

The Barker Plan: Implementation Update

Lord Barker and En+ are requesting that OFAC de-list En+, perhaps through the creation of a provisional, time-limited authorization to allow for implementation of the final elements of the Barker Plan, on or before August 1 (the expiration date of General License 13b).

This is absolutely necessary both technically and practically for the final elements of the Barker Plan to be executed, and for the Trump administration to achieve its stated goal of sanctions policy and avoid severe collateral damage to U.S. interests, allies, and the specter of En+ and RUSAL being dominated by Chinese and/or other potentially hostile interests.

1. Numerous significant steps to implement the Barker Plan have already been successfully executed.

Since first outlining the Barker Plan on April 27, independent Chairman Lord Barker and his team have set in motion and executed on a series of actions to eliminate Mr. Deripaska's majority ownership and control of the company. These actions underscore the seriousness of the Barker Plan and the commitment to meeting OFAC's policy objectives, while positioning En+ to emerge from the SDN list as a stronger independent company.

In just over two months, the Barker Plan has:

- Been unanimously endorsed by the company's board, including the proposed change in ownership.
- Resulted in Lord Barker formally accepting Mr. Deripaska's resignation as an En+ director.
- Secured Mr. Deripaska's commitment not to seek re-election as a director of RUSAL.
- Led to the CEO and seven directors of RUSAL, all of whom were appointed by Mr. Deripaska, resigning from the company on May 23.
- Resulted in Philippe Mailfait, currently an independent director of En+, being nominated to the board of RUSAL.
- Led to the President and Director of En+, who was affiliated with Mr. Deripaska, resigning from the company on June 1.

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- Received de facto support from the Treasury Department via OFAC's decision to grant multiple extensions on En+'s General License 13 (now 13b) and to issue a new General License 16.

As part of this effort, Lord Barker has personally retained a cadre of internationally respected advisors to help execute the plan, including international executive search firm Russell Reynolds, and investment bank Rothschild.

2. The final phase of the Barker Plan is ready for implementation, but requires OFAC to grant the above request on or before August 1.

Time is of the essence for a host of reasons, including that the final transactional elements of the Barker Plan – primarily the appointment of a new independent board and the reduction of Mr. Deripaska to minority shareholder status – require that En+ be delisted by OFAC before those results can occur.

Without a decision by OFAC to de-list En+, perhaps through the creation of a provisional, time-limited authorization to allow for implementation of the final elements of the Barker Plan, the Treasury Department's stated goal of eliminating Mr. Deripaska's majority ownership and control of En+ could be put in serious jeopardy.

Additionally, it is vitally important that Lord Barker be allowed to execute the final provisions of the Barker Plan to maintain En+'s business position. A significant number of transactions and regulatory approvals must occur within the August-September time frame, and it will put the company at a crippling disadvantage if it remains on the SDN List. These pressures have the potential to affect both employees around the globe, as well as downstream businesses and consumers who have to shoulder the weight of market uncertainty.

Specific aspects of the final phase include:

- En+ working with OFAC to vet and approve the slate of independent board members submitted on July 5.
- The company and OFAC engaging on the appointment of at least two proposed trustees to help ameliorate concerns regarding the dispensation of certain En+ shares.
- Gaining direction from OFAC and moving forward with the proposed Glencore transaction, which has temporarily been put on hold due to the imposition of sanctions.

- En+ continuing to work with Mr. Deripaska and his family to transfer their assets to approved organizations or trustees.
- The company working with VTB to discharge the existing loan held by the bank, ensure that certain VTB shares are voted by an independent person (already identified to OFAC on July 5), and establishing an escrow/blocked account that satisfies OFAC's requirements to ensure that Mr. Deripaska does not derive any financial benefit while he remains on the SDN list.

While multi-faceted and complex, these final transactional elements of the Barker Plan are eminently achievable in the near-term if the above request is granted.

3. A failure by OFAC to provide a path forward would have severe negative repercussions for both the administration and the global economy.

The Barker Plan was specifically designed to achieve OFAC's stated goal of removing Mr. Deripaska's majority ownership and control of En+ and RUSAL. Any impediment to achieving that goal would therefore have deleterious effects that would reverberate around the globe.

As the second-largest producer of aluminum in the world, En+ and RUSAL have outsized influence throughout the global supply chain, creating negative externalities for U.S. manufacturers, heavy industry, and consumers who are likely to bear the brunt of any price increases due to supply chain disruptions. This disruption is likely to create a political spillover effect in a number of countries where En+ and RUSAL have significant operations.

In light of the extremely close ties between En+ and RUSAL, legally and operationally, it is also important to note that the removal of one entity, and not the other from the SDN list, would not provide effective relief to either. For these and other reasons, we continue to stress that the Barker Plan for removing En+ from the SDN list offers the most efficient and practical path for OFAC to deal with both RUSAL and En+.

Specifically, any disruption caused to the final stage of the Barker Plan would:

- Undermine the Trump administration's message that the sanctions are achieving the desired policy goals.
- Open the Trump administration up to criticism for harming U.S. manufacturers and consumers by not allowing the Barker Plan to be completed in a timely fashion.
- And according to industry experts:
 - Cause significant disruptions to global aluminum and metals markets, which would have serious knock-on effects for businesses and consumers around the globe.

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- Lead to concomitant negative financial and substantive impacts on the entire supply chain given the role of En+ as the second-largest producer.
 - These include overall aluminum production, which could be severely limited if RUSAL goes out of business. This would lead manufacturing companies, such as the auto and shipping industries, to face global shocks.
 - Increase the global aluminum supply deficit, further squeezing some markets where major aluminum consuming countries are having to restrict operations.
 - Force consumers to seek out alternative supplies, likely from China, where emissions from the production processes are significantly higher than that which is produced by RUSAL.
- Potentially lead to En+ seeking other avenues to resolve the current impasse, including a potential acquisition by Chinese interests or the potential nationalization of the company by Russia.

For all of the above reasons, OFAC is urged to grant the above request by August 1.