

To: The Manager
Announcements
Company Announcements Office
Australian Securities Exchange



Public Announcement 2012 – 6AWC

Attached is an announcement released by Standard & Poor's regarding Alumina Limited's long term credit rating.

A handwritten signature in black ink, appearing to read "Stephen Foster".

Stephen Foster
Company Secretary

29 March 2012

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Press Release

Alumina Ltd. Ratings Placed On CreditWatch Negative On Expected Weakening In Credit Metrics Due To Challenging Trading Conditions

Melbourne, March 28, 2012—Standard & Poor's Ratings Services said today that it had placed its 'BBB' long-term corporate credit and issue ratings on Alumina Ltd. on CreditWatch with negative implications.

"The CreditWatch placement reflects our concerns that current challenging trading conditions could weaken Alumina's financial metrics to levels below our expectation for the 'BBB' rating," Standard & Poor's credit analyst May Zhong said. "If currently soft aluminum and alumina prices, higher input costs, and the strength of the Australian dollar were to persist, it will pressure Alumina's key cash flow metrics in 2012."

In the first quarter of calendar 2012 aluminum prices have averaged about US\$0.99 per pound, compared to an average of US\$1.09 per pound in 2011. In addition, the Australian dollar remains at above parity against the U.S. dollar. We also expect oil and caustic prices to remain at relatively high levels in 2012.

Alumina's credit quality critically depends on a stable dividend stream paid by Alcoa World Alumina and Chemicals (AWAC). The company relies heavily on the cash flows from AWAC to meet its debt obligations and dividend payments. Although AWAC has a track record of maintaining a high dividend payout ratio, its dividend payment is sensitive to movements in exchange rates, aluminum and alumina prices, and lumpy capital commitments. We expect the unfavorable trading conditions to reduce AWAC's earnings in 2012 to less than that in 2011. Furthermore, Alumina relies on Alcoa Inc. (BBB-/Stable/A-3; 60% shareholder and operator of AWAC) to respond to adverse trading conditions due to Alumina's status as a 40% minority shareholder in AWAC.

We expect to resolve the CreditWatch after a review of Alumina's financial metrics in light of the current challenging conditions in the aluminum industry. We will also consider AWAC's operational and financial flexibility in preserving cash flows for dividend payments to its joint-venture partners in our review.

About Standard & Poor's

Standard & Poor's Ratings Services, part of The McGraw-Hill Companies (NYSE:MHP), is the world's leading provider of independent credit risk research and benchmarks. We publish more than a million credit ratings on debt issued by sovereign, municipal, corporate and financial sector entities. With over 1,400 credit analysts in 23 countries, and more than 150 years' experience of assessing credit risk, we offer a unique combination of global coverage and local insight. Our research and opinions about relative credit risk provide market participants with information and independent benchmarks that help to support the growth of transparent, liquid debt markets worldwide.

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