

Robert—

The news unexpectedly broke last night, and there have been a series of articles appearing in various news outlets. I wanted to send along two that are of interest, the *Kentucky Daily Independent* and the *Wall Street Journal*. Please let me know if you have any questions. Thank you.

—David

The Daily Independent

April 14, 2019

Braidy announces investor partnership; Rusal to support aluminum mill

Braidy Industries CEO Craig Bouchard speaks during the groundbreaking ceremony at the site where his company's aluminum mill will be built in East Park.

ASHLAND Braidy Industries and London listed En+ Group announced a partnership for a \$200 million lead investment in Braidy Atlas mill by United Company RUSAL Plc.

Braidy said En+ Group owns a controlling stake in Rusal. Rusal historically has been the second biggest supplier of prime aluminum to North America, after Canada while domestic supply in the U.S. is currently in a deficit.

Braidy said in a press release the partnership is significant on multiple fronts. One reason is that Rusal is the only company worldwide which could supply low-carbon at the scale required by Braidy. Rusal is the world's largest producer of low-carbon prime aluminum. En+ Group, meanwhile, is a global leader in hydropower generation, the biggest independent producer in the world.

Lord Barker, En+ Group Executive chairman, will assume the role of co-chairman of the Braidy Atlas mill, alongside Braidy Industries' Chairman and CEO Craig Bouchard.

A letter of intent will become a binding contract upon approval by the respective boards of both companies, expected later this year. Production at Braidy Atlas mill will begin in 2021.

Per the agreement, Rusal will serve as Braidy's exclusive supplier of low-carbon primary aluminum, providing approximately 1.2 million mtons over 10 years. This includes 130,000 tons of slabs and 70,000 tons of P1020 per year.

Braidy Industries will be the first North American company to contract Rusal's premier ALLOW-branded (low-emission/low carbon aluminum) slabs. ALLOW aluminum is made from renewable hydropower and has independently verified certificates of carbon footprint right from the smelter of origin.

"The partnership aims to create the lowest-carbon, highest quality, lowest-cost, end-to-end industrial aluminum manufacturing platform in the world," Braidy said.

Braidy said the Braidy Atlas mill will be the first greenfield aluminum rolling mill built in the U.S. in 37 years.

"There are no plans for any other similar greenfield expansion in the U.S. for the foreseeable future," Braidy said. "The Braidy Atlas rolling mill has a research and development goal to produce aluminum sheet that is 20 percent stronger than current market products, with 20 percent lower carbon emissions than its nearest competitor."

The Braidy Atlas greenfield mill will create 1,500 construction jobs, 650 permanent "low-carbon" advanced manufacturing jobs in the Appalachia region, and approximately 3,600 additional jobs in the surrounding communities.

Braidy has also secured an economic impact study performed by James V. Koch, board of Visitors Professor of Economics Emeritus and President Emeritus at Old Dominion University. The economic impact data indicates ongoing production anticipated by Braidy in 2021 will generate an economic impact of \$453.1 million, employee earnings of \$90.5 million, and 1,929 additional jobs in the six county eastern Kentucky region. This includes jobs during construction, planning and eventually operation.

"Braidy's 2021 anticipated production will result in \$760.8 million in economic impact, \$173.8 million in employee earnings and 3,600 additional jobs in the Commonwealth of Kentucky overall," the report states.

The Daily Independent will produce a full story on the economic impact study in Tuesday's print edition.

WSJ Article

April 14, 2019

Rusal to Back New U.S. Aluminum Mill, the Largest in Decades

Kentucky startup Braidy attracts \$200 million investment from Russian company after sanctions are lifted

<image013.jpg>

An overhead crane carried an aluminum slab into position at a United Co. Rusal smelter in Russia last year. Rusal would supply Braidy Industries' coming mill with as much as 200,000 metric tons of aluminum each year. PHOTO: ANDREY RUDAKOV/BLOOMBERG NEWS

By

Bob Tita

April 14, 2019 9:14 p.m. ET

Russian aluminum giant United Co. Rusal plans to invest \$200 million in a Kentucky rolling mill that would be the largest new aluminum plant built in the U.S. in nearly four decades.

The plant, which startup Braidy Industries Inc. plans to open next year in Ashland, Ky., is the largest project being pursued in the domestic aluminum industry under the Trump administration's 10% duty on imports of the metal, imposed a year ago. It would also draw more imports into the U.S. because the mill would roll aluminum slabs from abroad into thin sheets for the auto industry.

Braidy's ability to attract one of the world's largest metal companies to the \$1.7 billion project reflects the changing state of the rolled aluminum market. After decades of stagnant sales of aluminum sheet for cans and other staple products, rolling companies in the U.S. are pivoting to production of higher-profit sheet for vehicle bodies. Car makers increasingly are replacing steel with aluminum because it is lighter. Now tariffs have pushed up the cost of foreign-made aluminum, giving domestic producers greater pricing power in a market where production capacity is already tight.

"It's the start of a megatrend and I want to be in the middle of it," said Braidy Chief Executive Craig Bouchard.

Rusal is the world's second-largest producer of raw aluminum. Braidy said Rusal would supply the new mill with as much as 200,000 metric tons of foreign-made aluminum each year, most of it from an aluminum smelter under construction in Siberia.

The 10-year agreement would make Braidy Rusal's biggest customer and give Rusal a significant presence in the U.S. rolled-aluminum market, where it has no mills of its own. Rusal would own a 40% stake in the Braidy subsidiary operating the mill.

"We think this type of partnership is something we could replicate around the world," said Gregory Barker, chairman of Rusal parent company En+ Group PLC and Britain's former minister for energy and climate change.

The deal still needs to be approved by board members at Braidy and En+.

The investment in Braidy is the first by Rusal and En+ in the U.S. since the federal government imposed sanctions against the company in April 2018 in retribution for Russia's alleged meddling in the 2016 U.S. presidential election. The sanctions were lifted in January after Russian oligarch Oleg Deripaska agreed to surrender his majority ownership of En+ and the board was revamped, with Mr. Barker as chairman.

<image014.jpg>

Startup Braidy Industries plans to open the aluminum plant on this site in Ashland, Ky., next year. The mill is expected to maintain a permanent workforce of more than 600. PHOTO: ADAM BEAM/ASSOCIATED PRESS

Mr. Bouchard said Rusal's \$200 million investment would enable Braidy to reach its \$500 million private-investment goal, allowing the company to secure \$1.2 billion in loans to build and equip the plant.

He said he intends to take the company public in July.

Mr. Bouchard is seeking low-interest financing through a U.S. Energy Department program for advanced manufacturing and further financing from a German government program for export sales of the equipment for the plant. Delays in the loan process, or construction falling behind schedule, could throw off plans for the new mill to start delivering aluminum in early 2021.

The last rolling mill built in the U.S. opened in Logan, Ky., in 1983. Mr. Bouchard is counting on new and efficient equipment built to produce automotive sheet to make the Braidy mill the lowest-cost producer in the market for at least five years. He estimates that is how long it would take competitors to plan and build a similar mill.

Rising demand from the automotive industry is bound to attract other companies to invest in new production as well. That could eventually cause an oversupply and drive down prices for aluminum auto sheet, particularly if an auto-production downturn occurs in coming years or auto companies face less pressure to make vehicles more fuel-efficient by reducing their weight.

The state of Kentucky has invested \$15 million in the Braidy project and offered a further \$15 million in economic-development incentives. Construction of mill is expected to require 1,500 workers, and the plant is expected to maintain a permanent workforce of more than 600.

"It has tremendous upside potential," Gov. Matt Bevin said about the project.

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Subject: Robert— I called you today to give you and Leader McConnell a heads up about the following.

Please call if you have any questions – 504-256-2300. Thank you, David Vitter

Confidential

Embargoed Until Monday At Noon Eastern

With a \$200 million project investment by Rusal, Braidy Industries will be building a \$1.6 billion new aluminum rolling facility in Ashland, Kentucky—the first greenfield integrated aluminum rolling mill built in the U.S. in 35 years. It is optimized for automotive-grade production.

Ashland is in the Appalachian area of Kentucky, which is has been challenged for years by stagnant economic growth and high unemployment. By 2021, this needed investment will deliver approximately \$2.8 billion in positive economic impact to Kentucky as a whole and \$1.54 billion to the Ashland region, with major impacts in West Virginia and Ohio as well. It is expected to translate into 650 direct permanent jobs and 3,600 indirect jobs. In addition, the project will involve 1,500 construction jobs over the next three years.

Braidy is recognized internationally as being at the leading edge of aluminum manufacturing. This is a state-of-the-art company that is leading a transformation in the use of efficient, eco-friendly aluminum alloys—alloys that are lighter and stronger than those in use now. This will transform the use of aluminum as we know it—not only for automobiles, but for the buildings, aircraft, spacecraft of the future. This transformational shift will also lead to far less energy usage.

En+ and Rusal are proud to be a part of such a transformational project. They are committed to a mission of providing cleaner and more energy-efficient aluminum. Combining that mission with Braidy's goals will transform the aluminum industry for the better.

For En+, this is a natural next step advancing its new, best-in-class corporate governance. En+ has rapidly enhanced its corporate governance, environmental, and social policies. These changes have opened the door to a range of new strategic opportunities and international partnerships.

With the threat of sanctions removed, En+ can now explore and act on strategically expanding its global partnerships and opportunities, including in the United States. This is a shining example of that but is not expected to be the last.

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