

ALROSA. IR-Release, Q I 2010

Positive Financial Results

Based on factual results of Q I 2010, ALROSA has achieved the result of 5,02 billion rubles of net profit under Russian Accounting Standards.

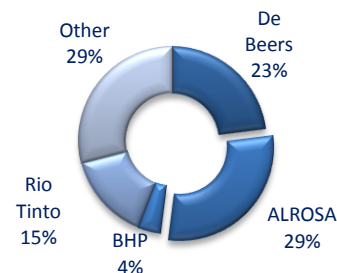
Statement	Q I 2010, mln.RUR. Plan	Q I 2010, mln.RUR. Actual	Change, mln.RUR.
Revenue	21 550	27 391	+5 841
COGS	(11 412)	(16 178)	(4 766)
SG&A	(3 180)	(3 318)	(138)
Proceeds from sales	6 959	7 895	+936
Results from other income/losses	(8 086)	(1 584)	+6 502
Earnings before tax	(1 128)	6 311	+7 439
Taxes	(522)	(1 289)	(767)
Net Income	(1 650)	5 022	+6 672

Sustainable Output

In Q I 2010 ALROSA Group has produced 8.6 million carats, which nearly corresponds to the amount produced in Q I 2009 and ALROSA production plan for 2010.

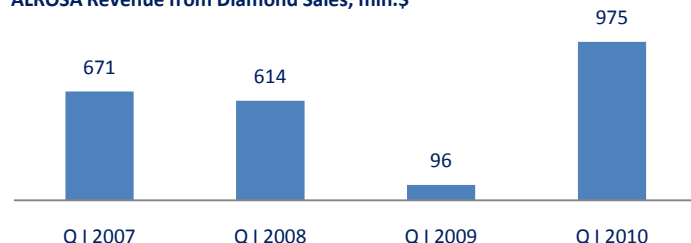
Statements	Q I 2009	Q I 2010 plan	Q I 2010 actual
Mln. carats	9.2	8.5	8.6
Mln.\$	610.3	564.0	564.9

Based on the 2009 results, ALROSA is now the world's largest diamond producer in terms of caratage, having produced 32 million carats. It has increased its share of rough diamond recovery from 22% to 29% (For reference: in 2009 De Beers produced 24.6 million carats, its share has decreased from 30% to 23%).



Increase in Rough Diamond Sales

ALROSA Revenue from Diamond Sales, mln.\$

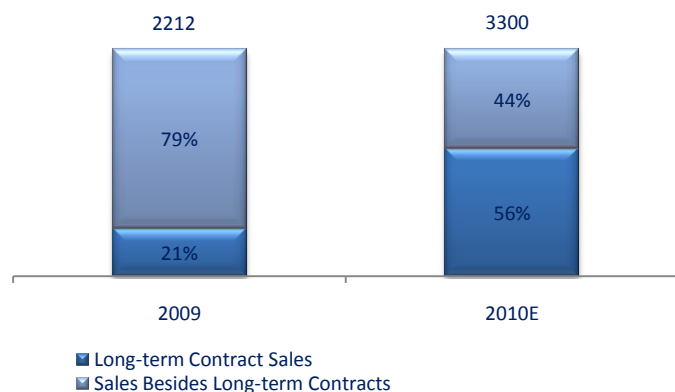


ALROSA rough diamond sales in Q I 2010 are amount for \$975 million, exceeding by 10 times the results of Q I 2009 and by 1.5 times the outcomes of Q I 2007 and Q I 2008.

In Q I 2010 there was no need for previously planned delivery to Gokhran because all the production was sold to the market exceeding the plan by 20%.

Stable Cooperation with Customers

ALROSA Revenue From Diamond Sales, mln.\$



ALROSA aims to sell 70% of its production through long-term supply agreements.

In Q I 2010 ALROSA signed three-year supply agreements with Indian diamond companies Rosy Blue, Diamond India Ltd and Ratilal Becharlal & Sons to the total of \$490 million.

In 2009 sales under long-term supply agreements made up 21% of the aggregate sales. According to projections, in 2010 their proportion will increase to 56%.

Long-term agreements provide for adjustment of the diamond assortments and prices by the parties on a quarterly basis conditional on the situation on the global diamond market, and possible increase in amounts of rough goods to be supplied.

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Cost Management

Procurement

In Q I 2010 ALROSA has signed an agreement for light oil supply to the total amount of 4.3 bln RUR. The agreed price for supplied oil is 1% lower compared to 2009 with volumes 7% higher against 2009.

As a result, the Company succeeded in limiting the increasing costs for oil products despite worldwide oil prices growing trend (*costs for light oil are about 31% of ALROSA total goods purchased for diamond production, in 2009 ALROSA has spent 4.1 bln RUR for light oil*).

Debt Service

In Q I 2010 ALROSA managed to negotiate with major banks a decrease of the average interest rate by 4.54%. Decrease in the interest rate resulted in saving of 860 million rubles in Q I 2010.

Average Interest Rate, %



Recovery Rating Profile

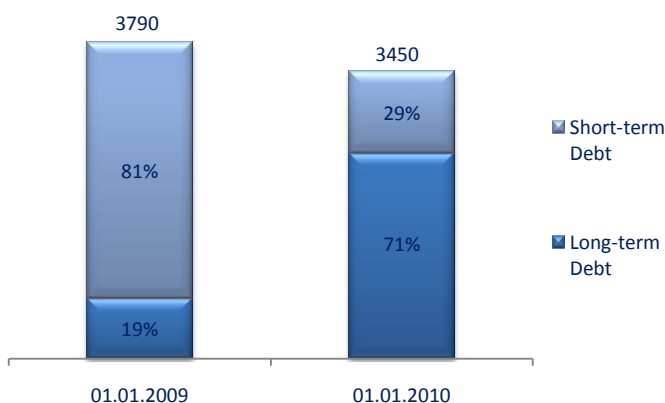
In February, ALROSA has received updated ratings by three leading global credit rating agencies - S&P, Fitch and Moody's. Rating agencies indicated the gradual recovery of the market, successful actions in terms of debt reduction and solid support of the state.

Recovery interaction with rating agencies is a part of the borrowing policy of 2010 which assumes a Eurobond issue in Q IV 2010.

Rating agency	Rating	Outlook	Date of assignment
Standard&Poor's	B+	Positive	02.02.2010
Fitch	B+	Stable	17.02.2010
Moody's	Ba3	Negative	17.02.2010

Borrowing Policy in 2010

ALROSA Credit and Loans Indebtness, mln. \$



The main principle of ALROSA borrowing policy for 2010 is increasing a proportion of long-term borrowings in ALROSA Group consolidated debt portfolio.

By the end of 2010 the share of long-term debt will increase to about 70% of the total debt.

In March 2010 ALROSA undertook organizational measures to float the first tranche of its corporate bond issue. In H1 2010 it plans a total RUB 26 billion placement of 5-year corporate bonds. In November 2010 the Company is planning to enter the Eurobond market with a USD 1 billion 10-year Eurobond issue.

In 2010 ALROSA plans to reduce its credit and loans indebtness from \$3790 million to \$3450 million.

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