are repayable on demand.

The specific allowance for doubtful trade and other receivables and the uncollectible amount of trade and other receivables written off during the year ended 31 December 2014 amounted USD4 million and USD29 million, respectively (31 December 2013: USD5 million and USD20 million, respectively).

(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:

	31 December 2014 USD million	31 December 2013 USD million
Current	193	135
Past due 0-90 days	11	37
Past due 91-365 days	5	5
Past due over 365 days	1	2
Amounts past due	17	44
	210	179

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 31(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:

	Year ended 31 December	
	2014 USD million	2013 USD million
Balance at the beginning of the year	(53)	(42)
Impairment loss reversal	13	(13)
Uncollectible amounts written off	22	2
Balance at the end of the year	(18)	(53)

As at 31 December 2014 and 31 December 2013, the Group's trade receivables of USD18 million and USD53 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

	31 December 2014 USD million	31 December 2013 USD million
Other receivables	1,839	15

24 CASH AND CASH EQUIVALENTS

The Group

	31 December 2014 USD million	31 December 2013 USD million
Bank balances, USD	184	423
Bank balances, RUB	16	10
Bank balances, other currencies	39	39
Cash in transit	3	1
Short-term bank deposits	315	228
Cash and cash equivalents in the consolidated statement of cash flows	557	701
Restricted cash	13	15
	570	716

As at 31 December 2014 and 31 December 2013 included in cash and cash equivalents was restricted cash of USD13 million and USD15 million, respectively, pledged under a Swiss Law Pledged Agreement with BNP Paribas (Suisse) SA and Banca Nazionale Del Lavoro S.p.A.

The Company

	31 December 2014 USD million	31 December 2013 USD million
Cash and cash equivalents in the statement of financial position	13	247
	13	247

As at 31 December 2014 and 31 December 2013 included in cash and cash equivalents was restricted cash of USD12 million and USD14 million, respectively.

25 EQUITY

(a) Share capital

	31 December 2014		31 December 2013	
	USD	Number of shares	USD	Number of shares
Ordinary shares at the end of the year, authorised	200 million	20 billion	200 million	20 billion
Ordinary shares at 1 January	151,930,148	15,193,014,862	151,930,148	15,193,014,862
Ordinary shares at the end of the year of USD0.01 each, issued and paid	151,930,148	15,193,014,862	151,930,148	15,193,014,862

(b) Share-based compensation

As at 31 December 2014 and 31 December 2013 the Group held 2,700,950 and 4,299,796 of its own shares, respectively, which were acquired on the open market for the share-based incentive plans ("Shares held for vesting"). During the year ended 31 December 2014 the trustees acquired on the open market 1,750,886 shares (2013: 7,751,604 shares) and vested to eligible employees 2,006,218 shares in July and 1,343,514 shares in November (in July and November 2013 2,065,261 shares and 2,221,494 shares vested respectively). For the year ended 31 December 2014 and 31 December 2013, the Group recognised an additional employee expense of USD1 million and USD4 million in relation to the share based plans, respectively, with a corresponding change in equity.

(c) Other reserves

The acquisition of RUSAL Limited by the Company has been accounted for as a non-substantive acquisition. The consolidated share capital and share premium represent only the share capital and share premium of the Company and the share capital and other paid in capital of RUSAL Limited prior to the acquisition has been included in other reserves.

In addition, other reserves include the cumulative unrealised actuarial gains and losses on the Group's defined post retirement benefit plans, the effective portion of the accumulative net change in fair value of cash flow hedges and the Group's share of other comprehensive income of associates.

(d) Distributions

In accordance with the Companies (Jersey) Law 1991 (the "Law"), the Company may make distributions at any time in such amounts as are determined by the Company out of the assets of the Company other than the capital redemption reserves and nominal capital accounts, provided that the directors of the Company make a solvency statement in accordance with that Law of Jersey at the time the distributions are proposed. Dividend pay-outs are restricted in accordance with the credit facility agreements.

(e) Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the consolidated financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3(b).

(f) Movement in components of equity within the Company

USD million	Share capital	Reserves	Total
Balance at 1 January 2013	152	6,060	6,212
Net loss for the year	–	(2,629)	(2,629)
Balance at 31 December 2013	152	3,431	3,583
Balance at 1 January 2014	152	3,431	3,583
Net profit for the year	–	6,734	6,734
Balance at 31 December 2014	152	10,165	10,317

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 31(c) (ii) and 31(c) (iii), respectively.

	31 December 2014 USD million	31 December 2013 USD million
Non-current liabilities		
Secured bank loans	8,651	8,691
Secured loans from related parties	196	–
	8,847	8,691
Current liabilities		
Secured bank loans	102	995
Unsecured bank loans	–	183
Secured loans from related parties	153	–
Accrued interest	48	56
	303	1,234

FINANCIAL STATEMENTS

Terms and debt repayment schedule as at 31 December 2014

	TOTAL USD million	2015 USD million	2016 USD million	2017 USD million	2018 USD million	2019 USD million	Later years USD million
Secured bank loans							
Variable							
USD – 3M Libor + 5.75% *	2,178	–	674	674	830	–	–
USD – 3M Libor + 6.9% *	940	–	–	120	120	370	330
EURO – 3M Euribor + 5.75%*	178	–	55	55	68	–	–
USD – 1Y Libor + 5.45%*	4,167	–	–	–	–	518	3,649
USD – 3M Libor + 4.5%	60	–	60	–	–	–	–
USD – 3M Libor + 6.5%	488	–	185	175	103	25	–
USD – 3M Libor + 4.15%	86	86	–	–	–	–	–
EUR – 3M Libor + 6.5%	128	–	43	38	38	9	–
RUB – Mosprime + 4%	178	13	55	55	55	–	–
USD – 3.35% + cost of funds	3	3	–	–	–	–	–
Fixed							
RUB – 10.9%*	347	–	–	–	–	43	304
	8,753	102	1,072	1,117	1,214	965	4,283
Secured company loans							
Variable							
USD – 3M Libor + 4.95%	349	153	196	–	–	–	–
Total	9,102	255	1,268	1,117	1,214	965	4,283
Accrued interest	48	–	–	–	–	–	–
Total	9,150	255	1,268	1,117	1,214	965	4,283

*- including PIK margin

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

– 40% + 1 share of RUSAL Novokuznetsk
– 36% + 1 share of SUAL
– 50% + 2 shares of RUSAL Sayanogorsk
– 50% + 2 shares of RUSAL Bratsk
– 65% + 2 shares of RUSAL Krasnoyarsk
– 25.1% of Khakas Aluminium Smelter

FINANCIAL STATEMENTS

- 100% of Gershvin Investments Corp. Limited
- 100% Seledar Holding Corp Limited
- 100% Aktivium Holding B.V.

The agreement with Glencore AG is secured by pledges of shares of the following Group companies

- 100% shares of Limerick Alumina Refining Limited
- 75% shares of Aughunish Alumina Limited.

The secured bank loans are also secured by pledges of shares of associate:

- 27.8% share of Norilsk Nickel

The secured bank loans are also secured by the following:

- property, plant and equipment, inventory, receivables with a carrying amount of USD526 million (31 December 2013: nil);
- inventory with a carrying value of USD3 million (31 December 2013: USD16 million).

As at 31 December 2014 rights, including all monies and claims, arising out of certain sales contracts between the Group's trading subsidiaries and its ultimate customers, were assigned to secure the USD4.75 billion syndicated facility and USD400 million multicurrency credit facility.

The nominal value of the Group's loans and borrowings was USD9,346 million at 31 December 2014 (31 December 2013: USD10,018 million).

On 26 February 2014, the Group and Sberbank of Russia entered into an amendment agreement to the non-revolving credit facility agreement dated 1 December 2011 in order to increase the credit limit by RUB2.4 billion from RUB18.3 billion to RUB20.7 billion to allow the Group to fulfil its obligations under the put option of Ruble bonds issued by OJSC RUSAL Bratsk (series 07), which was due for repayment on 3 March 2014.

In February 2014 the Group entered into a facility agreement with Glencore AG for a prepayment facility of up to USD400 million for the supply of alumina from one of the Group's subsidiaries to Glencore AG for the period 2014-2016. Interest of 3M Libor + 4.95% and principal payable under the facility agreement will, to the extent such amounts are due, be offset against amounts due by Glencore AG under its alumina supply contract at USD40 per metric tonne for the first six months and USD286 per metric tonne thereafter. The facility is to be repaid on or before 31 December 2016 in accordance with an agreed amortization schedule which commenced on 30 September 2014.

In February 2014 the Group entered into a new credit facility of RUB2 billion (USD56 million) with Moscow Credit Bank with a maturity of 1 year and an interest rate of 10.4% p.a.

In March 2014 the Group refinanced its credit facilities with Gazprombank in the amount of USD242.7 million and EUR74.7 million. The facilities bear interest at 3M LIBOR + 6.5% and with a maturity date of 5 years from drawdown.

In August 2014 the PXF Amendments relating to the refinancing of USD4.75 billion syndicated facility and USD400 million multicurrency credit facility were signed and became effective. Pursuant to the PXF Amendments, the two PXF facilities are now combined into a single facility agreement such facility agreement comprising:

(A) Tranche A amounting to USD2.56 billion is to be repaid in equal quarterly instalments starting from the 12 January 2016 with a final maturity date in December 2018.

Loans under tranche A bear interest at the rate of 3-month LIBOR plus margin (cash + PIK) based on the Total Net Debt/EBIDTA ratio which is set quarterly. Interest is to be paid quarterly.

Leverage Ratio Cash Margin	
Greater than 4.5:1	4.50 per cent. per annum
Greater than 4:1 but less than or equal to 4.5:1	4.25 per cent. per annum
Greater than 3.5:1 but less than or equal to 4:1	4.00 per cent. per annum
Greater than 3:1 but less than or equal to 3.5:1	3.60 per cent. per annum
Less than or equal to 3:1	2.80 per cent. per annum

FINANCIAL STATEMENTS

Leverage Ratio PIK Margin	
Greater than 5:1	1.25 per cent. per annum
Greater than 4.5:1 but less than or equal to 5:1	0.80 per cent. per annum
Greater than 4:1 but less than or equal to 4.5:1	0.50 per cent. per annum
Greater than 3.5:1 but less than or equal to 4:1	0.25 per cent. per annum
Less than or equal to 3.5:1	0 per cent. per annum

(B) A second tranche which is comprised of the refinanced tranche B under the 2011 PXF Facility Agreement amounting to USD1[19] billion is to be repaid in quarterly instalments commencing from 30 January 2017 with a final maturity date in December 2020. The first eight instalments will be in the amount of USD31.25 million and the remaining eight instalments will be in the amount of USD93.75 million. Loans under this second tranche will bear interest at a rate of 3-month LIBOR plus 5.65% per annum plus a PIK Margin determined in line with Tranche A and such amounts will be paid quarterly.

The relevant amendments to credit facilities with Sberbank of Russia ("Sberbank") in line with the PXF Amendments were executed on 25 August 2014 (the "Sberbank Amendment Agreements"). According to Sberbank Amendment Agreements entered into between the Company as borrower and Sberbank, the maturity of the bilateral facility agreements with Sberbank (including: (a) a credit facility agreement dated 30 September 2010 for the amount of USD4,583 million, (b) credit facility agreement dated 30 September 2011 for the amount of USD453 million; (c) a non-revolving credit facility agreement dated 1 December 2011 for the amount of RUB20.7 billion) was extended by no more than 84 months from the date of execution of Sberbank Amendment Agreements. The repayments to be made thereunder will be made quarterly in equal instalments during the sixth and seventh years from the date of the execution of the relevant Sberbank Amendment Agreement.

During 2014 the Group made a scheduled repayment of principal under the USD4.75 billion syndicated facility in the amount of USD203 million. Additional principal repayments in total amount USD332 million, RUB815 million (USD15 million) and EUR23 million (USD28 million) were made under the USD4.75 billion syndicated facility and USD400 million multicurrency credit facility, credit facilities with Sberbank and Gazprombank as prepayments.

19 As of 20 August 2014

Terms and debt repayment schedule as at 31 December 2013

	TOTAL USD million	2014 USD million	2015 USD million	2016 USD million	2017 USD million	2018 USD million	Later years USD million
Secured bank loans							
Variable							
USD – 3M Libor + 4.25%	2,380	789	793	798	–	–	–
USD – 3M Libor + 5.25%	982	–	–	–	484	498	–
USD – 1Y Libor + 4.5%	4,370	–	–	4,370	–	–	–
USD – 3M Libor + 4.5%	97	6	28	28	28	7	
USD – 3M Libor + 6.5%	506	120	120	192	74	–	–
USD – 3M Libor + 4.15%	100	–	100	–	–	–	–
EUR – 3M Euribor + 4.5%	227	16	65	65	65	16	–
EUR – 3M Libor + 6.5%	152	51	51	50	–	–	–
RUB – Mosprime + 4%	309	–	24	95	95	95	–
USD – 2.35% + cost of funds	2	2	–	–	–	–	–
EUR – 2.35% + cost of funds	11	11	–	–	–	–	–
Fixed							
RUB – 9.7%	550	–	–	550	–	–	–
	9,686	995	1,181	6,148	746	616	–
Unsecured bank loans							
Fixed							
RUB – 10.5%	183	183	–	–	–	–	–
Total	183	183	–	–	–	–	–
Accrued interest	56	56	–	–	–	–	–
Total	9,925	1,234	1,181	6,148	746	616	–

The secured bank loans are secured by pledges of shares of the following Group companies:
- 40% + 1 share of RUSAL Novokuznetsk
- 25% + 1 share of SUAL
- 50% + 2 shares of RUSAL Sayanogorsk
- 50% + 2 shares of RUSAL Bratsk
- 50% + 2 shares of RUSAL Krasnoyarsk
- 25.1% of Khakas Aluminium Smelter

FINANCIAL STATEMENTS

- 100% of Gershvin Investments Corp. Limited
- 100% Seledar Holding Corp Limited
- 100% Aktivium Holding B.V.

The secured bank loans are also secured by pledges of shares of associate:

- 27.8% share of Norilsk Nickel

The secured bank loans are also secured by inventory with a carrying value of USD16 million.

As at 31 December 2013 rights, including all monies and claims, arising out of certain sales contracts between the Group's trading subsidiaries and its ultimate customers, were assigned to secure the USD4.75 billion syndicated facility and the USD400 million multicurrency credit facility.

The nominal value of the Group's loans and borrowings was USD10,018 million at 31 December 2013 (31 December 2012: USD10,522 million).

In January 2013 the Group obtained a USD400 million multicurrency credit facility for a term of 5 years, and in February 2013 drew down USD328 million of the facility. The funds together with USD78 million of the Group's own funds, were used for early repayment of principal amounts originally scheduled for the third and fourth quarters of 2013 under the USD4.75 billion syndicated facility.

On 25 April 2013 the net proceeds received by the Group from the sale of shares in Norilsk Nickel to Crispian Investments Limited in the amount of USD620 million were applied towards the repayment of debt owing to Sberbank (in accordance with the mandatory prepayment provisions in the Sberbank financing agreement).

In September 2013 the Group drew down funds in amount of USD150 million under the Gazprombank credit facility up to USD300 million entered into on 28 December 2012 with a maturity of 5 years and an interest rate of 3-months Libor plus 6.5% p.a.

In November 2013 the Group entered into a new credit facility of RUB6 billion (USD183 million) with Moscow Credit Bank with a maturity of 6 months and an interest rate 10.5% p.a.

On 16 December 2013 the Group entered into a new credit facility up to RUB15 billion with VTB Capital Plc with a maturity of 5 years and an interest rate of 3-months Mosprime plus 4.0% p.a. and drew RUB10 billion (USD309 million) on 17 December 2013. The credit facility includes an option (which may be exercised by the bank two years from the date of entering into the credit facility) to convert the credit facility to USD with a 3M Libor + 5.05% interest rate.

On 23 December 2013 the Group entered into a number of the REPO transactions backed by its ownership of 627,083 ordinary shares and 2,475,565 ADRs of GMK Norilsk Nickel with a market value of USD144 million. As result of the transactions the Group raised funding in the amount of USD100 million with a two year maturity at a rate of 3-months LIBOR plus 4.15% p.a.

During 2013 the Group made a principal repayment of RUB12 billion (USD376 million) against the VTB loan.

During 2013 quarterly repayments under Gazprombank loans were made in total amount of USD91 million and EUR28 million.

The Group drew down funds under the Raiffeisen Bank International AG uncommitted revolving trade finance line. The outstanding amount as at 31 December 2013 is USD2 million and EUR8 million. The funds were used for general operating activities of the Group.

In 2013 the Group entered into several cross-currency swaps.

The Company

	31 December	
	2014 USD million	2013 USD million
Non-current liabilities		
Secured bank loans	7,810	7,795
	7,810	7,795
Current liabilities		
Secured bank loans	–	811
Unsecured loans from related parties	1,067	711
Accrued interest	79	55
	1,146	1,577

Terms and debt repayment schedule as at 31 December 2014

	TOTAL USD million	2015 USD million	2016 USD million	2017 USD million	2018 USD million	2019 USD million	Later years USD million
Secured bank loans							
Variable							
USD – 1Y Libor + 5.45%*	4,167	–	–	–	–	518	3,649
USD – 3M Libor + 5.75%*	2,178	–	674	674	830	–	–
USD – 3M Libor + 6.9%*	940	–	–	120	120	370	330
EURO – 3M Euribor + 5.75%*	178	–	55	55	68	–	–
Fixed							
RUB – 10.9%*	347	–	–	–	–	43	304
	7,810	–	729	849	1,018	931	4,283
Unsecured loans from related parties							
Interest free	322	322	–	–	–	–	–
USD – 4.6%	745	745	–	–	–	–	–
	1,067	1,067	–	–	–	–	–
Accrued interest	79	79	–	–	–	–	–
Total	8,956	1,146	729	849	1,018	931	4,283

* including PIK margin

The secured bank loans are secured by pledges of shares of the following Group companies:
- 25% + 1 share of RUSAL Bratsk
- 50% + 2 shares of RUSAL Krasnoyarsk
- 25% + 1 share of RUSAL Sayanogorsk
- 40% + 1 share of RUSAL Novokuznetsk
- 25% + 1 share of SUAL
- 100% share of Gershvin Investments Corp.Limited
- 100% share of Seledar Holding Corp Limited
- 100% share of Aktivium Holding B.V.

The secured bank loans are also secured by pledges of shares of associate:
- 26.9% share of Norilsk Nickel.

FINANCIAL STATEMENTS

Terms and debt repayment schedule as at 31 December 2013

	TOTAL USD million	2014 USD million	2015 USD million	2016 USD million	2017 USD million	2018 USD million	Later years USD million
Secured bank loans							
Variable							
USD – 1Y Libor + 4.5%	4,370	–	–	4,370	–	–	–
USD – 3M Libor + 4.25%	2,380	789	793	798	–	–	–
USD – 3M Libor + 5.25%	982	–	–	–	484	498	–
USD – 3M Libor + 4.5%	97	6	28	28	28	7	–
EUR – 3M Euribor + 4.5%	227	16	65	65	65	16	–
Fixed							
RUB – 9.7%	550	–	–	550	–	–	–
	8,606	811	886	5,811	577	521	–
Unsecured loans from related parties							
Interest free	300	300	–	–	–	–	–
USD – fixed 4.6%	411	411	–	–	–	–	–
	711	711	–	–	–	–	–
Accrued interest	55	55	–	–	–	–	–
Total	9,372	1,577	886	5,811	577	521	–

The secured bank loans are secured by pledges of shares of the following Group companies:
- 25% + 1 share of RUSAL Bratsk
- 50% + 2 shares of RUSAL Krasnoyarsk
- 25% + 1 share of RUSAL Sayanogorsk
- 40% + 1 share of RUSAL Novokuznetsk
- 25% + 1 share of SUAL
- 100% share of Gershvin Investments Corp.Limited
- 100% share of Seledar Holding Corp Limited
- 100% share of Aktivium Holding B.V.

The secured bank loans are also secured by pledges of shares of associate:
- 27.2% share of Norilsk Nickel.

27 BONDS

On 3 March and 18 April 2011, one of the Group's subsidiaries issued two tranches of rouble denominated bonds, each including 15 million bonds, with a par value of 1,000 roubles each on MICEX. Maturity of the first tranche is seven years subject to a put option exercisable in March 2014. Maturity of the second tranche is ten years subject to a put option exercisable in April 2015.

Simultaneously, the Group entered into cross-currency swaps with an unrelated financial institution in relation to each tranche whereby the first tranche with semi-annual coupon payments of 8.3% p.a. was transformed into a USD obligation with a matching maturity of USD530 million bearing interest at 5.13% p. a. and the second tranche with semi-annual coupon payments of 8.5% p.a. was transformed into a USD obligation with a matching maturity of USD533 million bearing interest at 5.09% p. a. The proceeds of the bond issues were used for repayment of part of the Group's outstanding debts.

On 25 February 2014 RUSAL Bratsk entered into a bond sale agreement for the purpose of selling up to 5,000,000 (five million) series 07 bonds which were expected to be bought back under a put-option on 3 March 2014. The selling price under the terms of bonds sale agreement was RUB998.356, or 99.8356% of the par value of each bond. Simultaneously United Company RUSAL Aluminium Limited entered into a put-option transaction which may be exercised for up to 5,000,000 (five million) series 07 bonds at a strike price which will be a function of the announced coupon rate, purchase price, tenor and the expected yield of the transaction, and is exercisable on 22 February 2016.

On 26 February 2014 cross-currency swap in relation to the first tranche expired.

On 28 February 2014 RUSAL Bratsk announced a coupon rate in respect to the series 07 bond issue of 12% per annum for the 7-10 semi-annual coupon periods.

On 3 March 2014 RUSAL Bratsk successfully performed its obligations under the terms of bondholders put-option. As result of the put-option being exercised RUB10,947,149 series 07 bonds (about 73% of the issue) were purchased back by the issuer.

As of 31 December 2014 6,462,455 series 07 bonds and 8,120,893 series 08 bonds were outstanding (traded in the market).The closing market price at 31 December 2014 was RUB963.4 and RUB964 per bond for the first and second tranches, respectively.

28 PROVISIONS

USD million	Pension liabilities	Site restoration	Provisions for legal claims	Tax provisions	Provision for guarantee	Total
Balance at 1 January 2013	151	494	23	13	–	681
Provisions made during the year	14	14	–	65	100	193
Provisions reversed during the year	(30)	–	(11)	–	–	(41)
Actuarial loss	2	–	–	–	–	2
Provisions utilised during the year	(15)	(11)	–	(10)	–	(36)
Foreign currency translation	(6)	(6)	–	–	–	(12)
Balance at 31 December 2013	116	491	12	68	100	787
Non-current	**104**	**473**	**–**	**–**	**100**	**677**
Current	**12**	**18**	**12**	**68**	**–**	**110**
Balance at 1 January 2014	116	491	12	68	100	787
Provisions made during the year	12	16	6	–	–	34
Provisions reversed during the year	–	–	(3)	–	–	(3)
Actuarial gain	(12)	–	–	–	–	(12)
Provisions utilised during the year	(10)	(7)	–	(3)	–	(20)
Foreign currency translation	(43)	(123)	–	–	–	(166)
Balance at 31 December 2014	63	377	15	65	100	620
Non-current	**57**	**354**	**–**	**35**	**61**	**507**
Current	**6**	**23**	**15**	**30**	**39**	**113**

(a) Pension liabilities

Group subsidiaries in the Russian Federation

The Group voluntarily provides long-term and post-employment benefits to its former and existing employees including death-in-service, jubilee, lump sum upon retirement, material support for pensioners and death-in-pension benefits. Furthermore, the Group provides regular social support payments to some of its veterans of World War II.

The above employee benefit programms are of a defined benefit nature. The Group finances these programms on a pay-as-you-go basis, so plan assets are equal to zero.

Group subsidiaries in Ukraine

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 (55-60 years for female (dependent on year of birth) 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.

The above employee benefit programms are of a defined benefit nature. The Group finances these programms on a pay-as-you-go basis, so plan assets are equal to zero.

Group subsidiaries outside the Russian Federation and Ukraine

At its Guinean and Nigerian entities the Group provides a death-in-service benefit and lump-sum benefits upon disability and old-age retirement.

At its Guyana subsidiary, the Group provides a death-in-service benefit.

At its Italian subsidiary (Eurallumina) the Group only provides lump sum benefits upon retirement, which relate to service up to 1 January 2007.

In Ireland (Aughinish Alumina) the Group's final pay pension plan was wound up with effective date of 2 October 2013. After this date a liability of almost USD2 million remained, which was settled during 2014. In future the Group's pension plan will be of a Defined Contribution nature.

In Sweden (Kubikenborg Aluminium AB), 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.

All pension plans of the Group are unfunded.

The number of employees eligible for the plans as at 31 December 2014 and 2013 was 56,750 and 59,737, respectively. The number of pensioners as at 31 December 2014 and 2013 was 48,414 and 49,355, respectively.

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:

	31 December 2014 USD million	31 December 2013 USD million
Current service cost	5	10
Past service costs recognised during the year	–	(1)
Interest cost	7	14
Actuarial expected return on plan assets	–	(5)
Curtailment/settlement	–	(34)
Net expense/(income) recognised in the statement of income	**12**	**(16)**

FINANCIAL STATEMENTS

The reconciliation of the present value of the defined benefit obligation to the liabilities recognised in the consolidated statement of financial position is as follows:

	31 December 2014 USD million	31 December 2013 USD million
Present value of defined benefit obligations	63	116
Unrecognised past service cost	–	–
Net liability in the statement of financial position	**63**	**116**

Changes in the present value of the net liability are as follows:

	31 December 2014 USD million	31 December 2013 USD million
Net liability at beginning of the year	116	151
Net expense/(income) recognised in the statement of income	12	(16)
Contributions paid into the plan by the employers	(10)	(15)
Actuarial (gains)/losses charged directly to equity	(12)	2
Foreign currency translation	(43)	(6)
Net liability at end of the year	**63**	**116**

The change of the present value of the defined benefit obligations ("DBO") is as follows:

	31 December 2014 USD million	31 December 2013 USD million
Present value of defined benefit obligations at beginning of the year	116	314
Service cost	5	9
Interest cost	7	14
Actuarial gains	(12)	(8)
Currency exchange losses	(43)	–
Contributions by employees	–	2
Benefits paid	(8)	(15)
Settlement and curtailment gain	(2)	(200)
Present value of defined benefit obligations at the end of the year	**63**	**116**

Movement in fair value of plan assets:

	31 December 2014 USD million	31 December 2013 USD million
Fair value of plan assets at the beginning of the year	–	161
Actuarial expected return on plan assets	–	5
Contributions paid into the plans by the employers	10	15
Contributions paid into the plans by the employees	–	2
Benefits paid by the plan	(8)	(15)
Investment losses	–	(6)
Settlement and curtailment gain	(2)	(166)
Currency exchange gain	–	4
Fair value of plan assets at the end of the year	**–**	**–**

Actuarial gains and losses recognised in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2014 USD million	2013 USD million
Cumulative amount at beginning of the year	(24)	(26)
Recognised during the year	(12)	2
Cumulative amount at the end of the year	**(36)**	**(24)**

The Group expects to pay the defined benefit retirement plans an amount of USD6 million during the 12 month period beginning on 1 January 2015.

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 2014, using the projected unit credit method as stipulated by IAS 19.

The key actuarial assumptions (weighted average, weighted by DBO) are as follows:

	31 December 2014 % per annum	31 December 2013 % per annum
Discount rate	11.7	7.7
Expected return on plan assets	N/A	N/A
Future salary increases	8.8	9.1
Future pension increases	7.0	5.5
Staff turnover	4.0	4.0
Mortality	USSR population table for 1985, Ukrainian population table for 2000	USSR population table for 1985, Ukrainian population table for 2000
Disability	70% Munich Re for Russia; 40% of death probability for Ukraine	70% Munich Re for Russia; 40% of death probability for Ukraine

As at 31 December 2014 and 31 December 2013 the Group's obligations were fully uncovered. The Group has wholly unfunded plans.

(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 programms 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 2014	31 December 2013
Timing of inflated cash outflows	2015: USD23 million 2016-2020: USD223 million 2021-2031: USD159 million after 2031: USD119 million	2014: USD18 million 2015-2019: USD67 million 2020-2030: USD439 million after 2030: USD177 million
Risk free discount rate after adjusting for inflation (a)	2.63%	2.37%

(a) the risk free rate for the year 2013-2014 represents an effective rate, which comprises rates differentiated by years of obligation settlement and by currencies in which the provisions were calculated

At each reporting date the Directors have assessed the provisions for site restoration and environmental matters and concluded that the provisions and disclosures are adequate.

(c) Provisions for legal claims

The Group's subsidiaries are subject to a variety of lawsuits and claims in the ordinary course of its business. As at 31 December 2014, 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 USD15 million (31 December 2013: USD12 million). The amount of claims, where management assesses outflow as possible approximates USD111 million (31 December 2013: USD175 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

At each reporting date the Directors have assessed the provisions for taxation and concluded that the provisions and disclosures are adequate.

(e) Provision for guarantees

In September 2013 the Group entered into an agreement with OJSC RusHydro to provide funds to BoAZ, if the latter is unable to fulfil its obligations under its credit facility with GK Vnesheconombank. This agreement represents a surety for the increased credit limit obtained for the financing of BoAZ. The aggregate exposure under the agreement is limited to RUB16.8 billion (USD296 million) and is split between the Group and OJSC RusHydro in equal proportion.

29 DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	31 December 2014 USD million		31 December 2013 USD million	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Cross-currency swaps	–	446	–	198
Petroleum coke supply contracts and other raw materials	45	–	22	22
Interest rate swaps	–	30	–	81
Cross-currency option on loan	–	166	–	–
Forward contracts for aluminium and other instruments	17	26	–	9
Total	**62**	**668**	**22**	**310**

Derivative financial instruments are recorded at their fair value at each reporting date. Fair value is estimated in accordance with Level 3 of the fair value hierarchy based on management estimates and consensus economic forecasts of relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. The following significant assumptions were used in estimating derivative instruments:

	2015	2016
LME Al Cash, USD per tonne	1,868	1,910
Platt's FOB Brent, USD per barrel	62	69
Forward exchange rate, RUB to USD	65.7180	74.6930
Forward 1Y LIBOR, %	0.65	0.91

The fair value of VTB Capital loan option is estimated using Black-Scholes model. As at 31 December 2014 the following assumptions were used:

Conversion rate, RUB to USD	32.8
Spot price, RUB to USD	60.74
Volatility, %	41.2
Risk free rate for RUB, %	16.09
Risk free rate for USD, %	0.21

The movement in the balance of Level 3 fair value measurements of derivatives is as follows:

	31 December	
	2014 USD million	2013 USD million
Balance at the beginning of the period	(288)	(211)
Unrealised changes in fair value recognised in other comprehensive income (cash flow hedge) during the period	(327)	(105)
Unrealised changes in fair value recognised in statement of income (finance expense) during the period	(487)	(12)
Realised portion during the period	496	40
Balance at the end of the period	**(606)**	**(288)**

During the year 2014 there have been no changes in valuation techniques used to calculate the derivative financial instruments compared to prior year.

Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results for cross-currency swaps and cross-currency option on loan are particularly sensitive to changes in RUB/USD exhange rate forward curve. A 22% increase in RUB/USD exchange rate would result in USD139 million of additional loss. The results for other derivative instruments are not particularly sensitive to any factors.

Cross-currency option

On 16 December 2013 the Group entered into a new credit facility up to RUB15 billion with VTB Capital Plc with a maturity of 5 years and an interest rate of 3M Mosprime + 4.0% and drew down RUB10.1 billion (USD309 million) on 17 December 2013. The credit facility includes an option which may be exercised by the bank two years from the date of entering into the credit facility to convert the credit facility to USD with a 3M LIBOR + 5.05% interest rate. On 31 December 2014 the Group's exposure under this option was USD166 million.

Cross-currency swaps

During the year ended 31 December 2011, the Group entered into cross-currency swaps to transform the two tranches of its rouble bonds into USD obligations of USD530 million and USD533 million respectively (refer to note 27). The terms of the swaps were 3 and 4 years, respectively. In February 2012 – August 2013 the Group entered into cross-currency swaps to convert RUB18.3 billion of 5 year rouble denominated credit facility into a USD denominated liability of USD598 million.

At 31 December 2014 the Group recognised a loss on part of the instruments as they were considered ineffective. The reasons for this were partial buy-back of bonds in relation to the second tranche, and change of maturity date for RUB18.3 facility as a result of refinancing.

The secured cross-currency swaps are secured by pledges of 11% shares in OJSC SUAL, 25.1% shares in Khakas Aluminium Smelter, 25% + 1 share in RUSAL Sayanogorsk, 15% shares in RUSAL Krasnoyarsk and USD246 million of the Group's property, plant and equipment.

Petroleum coke supply contracts and other raw materials

In May 2014, the Group entered into long-term petroleum coke supply contract where the price of coke is determined with reference to the LME aluminium price and average monthly aluminium quotations, namely of Aluminum MW US Transaction premium, MB Aluminium Premium Rotterdam Low - High» and Aluminum CIF Japan premium. The strike price for aluminium is set at USD1,809.65 per tonne while the strike aluminium quotations for US, Europe and Japan are set at USD403.956 per tonne, USD313.3 per tonne and USD366.0 per tonne, respectively.

In May and September 2011, the Group entered into long-term petroleum coke supply contracts where the price of coke is determined with reference to the LME aluminium price and the Brent oil price. The strike price for aluminium is set at USD2,403.45 per tonne and USD2,497.72 per tonne, respectively, while the strike price for oil is set at USD61.10 per barrel and USD111.89 per barrel, respectively.

30 TRADE AND OTHER PAYABLES

	31 December 2014 USD million	31 December 2013 USD million
Accounts payable to third parties	454	623
Accounts payable to related parties, including:	51	112
Related parties – companies capable of exerting significant influence	*24*	*37*
Related parties – companies under common control	*25*	*74*
Related parties – associates	*2*	*1*
Advances received	169	300
Advances received from related parties, including:	405	164
Related parties – companies capable of exerting significant influence	*404*	*161*
Related parties – companies under common control	*–*	*2*
Related parties – associates	*1*	*1*
Other payables and accrued liabilities	138	152
Other payable and accrued liabilities related parties, including:	10	15
Related parties – companies capable of exerting significant influence	*3*	*9*
Related parties – associates	*7*	*6*
Other taxes payable	93	104
Non-trade payables to third parties	1	2
	1,321	1,472

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.

	31 December 2014 USD million	31 December 2013 USD million
Due within twelve months or on demand	505	735

The Company

	31 December 2014 USD million	31 December 2013 USD million
Trade and other payables	2,638	744

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

(a) Fair values

Management believes that the fair values of short-term financial assets and liabilities approximate their carrying amounts.

The methods used to estimate the fair values of the financial instruments are as follows:

Trade and other receivables, cash and cash equivalents, current loans and borrowings and trade and other payables: the carrying amounts approximate fair value because of the short maturity period of the instruments.

Long-term loans and borrowings, other non-current liabilities: the fair values of other non-current liabilities are based on the present value of the anticipated cash flows and approximate carrying value, other than bonds issued. Fair value of bonds issued at 31 December 2014 was USD258 million (31 December 2013: USD910 million).

Derivatives: the fair value of derivative financial instruments, including embedded derivatives, is based on quoted market prices. Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, fair value is estimated based on the Group's views on relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. Option-based derivatives are valued using Black-Scholes models and Monte-Carlo simulations. The derivative financial instruments are recorded at their fair value at each reporting date.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities at the end of the reporting period, including their levels in the fair value hierarchy defined in IFRS 7, Financial Instruments: Disclosures. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

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.

The Group as at 31 December 2014

		Carrying amount					Fair value			
	Note	Designated at fair value USD million	Fair value - hedging instrument USD million	Loans and receivables USD million	Other financial liabilities USD million	Total USD million	Level 1 USD million	Level 2 USD million	Level 3 USD million	Total USD million
Financial assets measured at fair value										
Petroleum coke supply contracts and other raw materials	29	45	–	–	–	45	–	–	45	45
Forward contracts for aluminium and other instruments	29	17	–	–	–	17	–	–	17	17
		62	–	–	–	62	–	–	62	62
Financial assets not measured at fair value*										
Trade and other receivables	23	–	–	476	–	476	–	476	–	476
Cash and cash equivalents	24	–	–	570	–	570	–	570	–	570
		–	–	1,046	–	1,046	–	1,046	–	1,046
Financial liabilities measured at fair value										
Cross-currency swaps	29	–	(446)	–	–	(446)	–	–	(446)	(446)
Interest rate swaps	29	–	(30)	–	–	(30)	–	–	(30)	(30)
Cross-currency option	29	–	(166)	–	–	(166)	–	–	(166)	(166)
Forward contracts for aluminium and other instruments	29	(26)	–	–	–	(26)	–	–	(26)	(26)
		(26)	(642)	–	–	(668)	–	–	(668)	(668)

		Carrying amount					Fair value			
	Note	Designated at fair value USD million	Fair value - hedging instrument USD million	Loans and receivables USD million	Other financial liabilities USD million	Total USD million	Level 1 USD million	Level 2 USD million	Level 3 USD million	Total USD million
Financial liabilities not measured at fair value*										
Secured bank loans and company loans	26	–	–	–	(9,150)	(9,150)	–	(8,603)	–	(8,603)
Unsecured bond issue	27	–	–	–	(257)	(257)	–	(258)	–	(258)
Trade and other payables	30	–	–	–	(747)	(747)	–	(747)	–	(747)
		–	–	–	(10,154)	(10,154)	–	(9,608)	–	(9,608)

* The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

FINANCIAL STATEMENTS

The Group as at 31 December 2013

		Carrying amount					Fair value			
	Note	Designated at fair value USD million	Fair value - hedging instrument USD million	Loans and receivables USD million	Other financial liabilities USD million	Total USD million	Level 1 USD million	Level 2 USD million	Level 3 USD million	Total USD million
Financial assets measured at fair value										
Petroleum coke supply contracts and other raw materials	29	22	–	–	–	22	–	–	22	22
		22	–	–	–	22	–	–	22	22
Financial assets not measured at fair value*										
Trade and other receivables	23	–	–	572	–	572	–	572	–	572
Cash and cash equivalents	24	–	–	716	–	716	–	716	–	716
		–	–	1,288	–	1,288	–	1,288	–	1,288
Financial liabilities measured at fair value										
Cross-currency swaps	29	–	(198)	–	–	(198)	–	–	(198)	(198)
Petroleum coke supply contracts and other raw materials	29	(22)	–	–	–	(22)	–	–	(22)	(22)
Interest rate swaps	29	–	(81)	–	–	(81)	–	–	(81)	(81)
Forward contracts for aluminium and other instruments	29	(9)	–	–	–	(9)	–	–	(9)	(9)
		(31)	(279)	–	–	(310)	–	–	(310)	(310)

FINANCIAL STATEMENTS

	Note	Carrying amount					Fair value			
		Designated at fair value USD million	Fair value - hedging instrument USD million	Loans and receivables USD million	Other financial liabilities USD million	Total USD million	Level 1 USD million	Level 2 USD million	Level 3 USD million	Total USD million
Financial liabilities not measured at fair value*										
Secured bank loans	26	–	–	–	(9,742)	(9,742)	–	(9,759)	–	(9,759)
Unsecured bank loans	26	–	–	–	(183)	(183)	–	(183)	–	(183)
Unsecured bond issue	27	–	–	–	(900)	(900)	–	(910)	–	(910)
Trade and other payables	30	–	–	–	(1,008)	(1,008)	–	(1,008)	–	(1,008)
		–	–	–	(11,833)	(11,833)	–	(11,860)	–	(11,860)

* The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

The Company as at 31 December 2014

		Carrying amount				Fair value			
	Note	Fair value - hedging instrument USD million	Loans and receivables USD million	Other financial liabilities USD million	Total USD million	Level 1 USD million	Level 2 USD million	Level 3 USD million	Total USD million
Financial assets not measured at fair value*									
Trade and other receivables	23	–	1,839	–	1,839	–	1,839	–	1,839
Cash and cash equivalents	24	–	13	–	13	–	13	–	13
		–	1,852	–	1,852	–	1,852	–	1,852
Financial liabilities not measured at fair value*									
Secured bank loans	26	–	–	(7,845)	(7,845)	–	(7,298)	–	(7,298)
Unsecured company loans from related parties	26	–	–	(1,111)	(1,111)	–	(1,111)	–	(1,111)
Trade and other payables	30, 34(e)	–	–	(4,267)	(4,267)	–	(4,267)	–	(4,267)
		–	–	(13,223)	(13,223)	–	(12,676)	–	(12,676)

* The Company has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

FINANCIAL STATEMENTS

The Company as at 31 December 2013

	Note	Carrying amount				Fair value			
		Fair value - hedging instrument USD million	Loans and receivables USD million	Other financial liabilities USD million	Total USD million	Level 1 USD million	Level 2 USD million	Level 3 USD million	Total USD million
Financial assets not measured at fair value*									
Trade and other receivables	23	–	15	–	15	–	15	–	15
Cash and cash equivalents	24	–	247	–	247	–	247	–	247
		–	262	–	262	–	262	–	262
Financial liabilities not measured at fair value*									
Secured bank loans	26	–	–	(8,643)	(8,643)	–	(8,655)	–	(8,655)
Unsecured company loans from related parties	26	–	–	(729)	(729)	–	(729)	–	(729)
Trade and other payables	30, 34(e)	–	–	(2,354)	(2,354)	–	(2,354)	–	(2,354)
		–	–	(11,726)	(11,726)	–	(11,738)	–	(11,738)

* The Company has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

(b) Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans and trade payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established a risk management group within its Department of Internal Control, which is responsible for developing and monitoring the Group's risk management policies. The Department reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by the Group's Internal Audit function which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

(i) Commodity price risk

During the years ended 31 December 2014 and 2013, the Group has entered into certain long term electricity contracts and other commodity derivatives contracts in order to manage its exposure of commodity price risks. Details of the contracts are disclosed in note 29.

(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 costs by monitoring changes in interest rates with respect to its borrowings.

The following table details the interest rate profile of the Group's and the Company's borrowings at the reporting date.

The Group

	31 December 2014		31 December 2013	
	Effective interest rate %	USD million	Effective interest rate %	USD million
Fixed rate loans and borrowings				
Loans and borrowings	8.50% -12.00%	748	5.09% -10.50%	5,081
		748		5,081
Variable rate loans and borrowings				
Loans and borrowings	3.27% -24.95%	8,755	2.57% -11.03%	5,870
		8,755		5,870
		9,503		10,951

The Group's fixed rate loans and borrowings for the year ended 31 December 2014 include a USD obligation of USD107 million bearing interest at 8.50% per annum. This obligation represent the hedged amount of rouble bonds (for detailed information, refer to note 27). Additionally, it includes a RUB18.3 billion credit facility, hedged with a cross-currency swap (for detailed information refer to note 29).

The Company

	31 December 2014		31 December 2013	
	Effective interest rate %	USD million	Effective interest rate %	USD million
Fixed rate loans and borrowings				
Loans and borrowings	0%-11.21%	1,414	0%-10.13%	1,261
		1,414		1,261
Variable rate loans and borrowings				
Loans and borrowings	6.24% - 7.70%	7,463	5.20%-6.01%	8,056
		7,463		8,056
		8,877		9,317

The following table demonstrates the sensitivity to cash flows from interest rate risk arising from floating rate non-derivative instruments held by the Group at the reporting date in respect of a reasonably possible change in interest rates, with all other variables held constant. The impact on the Group's profit before taxation and equity and retained profits/accumulated losses is estimated as an annualised input on interest expense or income of such a change in interest rates. The analysis has been performed on the same basis for all years presented.

The Group

	Increase/ decrease in basis points	Effect on profit before taxation for the year USD million	Effect on equity for the year USD million
As at 31 December 2014			
Basis percentage points	+100	(88)	71
Basis percentage points	-100	88	(71)
As at 31 December 2013			
Basis percentage points	+100	(59)	47
Basis percentage points	-100	59	(47)

FINANCIAL STATEMENTS

(iii) Foreign currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of group entities, primarily USD but also the Russian Rouble, Ukrainian Hryvna and Euros. The currencies in which these transactions primarily are denominated are RUB, USD and EUR.

Borrowings are primarily denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily USD but also RUB and EUR. This provides an economic hedge.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances or entering into currency swap arrangements.

The Group's exposure at the reporting date to foreign currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate is set out in the table below. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are ignored.

	USD-denominated vs. RUB functional currency		RUB-denominated vs. USD functional currency		EUR-denominated vs. USD functional currency		Denominated in other currencies vs. USD functional currency	
As at 31 December	2014 USD million	2013 USD million	2014 USD million	2013 USD million	2014 USD million	2013 USD million	2014 USD million	2013 USD million
Non-current assets	–	–	4	3	–	18	31	46
Trade and other receivables	–	1	202	230	37	49	16	48
Cash and cash equivalents	–	–	306	229	17	29	22	5
Derivative financial assets	–	–	45	22	–	–	–	–
Loans and borrowings	(178)	(254)	(525)	(493)	(306)	(391)	–	–
Provisions	–	–	(75)	(111)	(30)	(33)	(16)	(37)
Derivative financial liabilities	–	–	(1)	(22)	–	–	–	–
Income taxation	–	–	(12)	(2)	(1)	(1)	(7)	(12)
Trade and other payables	(2)	(1)	(314)	(399)	(42)	(66)	(69)	(102)
Net exposure arising from recognised assets and liabilities	(180)	(254)	(370)	(543)	(325)	(395)	(23)	(52)

Foreign currency sensitivity analysis

The following tables indicate the instantaneous change in the Group's profit before taxation (and accumulated losses) and other comprehensive income that could arise if foreign exchange rates to which the Group has significant exposure at the reporting date had changed at that date, assuming all other risk variables remained constant.

	Year ended 31 December 2014		
	Change in exchange rates	USD million Effect on profit before taxation for the year	USD million Effect on equity for the year
Depreciation of USD vs. RUB	15%	(28)	(24)
Depreciation of USD vs. EUR	5%	(16)	(16)
Depreciation of USD vs. other currencies	5%	(1)	(1)

		Year ended 31 December 2013	
	Change in exchange rates	USD million Effect on profit before taxation for the year	USD million Effect on equity for the year
Depreciation of USD vs. RUB	5%	(14)	(19)
Depreciation of USD vs. EUR	5%	(20)	(20)
Depreciation of USD vs. other currencies	5%	(3)	(3)

Results of the analysis as presented in the above tables represent an aggregation of the instantaneous effects on the Group entities' profit before taxation and other comprehensive income measured in the respective functional currencies, translated into USD at the exchange rates ruling at the reporting date for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the reporting date. The analysis excludes differences that would result from the translation of other financial statements of foreign operations into the Group's presentation currency. The analysis has been performed on the same basis for all years presented.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The group policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its operating and financial commitments.

The following tables show the remaining contractual maturities at the reporting date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payment computed using contractual rates, or if floating, based on rates current at the reporting date) and the earliest the Group can be required to pay.

The Group

	31 December 2014 Contractual undiscounted cash outflow					
	Within 1 year or on demand USD million	More than 1 year but less than 2 years USD million	More than 2 years but less than 5 years USD million	More than 5 years USD million	TOTAL USD million	Carrying amount USD million
Trade and other payables to third parties	593	–	–	–	593	593
Trade and other payables to related parties	61	–	–	–	61	61
Bonds, including interest payable	164	119	–	–	283	257
Loans and borrowings, including interest payable	788	1,770	4,466	5,039	12,063	9,150
Guarantees	47	102	–	–	149	100
	1,653	1,991	4,466	5,039	13,149	10,161

	31 December 2013 Contractual undiscounted cash outflow					
	Within 1 year or on demand USD million	More than 1 year but less than 2 years USD million	More than 2 years but less than 5 years USD million	More than 5 years USD million	TOTAL USD million	Carrying amount USD million
Trade and other payables to third parties	777	–	–	–	777	777
Trade and other payables to related parties	127	–	–	–	127	127
Bonds, including interest payable	544	546	–	–	1,090	900
Loans and borrowings, including interest payable	1,833	1,717	8,065	–	11,615	9,925
Guarantees	–	58	198	–	256	100
	3,281	2,321	8,263	–	13,865	11,829

The Company

	31 December 2014 Contractual undiscounted cash outflow					
	Within 1 year or on demand USD million	More than 1 year but less than 2 years USD million	More than 2 years but less than 5 years USD million	More than 5 years USD million	TOTAL USD million	Carrying amount USD million
Trade and other payables to third parties	3	–	–	–	3	3
Trade and other payables to related parties	2,635	–	–	–	2,635	2,635
Loans and borrowings, including interest payable	1,522	1,142	3,894	5,039	11,597	8,956
Other liabilities	1,629	–	–	–	1,629	1,629
	5,789	1,142	3,894	5,039	15,864	13,223

	31 December 2013 Contractual undiscounted cash outflow					
	Within 1 year or on demand USD million	More than 1 year but less than 2 years USD million	More than 2 years but less than 5 years USD million	More than 5 years USD million	TOTAL USD million	Carrying amount USD million
Trade and other payables to third parties	3	–	–	–	3	3
Trade and other payables to related parties	741	–	–	–	741	741
Loans and borrowings, including interest payable	2,070	1,316	7,353	–	10,739	9,372
Other liabilities	1,630	–	–	–	1,630	1,610
	4,444	1,316	7,353	–	13,113	11,726

FINANCIAL STATEMENTS

(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.

At 31 December 2014 and 2013, the Group has certain concentrations of credit risk as 10.2% and 1.1% of the total trade receivables were due from the Group's largest customer and 13.0% and 2.3% of the total trade receivables were due from the Group's five largest customers, respectively (refer to note 5 for the disclosure on revenue from largest customer).

With respect to credit risk arising from guarantees, the Group's policy is to provide financial guarantees only to wholly-owned subsidiaries, associates and joint ventures. Management have recognised a provision of USD100 million against the Group's exposure to guarantees (refer to note 28(e)).

(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 in these consolidated financial statements.

(g) Master netting or similar agreements

The Group may enter into sales and purchase agreements with the same counterparty in the normal course of business. The related amount receivable and payable do not always meet the criteria for offsetting in the statement of financial position. This is because the Group may not have any currently legally enforceable right to offset recognised amounts, because the right to offset may be enforceable only on the occurrence of future events.

Due to changes in IAS 32 there are no financial instruments that meet the offsetting criteria in the statement of financial position for the year ended 31 December 2014. Amount of USD35 million related to recognised financial instruments that do not meet some or all of the offsetting criteria is included within financial assets and liabilities of the Group as at 31 December 2014.

32 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 operating of the BEMO Project including BoGES and an aluminium plant, the planned main customer of the hydropower station. The parties established two joint companies with 50:50 ownership, into which the Group is committed to invest USD1,215 million by the end of 2015 (31 December 2013: USD1,989 million). The Group has entered into contracts that result in contractual obligations primarily relating to various construction and capital repair works. The commitments at 31 December 2014 and 31 December 2013 approximated USD319 million and USD258 million, respectively. These commitments are due over a number of years.

(b) Purchase commitments

Commitments with third parties for purchases of alumina, bauxite, other raw materials and other purchases in 2015-2034 under supply agreements are estimated from USD3,400 million to USD3,962 million at 31 December 2014 (31 December 2013: USD2,460 million to USD2,662 million) depending on the actual purchase volumes and applicable prices.

Commitments with related parties for purchases of alumina, bauxite and other raw materials in 2015-2017 under supply agreements are estimated USD262 million at 31 December 2014.

(c) Sale commitments

Commitments with third parties for sales of alumina and other raw materials in 2015-2020 are estimated from USD958 million to USD1,946 million at 31 December 2014 (31 December 2013: from USD706 million to USD737 million) and will be settled at market prices at the date of delivery. Commitments with related parties for sales of alumina in 2015-2019 approximated from USD852 million to USD1,324 million at 31 December 2014 (31 December 2013: from USD1,349 million to USD1,413 million).

Commitments with related parties for sales of primary aluminium and alloys in 2015-2021 are estimated to range from USD5,780 million to USD6,690 million at 31 December 2014 (31 December 2013: from USD4,930 million to USD5,566 million). Commitments with third parties for sales of primary aluminium and alloys at 31 December 2014 are estimated to range from USD923 million to USD1,144 million (31 December 2013: from USD783 million to USD848 million). These commitments will be settled at market price at the date of delivery. Commitments include sales to Glencore in accordance with a long-term contract for which the sales volumes will depend on the actual production in 2015-2017. The volume of sales commitments to Glencore for 2015 year under the agreement is specified and is estimated to be from USD1,973 to USD2,053 million.

(d) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	31 December 2014 USD million	31 December 2013 USD million
Less than one year	5	5
Between one and five years	14	12
	19	17

(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.

33 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, 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 2014 is USD357 million (31 December 2013: USD345 million).

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.

New transfer pricing legislation enacted in the Russian Federation starting from 1 January 2012 provides for major modifications making local transfer pricing rules closer to OECD guidelines, but creating additional uncertainty in practical application of tax legislation in certain circumstances.

The new transfer pricing rules introduce an obligation for the taxpayers to prepare transfer pricing documentation with respect to controlled transactions and prescribe new basis and mechanisms for accruing additional taxes and interest in case prices in the controlled transactions differ from the market level. The new transfer pricing rules eliminated the 20-percent price safe harbour that existed under the previous transfer pricing rules applicable to transactions on or prior to 31 December 2011.

The new transfer pricing rules primarily apply to cross-border transactions between related parties, as well as to certain cross-border transactions between independent parties, as determined under the Russian Tax Code. In addition, the rules apply to in-country transactions between related parties if the accumulated annual volume of the transactions between the same parties exceeds a particular threshold (RUB3 billion in 2012, RUB2 billion in 2013, and RUB1 billion in 2014 and thereon).

Since there is no practice of applying the new transfer pricing rules by the tax authorities and courts, it is difficult to predict the effect, if any, of the new transfer pricing rules on these consolidated financial statements.

The Company believes it is compliant with the new rules as it has historically applied the OECD -based transfer pricing principles. 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.

The new controlled foreign company ("CFC") rules have been introduced in Russia starting from 1 January 2015. The rules apply to undistributed profits of non-Russian CFC controlled by Russian tax-resident shareholders. The Company is tax-resident in Cyprus and managed and controlled from Cyprus and the new CFC rules shall not directly apply to the Group in relation to any of its non-Russian affiliates. The CFC rules may apply to Russian tax-resident controlling shareholders of the Company, where such shareholder controls more than 50% of the Company (starting from 2016 more than 25% or 10% where all Russian tax-resident shareholders together control more than 50%). The rules also introduce certain reporting requirements for such Russian tax-resident controlling shareholders of the Company starting from 2015 in relation to non-Russian affiliates of the Group where such shareholders directly or indirectly control more than 10% of those affiliates.

(b) Environmental contingencies

The Group and its predecessor entities have operated in the Russian Federation, Ukraine, Jamaica, Guyana, the Republic of Guinea and the European Union for many years and certain environmental problems have developed. Governmental authorities are continually considering environmental regulations and their enforcement and the Group periodically evaluates its obligations related thereto. As obligations are determined, they are recognised immediately. The outcome of environmental liabilities under proposed or any future legislation, or as a result of stricter enforcement of existing legislation, cannot reasonably be estimated. Under current levels of enforcement of existing legislation, management believes there are no possible liabilities, which will have a material adverse effect on the financial position or the operating results of the Group. However, the Group anticipates undertaking significant capital projects to improve its future environmental performance and to bring it into full compliance with current legislation.

(c) Legal contingencies

The Group's business activities expose it to a variety of lawsuits and claims which are monitored, assessed and contested on the ongoing basis. Where management believes that a lawsuit or another claim would result in the outflow of the economic benefits for the Group, a best estimate of such outflow is included in provisions in the consolidated financial statements (refer to note 28). As at 31 December 2014 the amount of claims, where management assesses outflow as possible approximates USD111 million (31 December 2013: USD175 million).

In January 2013, the Company received a writ of summons and statement of claim filed in the High Court of Justice of the Federal Capital Territory of Nigeria (Abuja) by plaintiff BFIG Group Divino Corporation ("BFIG") against certain subsidiaries of the Company. It is a claim for damages arising out of the defendants' alleged tortious interference in the bid process for the sale of the Nigerian government's majority stake in the Aluminium Smelter Company of Nigeria ("ALSCON") and alleged loss of BFIG's earnings resulting from its failed bid for the said stake in ALSCON. BFIG seeks compensatory damages in the amount of USD2.8 billion. The Company does not expect the case to have any material adverse effect on the Group's financial position or its operation as a whole.

(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 31 "Financial risk management and fair values". 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.

34 RELATED PARTY TRANSACTIONS

(a) Transactions with management and close family members

Management remuneration

Key management received the following remuneration, which is included in personnel costs (refer to note 9(a)):

	Year ended 31 December	
	2014 USD million	2013 USD million
Salaries and bonuses	60	69
Share-based compensation	1	1
	61	70

(b) Transactions with associates and joint ventures

Sales to associates are disclosed in note 5, accounts receivable from associates are disclosed in note 23 and accounts payable to associates are disclosed in note 30.

(c) Transactions with other related parties

The Group

The Group transacts with other related parties, the majority of which are entities under common control with the Group or under the control of SUAL Partners Limited or its controlling shareholders or Glencore International Plc or entities under its control or Onexim Holdings Limited or its controlling shareholders.

Sales to related parties for the year are disclosed in note 5, accounts receivable from related parties are disclosed in note 23, accounts payable to related parties are disclosed in note 30, commitments with related parties are disclosed in note 32, directors remuneration in note 10 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:

	Year ended 31 December	
	2014 USD million	2013 USD million
Purchases of raw materials – companies under common control	90	100
Purchases raw materials – companies capable of exerting significant influence	196	335
Purchases of raw materials – associates	27	–
Energy costs – companies under common control	537	641
Energy costs – companies capable of exerting significant influence	42	109
Energy costs – associates	–	4
Other costs – companies under common control	20	20
Other costs – associates	152	165
Distribution expenses - companies under common control	1	1
	1,065	1,375

Electricity contracts

The Group has indicated the intention to purchase electricity during the years 2015 through 2020 under long-term agreements with related parties. The estimated value of this commitment for each year is presented in the table below, excluding the impact of embedded derivatives recognised in these consolidated financial statements.

Year	2015	2016	2017	2018	2019	2020
Volumes, KWh million	46,384	46,735	46,900	46,952	18,300	18,300
Estimated value, USD million	226	230	232	235	54	57

In the beginning of 2011, the rules and regulations of the wholesale electricity and capacity market in the Russian Federation changed. Amongst all the changes, companies are required to submit and register notifications for purchase and sale of electricity and capacity under the long-term electricity and capacity supply contracts on a monthly and quarterly basis.

The Company

	31 December	
	2014 USD million	2013 USD million
Investments in subsidiaries	21,688	15,047
Trade and other receivables from related parties	1,839	15
Loans and borrowings from related parties	1,111	729
Trade and other payables to related parties	2,635	741
Other liabilities (i)	1,629	1,610

Included in other liabilities is a payable for 1,600 ordinary shares newly issued by one of the Company's subsidiaries - RTI Limited on 12 February 2010 and redeemable at the option of that subsidiary. The nominal value of the payable, which is repayable on demand not later 31 December 2017, is USD1,600 million. Upon initial recognition, the fair value of the payable amounting to USD1,057 million was determined at inception by discounting at applicable market interest rates. The carrying value of the payable balance as at 31 December 2014 is USD1,600 million (as at 31 December 2013: USD1,581 million).

The remainder of other liabilities represents a promissory note payable issued by the Company to its subsidiary - RTI Limited in amount of USD553 million, bearing zero interest and repayable on demand on or after 7 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. During 2012 and 2011 this promissory note was partly repaid in the amount of USD88 million and USD434 million, respectively. During 2013 this promissory note was assigned from RTI Limited to Rusal Limited in the deferred amount of USD29 million. The nominal value of the payable balance as at 31 December 2014 and 2013 is USD30 million.

(d) Related parties balances

At 31 December 2014, included in non-current assets and non-current liabilities are balances of related parties – companies under common control of USD35 million and balances of related parties – associates of USD61 million, respectively (31 December 2013: USD34 million and USD106 million).

(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.

(f) Connected transactions

Not all the related party transactions and balances disclosed above meet the definition of connected transactions as per Chapter 14 of the Listing Rules of Hong Kong Stock Exchange. For particulars of the continuing connected transactions please refer to the Director's Report section of the Annual Report of the Company for the year ended 31 December 2014.

35 PARTICULARS OF SUBSIDIARIES

As at 31 December 2014 and 2013, 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
Friguia	Guinea	9 February 1957	388 649 shares of GNF 1,987,831.98 each	100.0%	Alumina
OJSC RUSAL Achinsk	Russian Federation	20 April 1994	4,188,531 shares of RUB1 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 RUB1 each	100.0%	Alumina
Eurallumina SpA	Italy	21 March 2002	10,000,000 shares of EUR1.55 each	100.0%	Alumina
OJSC RUSAL Bratsk	Russian Federation	26 November 1992	5,505,305 shares of RUB0.2 each	100.0%	Smelting
OJSC RUSAL Krasnoyarsk	Russian Federation	16 November 1992	85,478,536 shares of RUB20 each	100.0%	Smelting
OJSC RUSAL Novokuznetsk	Russian Federation	26 June 1996	53,997,170 shares of RUB0.1 each	100.0%	Smelting
OJSC RUSAL Sayanogorsk	Russian Federation	29 July 1999	59,902,661,099 shares of RUB0.068 each	100.0%	Smelting
CJSC Khakas Aluminium Smelter	Russian Federation	23 July 2003	1,007,759,451,507 shares of RUB0.01 each	100.0%	Smelting
RUSAL Resal Ltd	Russian Federation	15 November 1994	charter fund of RUB27,951,217.29	100.0%	Processing
OJSC RUSAL SAYANAL	Russian Federation	29 December 2001	59,902,661,099 shares of RUB0.006 each	100.0%	Foil
CJSC RUSAL ARMENAL	Armenia	17 May 2000	3,140,700 shares of AMD 1,000 each	100.0%	Foil

Name	Place of incorporation and operation	Date of incorporation	Particulars of issued and paid up capital	Attributable equity interest	Principal activities
RUS-Engineering Ltd	Russian Federation	18 August 2005	charter fund of RUB2,026,200,136.37	100.0%	Repairs and maintenance
OJSC Russian Aluminium	Russian Federation	25 December 2000	23,124,000,000 shares of RUB1 each	100.0%	Holding company
Rusal Global Management B.V.	Netherlands	8 March 2001	charter fund of EUR25,000	100.0%	Management company
OJSC United Company RUSAL Trading House	Russian Federation	15 March 2000	163,660 shares of RUB100 each	100.0%	Trading
Rusal America Corp.	USA	29 March 1999	1,000 shares of USD0.01 each	100.0%	Trading
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 USD1 each	100.0%	Trading
Alumina & Bauxite Company Limited	British Virgin Islands	3 March 2004	50,000 shares of USD1 each	100.0%	Trading
CJSC Komi Aluminii	Russian Federation	13 February 2003	4,303,000,000 shares of RUB1 each	100.0%	Alumina
OJSC Bauxite-Timana	Russian Federation	29 December 1992	44,500,000 shares of RUB10 each	100.0%	Bauxite mining
OJSC Severo-Uralsky Bauxite Mine	Russian Federation	24 October 1996	2,386,254 shares of RUB275.85 each	100.0%	Bauxite mining
OJSC SUAL	Russian Federation	26 September 1996	2,542,941,932 shares of RUB1 each	100.0%	Primary aluminum and alumina production
OJSC Zaporozhye Aluminum Combine ("ZALK")	Ukraine	30 September 1994	622,729,120 shares of RUB0.25 each	98.0%	Primary aluminum and alumina production
SUAL-PM LLC	Russian Federation	20 October 1998	charter fund of RUB56,300,959	100.0%	Aluminum powders production
CJSC Kremniy	Russian Federation	3 August 1998	320,644 shares of RUB1,000 each	100.0%	Silicon production

FINANCIAL STATEMENTS

Name	Place of incorporation and operation	Date of incorporation	Particulars of issued and paid up capital	Attributable equity interest	Principal activities
SUAL-Kremniy-Ural LLC	Russian Federation	1 March 1999	charter fund of RUB8,763,098	100.0%	Silicon production
UC RUSAL Alumina Jamaica Limited	Jamaica	26 April 2001	1,000,000 shares of USD1 each	100.0%	Alumina
UC RUSAL Alumina Jamaica II Limited	Jamaica	16 May 2004	200 shares of USD1 each	100.0%	Alumina
Kubikenborg Aluminium AB	Sweden	26 January 1934	25,000 shares of SEK 1,000 each	100.0%	Smelting
RFCL Sarl	Luxembourg	13 March 2013	6 shares of RUB100,000 each	100.0%	Finance services
Aktivium B.V.	Netherlands	28 December 2010	215,458,134,321 shares of RUB1 each	100.0%	Holding and investment company
Aughinish Alumina Ltd	Ireland	22 September 1977	1,000 shares of EUR2 each	100.0%	Alumina

Trading entities are engaged in the sale of products to and from the production entities.

36 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2014 and 2013, the directors consider the immediate parent of the Group to be En+, which is incorporated in Jersey with its registered office at 44 Esplanade, St Helier, Jersey, JE4 9WG. En+ is controlled by Fidelitas International Investments Corp. (a company incorporated in Panama) 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 International Investments Corp. None of these entities produce financial statements available for public use.

37 EVENTS SUBSEQUENT TO THE REPORTING DATE

There were no significant events subsequent to the reporting date.

38 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.

FINANCIAL STATEMENTS

Value in use is also generally determined as the present value of the estimated future cash flows, but only those expected to arise from the continued use of the asset in its present form and its eventual disposal. Present values are determined using a risk-adjusted pre-tax discount rate appropriate to the risks inherent in the asset. Future cash flow estimates are based on expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves (refer to '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 joint ventures – recoverable amount

In accordance with the Group's accounting policies, each investment in an associate or joint venture 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 joint venture 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 joint venture. 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.

39 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR

The IASB has issued the following amendments, new standards and interpretations which are not yet effective in respect of the financial years included in these consolidated financial statements, and which have not been adopted in these consolidated financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application but is not yet in a position to state whether these amendments, new standards and interpretations would have a significant impact on the Group's results of operations and financial position.

	Effective for accounting periods beginning on or after
Amendments to IFRS 5, Non-current Assets Held for Sale and Discontinued Operations: *Changes in method of disposal*	1 January 2016
Amendments to IFRS 9, Financial Instruments: *Classification and measurement models*	1 January 2018
Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
IFRS 15, Revenue from Contracts with Customers	1 January 2017
Amendments to IAS 16 and IAS 38: *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
Amendments to IAS 19, Employee Benefits: *Discount rate: regional market issue*	1 January 2016
Amendments to IAS 27, Separate Financial Statements: *Equity Method in Separate Financial Statements*	1 January 2016

THE SUN IS AN ENDLESS SOURCE OF CLEAN ENERGY, IT IS NOT AN EASY TASK TO HARNESS THIS POWER, BUT HUMANITY HAS MADE GREAT PROGRESS AND WILL CONTINUE TO DO SO. NATURE BOTH CREATES AND SOLVES INNOVATIVE ENGINEERING SOLUTIONS.

STATEMENT OF RESPONSIBILITY FOR THIS ANNUAL REPORT

I, Vladislav Soloviev, 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 included therein 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.

VLADISLAV SOLOVIEV
CHIEF EXECUTIVE OFFICER

30 April 2015

FORWARD LOOKING STATEMENTS

This Annual Report contains certain statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "seeks" "expects", "intends", "forecasts", "targets", "may", "will", "should", "could" and "potential" 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 repay pursuant to or comply with the terms of its credit facility agreements, or obtain further financing, refinancing or otherwise waiver of forbearance in respect of the Group's payment obligations under its facility of financing;
- changes in the costs of the materials required for the Group's production of aluminium and alumina;
- 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 and timely 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 future events, risks, uncertainties, factors and assumptions discussed in the consolidated financial statements and other sections of this Annual Report.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this Annual Report reflect the Group management's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's business, results of operations, financial position, liquidity, prospects, growth, strategies and the bauxite, alumina and aluminium industries. Investors should specifically consider the factors identified in this Annual Report, which could cause actual results to differ, before making any investment decision. Subject to the requirements of the Listing Rules and except as may be required by applicable law, the Company undertakes no obligation to revise any forward-looking statements that appear in this Annual Report to reflect any change in the Company's expectations, or any events or circumstances, that may occur or arise after the date of this Annual Report.

All forward-looking statements in this Annual Report are qualified by reference to this cautionary statement.

GLOSSARY

"*1C Enterprise*" means a comprehensive suite which includes Accounting, Contact Management, Inventory Management, Document Management, Web Client, and more.

"*Achinsk Alumina Refinery*", "*AGK*", "*RUSAL Achinsk*" or "*OJSC RUSAL Achinsk*" means OJSC RUSAL Achinsk, a company incorporated under the laws of the Russian Federation, which is a wholly-owned subsidiary of the Company.

"*Achinsk Cement*" means Achinsk Cement Limited Liability Company, a company incorporated in the Russian Federation, more than 30% of which is indirectly controlled by Mr. Deripaska.

"*Adjusted EBITDA*" for any period means the results from operating activities adjusted for amortisation and depreciation, impairment charges and loss on disposal of property, plant and equipment.

"*Adjusted Net Profit*" for any period is defined as the net profit adjusted for the net effect from share in the results of Norilsk Nickel, the net effect of embedded derivative financial instruments, the difference between effective and nominal interest rate charge on restructured debt and net effect of non-current assets impairment.

"*Agreed Subsidiaries*" means an agreed list of subsidiaries of the Company, as defined in the Shareholders' Agreement between Major Shareholders only.

"*Alpart*" means Alumina Partners of Jamaica, in which the Company indirectly holds a 65% interest.

"*ALSCON*" means Aluminium Smelter Company of Nigeria, a company incorporated in Nigeria and in which the Company indirectly holds a 85% interest.

"*Aluminium Division East*" means the Company's division comprising all smelters located in Siberia, Russia.

"*Aluminium Division West*" means the Company's division comprising all smelters located in the European part of Russia, the Urals and Sweden.

"*Aluminium segment cost per tonne*" means aluminium segment revenue, less aluminium segment results, less amortisation and depreciation, divided by sales volume of aluminium segment.

"*AMF*" means the French Autorité des marchés financiers.

"*Amokenga Holdings*" means Amokenga Holdings Limited, a company incorporated in Bermuda and which is a wholly owned subsidiary of Glencore and a shareholder of the Company.

"*Annual Report*" means this annual report dated 30 April 2015.

"*Articles of Association*" means the articles of association of the Company, conditionally adopted on 24 November 2009, and effective on the Listing Date.

"*Audit Committee*" means the audit committee established by the Board in accordance with the requirements of the CG Code.

"*Aughinish Alumina Refinery*" means Aughinish Alumina Limited, a company incorporated in Ireland, which is a wholly owned subsidiary of the Company.

"*Basic Element*" means Basic Element Limited, a company incorporated in Jersey, of which Mr. Oleg Deripaska is the ultimate beneficial owner.

"*BAZ*" or "*BAZ-SUAL*" means Bogoslovsky aluminium smelter, a branch of OJSC SUAL.

"*BEMO*" means the companies comprising the Boguchanskoye Energy and Metals Complex.

"*BEMO HPP*" or "*BOGES*" means the Boguchanskaya hydro power plant.

"*BEMO Project*" means the Boguchanskoye Energy & Metals project involving the construction of the BEMO HPP and the Boguchansky aluminium smelter as described at pages 17 and 18 of this Annual Report.

"*Board*" means the board of Directors of the Company.

"*Boguchansky aluminium smelter*" or "*BEMO aluminium smelter*" or "*BoAZ*" means the aluminium smelter project involving the construction of a 588 thousand tpa greenfield aluminium smelter on a 230 hectare site, located approximately 8 km to the south-east of the settlement of Tayozhny in the Krasnoyarsk region, and approximately 160 km (212 km by road) from the BEMO HPP, as described at pages 17 and 18 of this Annual Report.

"*Bratsk aluminium smelter*", "*RUSAL Bratsk*" 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.

"*Boksitogorsk Alumina Refinery*" or "BGZ" means OJSC RUSAL Boksitogorsk, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Group.

"*CEAC*" means the Central European Aluminium Company.

"*CG Code*" means the Code setting out the principles of good corporate governance practices as set out in Appendix 14 to the Listing Rules (as amended from time to time).

"*Century Aluminium Company*" means Century Aluminium Company, a company incorporated under the laws of Delaware and the common stock of which is traded on the NASDAQ, in which Glencore AG has a 46.4% interest.

"*CEO*" or "*Chief Executive Officer*" means the chief executive officer of the Company.

"***Chairman***" or "***Chairman of the Board***" means the chairman of the Board.

"***CIS***" means the Commonwealth of Independent States.

"***CJSC Kremniy***" or "***JSC Kremniy***" means CJSC Kremniy, a company incorporated under the laws of the Russian Federation and a subsidiary of the Company.

"***Code for Securities Transactions***" means the Code for Securities Transactions by Directors of the Company adopted by the Board on 9 April 2010 and based on Appendix 10 to the Listing Rules.

"***Columbia Falls aluminium smelter***" means the Columbia Falls Aluminium Smelter which is owned and operated by Columbia Falls Aluminium Company LLC, a company incorporated under the laws of Delaware, the sole member of which is Glencore USA LLC, a wholly-owned subsidiary of Glencore AG.

"***Company***" or "***UC RUSAL***" or "***RUSAL***" means United Company RUSAL Plc, a company incorporated under the laws of Jersey with limited liability.

"***Connected transaction(s)***" has the meaning ascribed to such expression in the Listing Rules.

"***Controlling Shareholder***" has the meaning ascribed to such expression in the Listing Rules.

"***Corporate Governance and Nomination Committee***" means the corporate governance and nomination committee established by the Board in accordance with the requirements of the CG Code.

"***Covenant EBITDA***" has the meaning given to it in the PXF Facility Agreement.

"***Crispian***" means Crispian Investment Limited, a company incorporated in Cyprus, to the best knowledge information and belief of the Directors is affilated with Mr.Roman Abramovich.

"***Directors***" means the directors of the Company.

"***DOZAKL***" means Open Joint Stock Company "Dmitrov Aluminium Rolling Mill", a company incorporated under the laws of the Russian Federation.

"***EBITDA***" means earnings before interest, taxes, depreciation, and amortisation.

"***ECD***" means the Engineering and Construction Division of the Company.

"***En+***" means En+ Group Limited, a company incorporated in Jersey and which is a shareholder of the Company.

"***Energoprom Management***" means Joint-stock company «ENERGOPROM MANAGEMENT» (closed type), a company incorporated under the laws of the Russian Federation.

"***EPCM***" means Engineering, Procurement, Construction and Management.

"***EUR***" means Euros, the lawful currency of the relevant member states of the European Union that have adopted the Euro as their currency.

"***Euronext Paris***" means the Professional Segment of Euronext Paris.

"***Eurallumina***" means the alumina refinery located in Portoscuso, on the southwest coast of Sardinia, Italy. During the year ended 31 December 2006, the Group entered into an agreement with Rio Tinto Aluminium Ltd and acquired a 56.2% interest in Eurallumina, the remaining 43.8% interest in Eurallumina was owned by Glencore and was acquired by the Group as part of the acquisition of SUAL and Glencore Businesses during the year ended 31 December 2007.

"***financial year***" means the financial year ended 31 December 2014.

"***Friguia Alumina Refinery***" means Friguia S.A., a company incorporated in Guinea, which is a wholly owned subsidiary of the Company.

"***Gazprombank***" means OJSC Gazprombank.

"***GBP***" means Pounds Sterling, the lawful currency of the United Kingdom.

"***Glencore***" means Glencore Plc, a public company incorporated in Jersey and listed on the London Stock Exchange, with a secondary listing on the Hong Kong Stock Exchange, which is an indirect shareholder of the Company.

"***Glencore Businesses***" means the alumina and aluminium businesses of Glencore.

"***Glencore Call Option***" means a deed dated 25 July 2008 between En+, SUAL Partners and Glencore whereby Glencore granted En+ and SUAL Partners an option to acquire certain Shares held by Glencore.

"***Global Depositary Shares***" or "***GDS***" means global depositary shares evidenced by global depositary receipts, each of which represents 20 Shares.

"***GWh***" means gigawatts hours.

"***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.

"***Hawesville aluminium smelter***" means the Hawesville Aluminium Smelter, which is owned and operated by Century Kentucky, Inc., a company incorporated under the laws of Delaware, which is a wholly-owned subsidiary of Century Aluminium Company, an entity in which Glencore AG holds a 46.4% interest.

"***HK$***" means Hong Kong dollars, the lawful currency of Hong Kong.

"***Hong Kong Companies Ordinance***" means the Hong Kong Companies Ordinance (Chapter 622 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.

"***IFRS***" means the International Financial Reporting Standards.

"***Indicated Mineral Resource***" or "***Indicated***" means the part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

"***Inferred Mineral Resource***" or "***Inferred***" means a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

"Interros" means Interros International Investments Limited.

"***Irkutsk aluminium smelter***" or "***IrkAZ***" means Irkutsk Aluminium Smelter, a branch of OJSC SUAL.

"***Irkutskenergo***" means Irkutsk Joint Stock Company of Energetics and Electrification, a power generating company controlled by En+ as to more than 30% of its issued share capital.

"***IPO***" means the initial public offering of UC RUSAL on the Hong Kong Stock Exchange and Euronext Paris.

"***Jersey Companies Law***" means the Companies (Jersey) Law 1991, as amended.

"***JORC***" means Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists & the Minerals Council of Australia.

"***kA***" means kilo-amperes.

"***Kandalaksha aluminium smelter***" or "***KAZ***" means Kandalaksha Aluminium Smelter, a branch of OJSC SUAL.

"***Khakas aluminium smelter***" or "***KhAZ***" means Khakas Aluminium Smelter Limited, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Company.

"***Koppers***" means Koppers Australia Pty Limited, a 100% subsidiary of Koppers Inc. (KI) of Pittsburgh, PA, USA. The company is involved in the manufacture and distribution of coal tar chemicals, carbon black, preserved timber and timber preservation chemicals.

"***KPIs***" means key performance indicators.

"***KraMZ***" means Krasnoyarsk Metallurgical Plant, a company incorporated in the Russian Federation.

"***KraMZ-Auto***" means KraMZ-Auto LLC, a company incorporated in the Russian Federation.

"***Krasnoyarsk aluminium smelter***", ***"RUSAL Krasnoyarsk"*** 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.

"***Krasnoyarskaya HPP***" means JSC Krasnoyarsk Hydro-Power Plant, a hydroelectric power station controlled by En+ as to more than 30% of its issued share capital.

"***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.

"***Latest Practicable Date***" means 21 April 2015, being the latest practicable date prior to the printing of this Annual Report for ascertaining certain information in this Annual Report.

"***LIBOR***" means in relation to any loan:

(a) the applicable screen rate (being the British Bankers' Association Interest Settlement Rate for dollars for the relevant period, displayed on the appropriate page of the Reuters screen); or

(b) (if no screen rate is available for dollars for the interest period of a particular loan) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the agent at its request quoted by the reference banks to leading banks in the London interbank market,

as of the specified time (11:00 a.m. in most cases) on the quotation day (generally two business days before the first day of that period unless market practice differs in the Relevant Interbank Market, in which case the quotation day will be determined by the agent in accordance with market practice in the Relevant Interbank Market) for the offering of deposits in dollars and for a period comparable to the interest period for that loan.

"***Listing***" means the listing of the Shares on the Hong Kong Stock Exchange.

"***Listing Date***" means the date on which the Shares were listed on the Hong Kong Stock Exchange, being 27 January 2010.

"***Listing Rules***" means the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time).

"***LLC GAZ***" means LLC Torgovo-Zakupochnaya Kompaniya GAZ, being a member of the group of companies which also include "GAZ Group Autocomponents" LLC, J-S.C. AVTODIZEL (YaMZ) and others, collectively, the "GAZ Group", of which OJSC "GAZ" being the holding company, is controlled by Mr. Deripaska as to more than 30%.

"***LLP Bogatyr Komir***" means the joint venture described at page 18 of this Annual Report.

"***LME***" means the London Metal Exchange.

"***LTIFR***" means the Lost Time Injury Frequency Rate which was calculated by the Group as a sum of fatalities and lost time injuries per 200,000 man-hours.

"*LTIP*" means the Company's Long-Term Incentive Plan, adopted on 11 May 2011.

"*LTIP Rules*" means the LTIP implementation rules adopted on 11 May 2011, or as amended from time to time in accordance with their provisions.

"*Major Shareholders*" means En+, SUAL Partners, Glencore and Onexim.

"*Major Shareholders' Shares*" means the Shares held by the Major Shareholders and their respective wholly owned subsidiaries.

"*Management Company*" or "*RUSAL Management Company*" means a subsidiary of the Group retained for accounting, general management, administration and secretarial functions.

"*Market Council*" means the non-commercial organisation formed as a result of a non-commercial partnership, which is intended to unite energy market participants and major consumers of electrical energy through membership of that body. The council is intended to ensure the proper functioning of commercial market infrastructure and effective exchanges between the wholesale and retail electrical energy markets. Additionally, it is intended to promote investment in the electrical energy industry by creating a healthy market and even playing field for participants of both the wholesale and retail electrical energy markets, when drafting new rules and regulations concerning the electrical energy industry, and facilitate self-regulation of the wholesale and retail trade in electrical energy, power and other products and services which is permissible in the wholesale and retail electrical energy markets. The council's aim is to ensure the security of energy supply in the Russian Federation, unity within the economic space, economic freedom and competition in the wholesale and retail electrical energy markets, by striking a balance between the interests of suppliers and buyers and the needs of society in general in terms of having a reliable and stable source of electrical energy.

"*Measured Mineral Resource*" or "*Measured*" means a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

"*Memorandum*" means the memorandum of association of the Company conditionally adopted on 26 December 2009, and effective on the Listing Date.

"MOEX" means the Moscow Exchange.

"MICEX" means Closed Joint Stock Company «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.

"*Model Code*" means the Model Code for securities transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

"*mt*" means million tonnes.

"*MW*" means megawatt.

"*Mt. Holly aluminium smelter*" means the Mt. Holly Aluminium Smelter in which, pursuant to it ownership structure, Century Aluminium Company, an entity in which Glencore AG holds a 46.5% interest, holds a 49.67% interest through its wholly owned subsidiary Berkeley Aluminum, Inc.

"*Natixis*" means the investment bank listed on the Paris stock exchange, and a party to the International Override Agreement.

"*Net Debt*" is calculated as Total Debt less cash and cash equivalents as at 31 December 2014.

"*Nadvoitsy aluminium smelter*" or "*NAZ*" means Nadvoitsy Aluminium Smelter, a branch of OJSC SUAL.

"*Nikolaev Alumina Refinery*" or "*NGZ*" means Nikolaev Alumina Refinery Company Limited, a company incorporated under the laws of the Ukraine, which is a wholly owned subsidiary of the Company.

"*Norilsk Nickel*" means OJSC MMC NORILSK NICKEL, a company incorporated under the laws of the Russian Federation.

"*Novokuznetsk aluminium smelter*" or "*NkAZ*" or "*RUSAL Novokuznetsk*" means OJSC RUSAL Novokuznetsk, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Company.

"*OHSAS 18001*" means Occupational Health and Safety Specification (OHSAS) 18001.

"*OJSC KUMZ*" means Kamensk-Uralsky Metallurgical Works Joint-Stock Company, a company incorporated under the laws of the Russian Federation.

"*OJSC SUAL*" means OJSC "Siberian-Urals Aluminium Company", a company incorporated under the laws of the Russian Federation.

"*Onexim*" means Onexim Holdings Limited, a company incorporated in Cyprus and which is a shareholder of the Company.

"*Ore Reserves*" means the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

"***Probable Ore Reserve***" means the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

"***Production System***" means the system developed and implemented at all of the Company's production facilities by the Company's Production Development Directorate business unit, for the purposes of introducing best practices to increase efficiency and the standardising of production processes.

"***Proved Ore Reserve***" means the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

"***Prospectus***" means the Company's prospectus for the Listing dated 31 December 2009. The Prospectus is available on the Company's website under the link http://www.rusal.ru/investors/EWP101.pdf.

"PSIP" means Production System Incentive Plan, a one-off employee share award incentive plan of the Company.

"***Aluminium Pre-Export Finance Term Facility Agreement***", "***Multicurrency Aluminum Pre-Export Finance Term Facility Agreement***" means up to USD4,750,000,000 aluminium pre-export finance term facility agreement and up to USD400,000,000 multicurrency aluminum pre-export finance term facility agreement each as amended and restated on 18 August 2014, between United Company Rusal PLC as borrower and ING Bank N.V. as facility agent, BNP Paribas (Suisse) SA and ING Bank N.V. as security agents, and Natixis as offtake agent and others,- in the event that any person (or persons acting in concert) other than the core shareholder (as defined in the credit facility agreement) has or gains control of the Company.

"***QAL***" means Queensland Alumina Limited, a company incorporated in Queensland, Australia, in which the Company indirectly holds a 20% equity interest.

"***RA***" means OJSC Russian Aluminium.

"***Ravenswood aluminium smelter***" means the Ravenswood Aluminium Smelter, which is owned and operated by Century Aluminium of West Virginia, Inc., which is a wholly owned subsidiary of Century Aluminium Company, an entity in which Glencore AG holds a 46.5% interest.

"***RDR***" means Russian Depository Receipts.

"***related party***" of an entity means a party who is:

(a) directly, or indirectly through one or more intermediates, a party which:
   i. controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
   ii. has an interest in the entity that gives it significant influence over the entity; or
   iii. has joint control over the entity;

(b) an associate of the entity;
(c) a joint venture in which the entity is a venturer;
(d) a member of the key management personnel of the entity or its parent;
(e) a close member of the family of any individual referred to in (a) or (b) above;
(f) an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e) above;
(g) a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

"***related party transaction***" means a transfer of resources, services or obligations between related parties, regardless of whether the price is charged.

"***Recurring Net Profit***" for any period means Adjusted Net Profit plus the Company's effective share of Norilsk Nickel's profits, net of tax.

"***Relevant Officer***" means any employee of the Company or a director or employee of a subsidiary of the Company.

"***Relevant Officers Code***" means the code for Securities Transactions by Relevant Officers of the Company.

"***Remuneration Committee***" means the remuneration committee established by the Board in accordance with the requirements of the CG Code.

"***Review Period***" means the period commencing from 1 January 2014 and ending on 31 December 2014.

"***RSPP***" means the Russian Union of Industrialists and Entrepreneurs.

"***RTS***" means OJSC "Russian Trading System" Stock Exchange.

"***RUB***" or "***Ruble***" means Rubles, the lawful currency of the Russian Federation.

"***RUSAL Global***" means "RUSAL Global Management B.V.", a company incorporated under the laws of the Netherlands.

"***RUSAL RESAL***" means RUSAL RESAL Limited Liability Company, an indirect wholly-owned subsidiary of the Company.

"***RUS-Engineering***" means RUS-Engineering LLC, an indirect wholly-owned subsidiary of the Company.

"***RusHydro***" means JSC Rushydro (Federal Hydrogenation Company), a company organized under the laws of the Russian Federation, which is an independent third party.

"***R&D***" means research and development or the Research and Development Centres operated by the Company, as the context requires.

"***Samruk-Energo***" means Samruk-Energo, a company incorporated in Kazakhstan, which is an independent third party.

"***Samruk-Kazyna***" means the Kazakhstan state controlled national welfare fund.

"***Sayanogorsk aluminium smelter***", "***RUSAL Sayanogorsk***" or "***SAZ***" means OJSC RUSAL Sayanogorsk, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Company.

"***Sberbank***" means Sberbank of Russia.

"***SFO***" means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

"***Share(s)***" means the ordinary share(s) with nominal value of USD0.01 each in the share capital of the Company.

"***Shareholder(s)***" means the holders of Shares.

"***Shareholders' Agreement between Major Shareholders only***" means the shareholders' agreement dated 22 January 2010 between the Major Shareholders.

"***Shareholders' Agreement with the Company***" means the shareholders' agreement dated 22 January 2010 between the Major Shareholders and the Company.

"***Sherwin Alumina Refinery***" means the Sherwin Alumina Refinery which is owned and operated by Sherwin Alumina Company LLC, the sole member of which is Allied Alumina Inc., a wholly-owned subsidiary of Glencore AG.

"***Skolkovo foundation***" means the principal agency responsible for the Russian Skolkovo Innovation Center, a scientific and technological centre for the development and commercialisation of advanced technologies.

"***Standing Committee***" means the standing committee of the Company.

"***STIP***" means the Company's Short-Term Incentive Program.

"***SUAL***" means SUAL International Limited, a company incorporated in the British Virgin Islands which is a wholly-owned subsidiary of the Company.

"***SUAL-Kremniy-Ural***" means SUAL-Kremniy-Ural LLC, an indirect non wholly-owned subsidiary of the Company.

"***SUAL Partners***" means SUAL Partners Limited, a company incorporated under the laws of the Bahamas, which is a shareholder of the Company.

"***SUAL – PM***" means SUAL-PM LLC, an indirect wholly-owned subsidiary of the Company.

"***SUBR***" means OJSC Sevuralboksitruda, a company incorporated in Russia, which is a wholly-owned subsidiary of the Company.

"***Taishet***","***Taishet aluminium smelter***" or "***TAZ***" 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.

"***total attributable alumina output***" is calculated based on pro rata share of the Group's ownership in corresponding alumina refineries.

"***total attributable aluminium output***" is calculated based on pro rata shares of the Group's ownership in corresponding aluminium smelters.

"***total attributable bauxite output***" is calculated based on pro rata shares of the Group's ownership in corresponding bauxite mines and mining complexes, including the total production of Timan and Bauxite Co. De Guyana., notwithstanding that minority interests in these subsidiaries are held by third parties.

"***Total Net Debt***" has the meaning given to it in the PXF Facility Agreement.

"***tpa***" means tonnes per annum.

"***TPS***" means Toyota Production System

JSC "TSA" means Joint-stock company "Trading System Administrator of Wholesale Electricity Market Transactions" a company incorporated under the laws of the Russian Federation.

"***Urals aluminium smelter***", "***Urals Alumina Refinery***", "***UAZ***", or "***Urals smelter***" means Urals Aluminium Smelter, a branch of OJSC SUAL.

"***USD***", "***US dollar***" or "***US$***" means United States dollars, the lawful currency of the United States of America.

"***VAP***" means value-added products.

"***VAT***" means value-added tax.

"***VEB***" means State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)".

"***Volgograd aluminium smelter***" or "***VgAZ***" means Volgograd Aluminium Smelter, a branch of OJSC SUAL.

"***Volkhov aluminium smelter***" or "***VAZ***" means Volkhov Aluminium Smelter, a branch of OJSC SUAL.

"***Wholesale Electricity Market***" means the wholesale market for the sale of electrical energy and power within the confines of the "Russian United Energy System" in the unified economic space of the Russian Federation. Large suppliers and purchasers of electrical energy and power participate in this market, as well as other participants which have obtained the status of wholesale market participants and act in accordance with the Wholesale Electricity Market Rules.

"***Wholesale Electricity Market Rules***" means the regulatory act (passed by the government of the Russian Federation as specified in the law "On the Electric Energy Industry"), which regulates the sale of electrical energy and power in the Wholesale Electricity Market.

"***Windalco***" means West Indies Alumina Company, a company incorporated in Jamaica, in which the Company indirectly holds a 100% interest.

"***Working Capital***" means trade and other receivables and inventories less trade and other payables.

APPENDIX A - PRINCIPAL TERMS OF THE SHAREHOLDERS' AGREEMENT WITH THE COMPANY

The principal terms of the Shareholders' Agreement with the Company are described below. Unless otherwise stated, references to En+, SUAL Partners, Glencore and Onexim are deemed to include reference to other entities controlled by those Major Shareholders (other than any member of the Group).

RIGHT OF FIRST REFUSAL — BAUXITE, ALUMINA, ALUMINIUM

The Major Shareholders must offer the Company a right of first refusal in respect of any assets or development opportunities related to the production of bauxite, alumina or aluminium ("Industrial Assets") that they wish to acquire where such Industrial Asset or a group of related Industrial Assets has a value in excess of an amount determined by reference to the prevailing LME (high grade premium aluminium three month offer side) price of aluminium at the time of the proposed acquisition. If that LME price is US$1,500 per tonne or less then the trigger value is $500 million, if it is US$4,500 or more than the trigger price is US$1 billion and if it is between these two prices then the trigger price is pro-rated on a straight line basis. 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.

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.

1 Pursuant to a deed dated 25 July 2008 between En+, SUAL Partners and Glencore, Glencore granted En+ and SUAL Partners the option (the "Glencore Call Option") to acquire all ordinary shares in the Company held by Glencore on the date of exercise of the Glencore Call Option that were also (i) held by Glencore on 26 March 2007 or (ii) issued to Glencore by the Company after 26 March 2007 but before exercise of the Glencore Call Option (both of which, for the avoidance of doubt, exclude any shares in the Company acquired by Glencore on an arms length basis from anyone other than the Company following an initial public offering or any shares in the Company sold by Glencore to any third party in compliance with the shareholders' agreement then in force in relation to the Company) (the "Glencore Option Securities"). The Glencore Call Option may only be exercised by En+, but following exercise, SUAL Partners has the right to participate in proportion to their holding of Shares at that time vis-`-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.

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 Option1 or the put option granted by Glencore under the deed described in footnote 1.
- 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 rights and obligations 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.

APPENDIX B - PRINCIPAL TERMS OF THE SHAREHOLDERS' AGREEMENT BETWEEN MAJOR SHAREHOLDERS

The principal terms of the Shareholders' Agreement between Major Shareholders are described below. Unless otherwise stated, references to En+, SUAL Partners, Glencore and Onexim are deemed to include reference to other entities controlled by those Major Shareholders (other than any member of the Group).

BOARD OF THE COMPANY

For as long as En+ holds at least 30% of the Major Shareholders' Shares, the Major Shareholders have agreed to use their respective voting and other rights to procure, so far as they are able, that the Board shall consist of a minimum of 16 and a maximum of 18 Directors and that Directors proposed for nomination or removal under the Articles of Association or otherwise by the shareholders of the Company will be appointed to or removed from the Board to achieve the following:

– For as long as En+ holds at least 40% of the Major Shareholders' Shares, Directors representing at least 50% of the Board shall be directors proposed by En+ (excluding independent Directors), one of whom shall be the Vice Chairman of the Board. For as long as En+ holds at least 30% of the Major Shareholders' Shares, En+ shall have the right to nominate for appointment and removal the CEO. The appointment of the CEO will be subject to approval by a majority of the Board and the Board will retain the ability to remove the CEO. The number of Directors (other than independent Directors) that En+ is entitled to propose for nomination to and removal from 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, following Mr. Barry Cheung Chun-yuen's resignation as a Director, Onexim is entitled to propose for nomination and approval one independent Director.
– For as long as En+ holds less than 30% of the Major Shareholders' Shares, the Major Shareholders have agreed to use their respective voting and other rights to procure, so far as they are able, that the Board shall consist of between 15 and 19 directors comprising:
  – four independent Directors, to be nominated in accordance with the rights of proposal of

En+, SUAL Partners and Onexim described above (if relevant) and, to the extent required, by the Corporate Governance and Nomination Committee;
  - one director proposed by VEB, if required; and
  - Directors (other than independent Directors) who shall be proposed for nomination and removal by the Major Shareholders in proportion to their respective holdings of Shares from time to time.
- The Major Shareholders have agreed to exercise their respective voting and other rights to procure that, for as long as the Company is able to appoint between two and five Directors to the board of Norilsk Nickel, Onexim is entitled to propose one Director for appointment to that board, and for as long as the Company is able to appoint six or more directors, Onexim is entitled to propose two directors for appointment to that board.

BOARDS OF SUBSIDIARIES

The Major Shareholders have agreed to use their respective voting and other rights to procure, so far as they are able, that the Directors proposed for nomination or dismissal by the shareholders of the Company will be appointed to or removed from the boards of the Agreed Subsidiaries to achieve the following:

- The board of each of RUSAL Global 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, as follows:

- An audit committee, remuneration committee and corporate governance and nomination committee, each to be established in accordance with the requirements of the CG Code. The audit committee shall consist of five members, of whom three shall be independent Directors (as approved by the Board), one shall be appointed by En+ and one by Onexim. The remuneration committee shall consist of five members, of whom three shall be independent Directors (as approved by the Board), one shall be appointed by En+ and one by SUAL Partners. The Corporate Governance and Nomination Committee shall consist of five members, of whom three shall be independent Directors (as approved by the Board), one shall be appointed by En+ and one by Glencore. Summaries of the functions of these committees are set out in "Directors and Senior Management — Committees".
- A health, safety and environmental committee, whose composition, functions and terms of reference are to be determined from time to time by the Board.
- A standing committee consisting of five members who may or may not be Directors, one proposed for appointment by each of En+, SUAL Partners, Glencore and Onexim and one independent Director. The standing committee shall have authority to take certain decisions in relation to the Group without further approval of the Board or the shareholders of the Company.

EXERCISE OF VOTING RIGHTS BY ONEXIM

At general meetings of the Company, with respect to certain agreed matters customarily reserved to shareholders, Onexim has undertaken 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 given an effective right of veto in relation to any related party transaction (or amendment to or renewal of an existing related party transaction).
  - Each of En+, Glencore and SUAL Partners and Onexim is 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; reregistration 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 disapplying 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 approved by the Board require shareholder approval under the Listing Rules, the Major Shareholders have agreed to use their voting and other rights available to them to procure that such approvals and resolutions are passed in accordance with those laws and rules.

DIVIDEND POLICY

The Major Shareholders have agreed to procure compliance by the Group with a dividend policy, to the extent permissible under the terms of the credit facility agreements, under which not less than 50% of the annual consolidated net profits of the Group in each financial year are distributed to Shareholders within four months after the end of the relevant financial year, subject to any applicable legislation.

ENCUMBRANCES OVER SHARES

- Until 26 March 2012, and subject to the exception stated below, En+ agreed not to encumber Shares comprising 40% of the Major Shareholders Shares. Notwithstanding the foregoing, En+ would be entitled to encumber Shares equal to a maximum of 17% of the total Shares in issue from time to time in favour of a finance provider as bona fide security for indebtedness of En+ or its subsidiaries.
- Glencore and SUAL Partners have agreed not to encumber any Shares except for (i) pursuant to certain Glencore security agreements; (ii) a pledge as set out below; and (iii) the same proportion of their holding of Shares as the proportion which En+ is entitled to encumber as stated above.
- There will be no restrictions on Onexim encumbering its Shares.

RIGHTS OF FIRST REFUSAL — SUAL PARTNERS SHARES

- Subject to certain exceptions, if SUAL Partners wishes to sell any of its holding of Shares in an on-market transaction, it must serve notice on En+, offering it a right of first refusal. The price at which En+ will be entitled to acquire the Shares offered by SUAL Partners is the volume weighted average price per Share for the three trading days prior to the date on which the relevant notice is sent by SUAL Partners.
- SUAL Partners will not be obliged to offer En+ a right of first refusal in respect of Shares sold by it to the extent that:
  - the aggregate number of Shares sold in any one trading day by SUAL Partners does not exceed 20% of the daily average trading volume for the 30 trading days immediately preceding that trading day; and
  - the aggregate number of Shares sold within the above limits does not in any period of four months exceed 0.5% of the total Shares in issue at the time of the relevant sale.

RIGHTS OF FIRST REFUSAL — GLENCORE'S SHARES

Glencore must offer En+ and SUAL Partners a right of first refusal in respect of any proposed sale of Shares by Glencore in an on-market transaction, on substantially the same terms as the right of first refusal to be offered in respect of Shares held by SUAL Partners (as described above), subject to the same carve outs as described above in relation to SUAL Partners.

ONEXIM TAG ALONG RIGHTS

Upon any sale of Shares by En+, SUAL Partners or Onexim, such that the aggregate number of Shares sold by those three Major Shareholders in any rolling four month period exceeds 25% of the Shares then in issue, the sale shall not proceed unless the purchaser has also offered, on the same terms, to acquire the Shares then held by Onexim which were received by Onexim as part consideration for the acquisition by the Company of a stake of 25% plus one share in Norilsk Nickel.

SHARE PLACING

To the extent that the Company proposes to undertake a bookbuild placing or underwritten offering of Shares of in excess of 1% of the issued share capital of the Company, the Major Shareholders have agreed to use their voting and other rights to procure that the Major Shareholders are also entitled to sell a pro rata proportion of their Shares as part of such placing or offering.

NO MANDATORY OFFER

The Major Shareholders have agreed not to acquire or dispose of any voting rights which would be exercisable at a general meeting of the Company, if such acquisition or disposal would trigger a mandatory obligation under the Hong Kong Codes on Takeovers and Mergers and Share Repurchases to make an offer for Shares and have undertaken to indemnify each other in the event of a breach of such undertaking.

LICENCES

For as long as Onexim is a shareholder, En+, SUAL Partners and Glencore have agreed not to, and to use their respective voting and other rights to procure that neither the Company nor any of its subsidiaries will, bid for or acquire, and that the Company will take reasonable steps to procure that Norilsk Nickel will not bid for or acquire, certain specified geological licences relating to nickel, copper, platinum and cobalt without the prior written consent of Onexim.

TERMINATION FOR PARTICULAR SHAREHOLDERS

The Shareholders' Agreement between Major Shareholders only shall terminate in respect of the relevant Major Shareholder in the following circumstances:

- Upon completion of the Glencore Call Option described in footnote 1 above.
- Upon 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
Moscow Exchange symbol for shares: RUAL
Moscow Exchange symbols for RDRs: RUALR/RUALRS
Euronext Paris symbols: Rusal/Rual

BOARD OF DIRECTORS

Executive Directors

Mr. Oleg Deripaska
(ceased to be Chief Executive Officer from 17 November 2014 and appointed as President with effect from 17 November 2014)
Mr. Vladislav Soloviev
(appointed as Chief Executive Officer with effect from 17 November 2014)
Ms. Vera Kurochkina
Mr. Stalbek Mishakov

Non-executive Directors

Mr. Dmitry Afanasiev
Mr. Len Blavatnik
Mr. Christophe Charlier
(ceased to be a Director with effect from 20 June 2014)
Mr. Ivan Glasenberg
Mr. Maksim Goldman
Ms. Olga Mashkovskaya
Ms. Gulzhan Moldazhanova
Ms. Ekaterina Nikitina
Mr. Maxim Sokov
(re-designated as a non-executive Director with effect from 20 August 2014)
Mr. Daniel Lesin Wolfe
(appointed as a Director with effect from20 June 2014)

Independent non-executive Directors

Ms. Elsie Leung Oi-sie
Mr. Mark Garber
Mr. Matthias Warnig *(Chairman of the Board)*
Dr. Peter Nigel Kenny
Mr. Philip Lader

REGISTERED OFFICE IN JERSEY

44 Esplanade,
St Helier,
Jersey,
JE4 9WG.

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

Elian Corporate Services (Jersey) Limited
44 Esplanade,
St Helier,
Jersey,
JE4 9WG

HONG KONG COMPANY SECRETARY

Ms. Aby Wong Po Ying
Elian Fiduciary Services (Hong Kong) Limited
11th Floor
Central Tower
28 Queen's Road Central
Central
Hong Kong

AUDITORS

JSC 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

Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street, St Helier
Jersey,
JE1 1ES

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th 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,
New York, NY 10286

AUDIT COMMITTEE MEMBERS

Dr. Peter Nigel Kenny *(chairman)*
Mr. Philip Lader
Ms. Elsie Leung Oi-sie
Ms. Olga Mashkovskaya
Mr. Daniel Lesin Wolfe
(appointed with effect from 20 June 2014)

CORPORATE GOVERNANCE AND NOMINATION COMMITTEE MEMBERS

Mr. Philip Lader *(chairman)*
Dr. Peter Nigel Kenny
Mr. Ivan Glasenberg
Mr. Mark Garber
Ms. Ekaterina Nikitina

REMUNERATION COMMITTEE MEMBERS

Ms. Elsie Leung Oi-sie *(chairman)*
Mr. Philip Lader
Dr. Peter Nigel Kenny
Mr. Mark Garber
Mr. Maksim Goldman
Ms. Ekaterina Nikitina

PRINCIPAL BANKERS

Sberbank
VTB Bank
ING N.V.
Gazprombank

CORPORATE BROKERS

Bank of America Merrill Lynch
Credit Suisse

INVESTOR RELATIONS CONTACT

Moscow

Boris Krasnozhenov
13/1 Nikoloyamskaya str.
Moscow 109240
Russia
Boris.Krasnozhenov@rusal.com

Hong Kong

Dominic Li
Suite 3301, 33rd Floor,
Jardine House
1 Connaught Place
Central
Hong Kong
Dominic.Li@rusal.com

COMPANY WEBSITE

www.rusal.com