

En+ Group

SANCTIONS BACKGROUND

- On April 6, the U.S. Treasury Department's Office of Foreign Asset Control (OFAC) designated a range of Russian officials and interests as subject to U.S. sanctions. This list included Russian oligarch Oleg Deripaska and the En+ Group (En+), as well as the world's second-largest aluminum company, Rusal.
- Mr. Deripaska currently controls 70% of En+.
- En+ owns 48% of Rusal but effectively controls it.
- Aluminum production will be severely impacted if Rusal goes out of business. Manufacturing companies, that depend on aluminum, such as automobile industry, will be hard hit with global implications.
- Since the Treasury Department's announcement, sanctions have been enforced against Mr. Deripaska, En+ and Rusal.
- OFAC has extended several deadlines during the past two months to allow the Barker plan to be implemented. However, further extensions may well be necessary in August and beyond.

THE BARKER PLAN

- The independent chairman of En+, Lord Gregory Barker, is aggressively responding to the OFAC's actions in an effort to lift the sanctions on En+ and Rusal. The Barker Plan has three components:
 - Reduce Mr. Deripaska's ownership stake in En+ below 50%;
 - Remove Mr. Deripaska from the boards of both En+ and Rusal;
 - Replace Mr. Deripaska's allies on the boards by independent directors.
- Through these reforms, the Barker Plan would accomplish the Trump Administration's goal of removing Mr. Deripaska from control of En+ and Rusal. As U.S. Treasury Secretary Steven Mnuchin has stated: "*Our objective was not to put Rusal out of business . . . and the first aspect would be that he (Mr. Deripaska) sells down below 50%*"

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- Lord Barker has the support of the company's minority shareholders, its independent board, and the London Stock Exchange.
- The Barker Plan is already underway:
 - On May 18, 2018, Mr. Deripaska stepped down from the board of En+ effective immediately. He also announced he will not seek reelection to the board of Rusal.
 - On May 23, 2018, Rusal's CEO resigned from the company along with seven directors, all of whom were appointed by Mr. Deripaska.

NEXT STEPS

- Lord Barker, as well as executives from En+ and Rusal, are engaged in very productive discussions with OFAC to successfully implement the Barker Plan and address the Trump Administration's concerns over Mr. Deripaska. In addition to the progress that has already been made to remove Mr. Deripaska and his allies from the boards of En+ and Rusal, Lord Barker is also in discussions with potential investors to buy down Mr. Deripaska's controlling interest.
- En+ and Rusal, under the guidance of Lord Barker, are pleased with OFAC support in granting additional time to fully implement the Barker Plan.

