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## **UNITED COMPANY RUSAL PLC**

*(Incorporated under the laws of Jersey with limited liability)*

**(Stock Code: 486)**

### **CONTINUING CONNECTED TRANSACTION**

The Board is pleased to announce that on 27 December 2010, RUSAL Achinsk and Achinsk Cement entered into a Fuel Oil Supply Contract with retrospective effect pursuant to which RUSAL Achinsk agreed to sell and Achinsk Cement agreed to buy up to 2,417 tonnes of fuel oil within 7 months from June 2010 to December 2010 for a total consideration of up to USD0.75 million.

#### **THE AGGREGATION APPROACH**

Pursuant to Rule 14A.25 of the Listing Rules, the Fuel Oil Supply Contract will be aggregated with the continuing connected transactions contemplated under the Short-Term Fuel Oil Supply Contract, the Raw Materials Purchase Orders and the Other Raw Materials Purchase Orders. This is on the basis that these contracts were each entered into by RUSAL Achinsk with companies associated with Mr. Deripaska and the subject matter of each contract relates to supply of raw materials by RUSAL Achinsk to companies associated with Mr. Deripaska.

The amounts paid under each of the Fuel Oil Supply Contract, the Short-term Fuel Oil Supply Contracts, the Raw Materials Purchase Orders and the Other Raw Materials Purchase Orders for the year ending 31 December 2010 are individually de minimus. However, when all these amounts are aggregated, the annual aggregate transaction amount payable is estimated to be USD10.87 million.

#### **LISTING RULES IMPLICATIONS**

Mr. Deripaska indirectly controls more than 30% of each of Achinsk Cement and CBP-Trade. Therefore, each of them is an associate of Mr. Deripaska, the chief executive officer and the executive Director of the Company.

En+, more than 50% of the share capital of which is beneficially owned by Mr. Deripaska (the ultimately indirect controlling shareholder of En+), owns approximately 94.4% and 95.35% of KRAMZ and KRAMZ-AUTO respectively. Each of KRAMZ and KRAMZ-AUTO is therefore an associate of En+, a substantial shareholder of the Company, and Mr. Deripaska.

On this basis, each of Achinsk Cement, CBP-Trade, KRAMZ and KRAMZ-AUTO is a connected person of the Company under the Listing Rules.

Accordingly, the transactions contemplated in the Fuel Oil Supply Contract, Short-Term Fuel Oil Supply Contract, Raw Materials Purchase Orders and Other Raw Materials Purchase Orders constitute continuing connected transactions of the Company.

On 30 November 2010, the applicable percentage ratios for the aggregated value of the raw materials supplied under these transactions exceeded 0.1%.

As the aggregate annual amount for the year ending 31 December 2010 of the continuing connected transactions under the Fuel Oil Supply Contract, Short-Term Fuel Oil Supply Contract, Raw Materials Purchase Orders and Other Raw Materials Purchase Orders is more than 0.1% but less than 5% under the revenue ratio while the other percentage ratios (other than the profits ratio) are less than 0.1%, pursuant to Rule 14A.34 of the Listing Rules, the transactions contemplated under the Fuel Oil Supply Contract, the Short-Term Fuel Oil Supply Contract, Raw Materials Purchase Orders and Other Raw Materials Purchase Orders are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 and the requirements set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules. They are exempt from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 27 December 2010, RUSAL Achinsk and Achinsk Cement entered into a Fuel Oil Supply Contract with retrospective effect pursuant to which RUSAL Achinsk agreed to sell and Achinsk Cement agreed to buy up to 2,417 tonnes of fuel oil within 7 months from June 2010 to December 2010 for a total consideration of up to USD0.75 million. The key terms of the Fuel Oil Supply Contract are set out below:

#### **FUEL OIL SUPPLY CONTRACT**

Date: 27 December 2010

Contracting Parties: (1) RUSAL Achinsk, an indirectly wholly-owned subsidiary of the Company, as the seller

(2) Achinsk Cement, a connected person of the Company, as the buyer

Term: 1 June 2010 to 31 December 2010

Fuel Oil to be supplied: up to 2,417 tonnes

Amount of Consideration: up to USD0.75 million

Terms of Delivery: Transfer of title at the moment of collection from RUSAL Achinsk's warehouse

Terms of Payment: Achinsk Cement will notify RUSAL Achinsk about the amount of fuel oil it will buy the following month not later than on the 10th day of the month preceding the month of shipment. RUSAL Achinsk will issue an invoice to Achinsk Cement upon Achinsk Cement's notification. The consideration will be settled by Achinsk Cement in advance by wire transfer. For the purchase of fuel oil in the first week of each month, Achinsk Cement will settle the invoice not later than on the 30th day of the month preceding the month during which the relevant amount of fuel oil is to be shipped by RUSAL Achinsk. For the purchase of fuel oil starting from the second week of each month, Achinsk Cement will settle the invoice not later than on the last business day of the week preceding the week during which the relevant amount of fuel oil is to be shipped by RUSAL Achinsk.

Before the entry into the Fuel Oil Supply Contract and since 1 June 2010, RUSAL Achinsk has been supplying fuel oil to Achinsk Cement. From 1 June 2010 to 30 November 2010, approximately USD567.2 thousand worth of fuel oil (not including VAT) has been supplied from RUSAL Achinsk to Achinsk Cement.

#### **THE AGGREGATION APPROACH**

Pursuant to Rule 14A.25 of the Listing Rules, the Fuel Oil Supply Contract will be aggregated with the continuing connected transactions contemplated under the Short-Term Fuel Oil Supply Contract, the Raw Materials Purchase Orders and the Other Raw Materials Purchase Orders. This is on the basis that these contracts were each entered into by RUSAL Achinsk with companies associated with Mr. Deripaska and the subject matter of each contract relates to supply of raw materials by RUSAL Achinsk to companies associated with Mr. Deripaska.

The amounts paid under each of the Fuel Oil Supply Contract, the Short-term Fuel Oil Supply Contracts, the Raw Materials Purchase Orders and the Other Raw Materials Purchase Orders for the year ending 31 December 2010 are individually de minimus. However, when all these amounts are aggregated, the annual aggregate transaction amount payable is estimated to be approximately USD10.87 million. This annual aggregate amount is estimated by Directors based on the maximum amount of consideration paid/payable under the terms of the Fuel Oil Supply Contract, the Short-term Fuel Oil Supply Contracts, the Raw Materials Purchase Orders and the Other Raw Materials Purchase Orders and the historical transaction records of the first eleven months of 2010.

## **SHORT-TERM FUEL OIL SUPPLY CONTRACT**

On 16 August 2007, RUSAL Achinsk entered into the Short-Term Fuel Oil Supply Contract with Achinsk Cement. The aggregate amount of consideration payable by Achinsk Cement to RUSAL Achinsk in relation to the supply of 5,607 tonnes of fuel oil from January 2010 to May 2010 was USD2.05 million. The terms of delivery and the terms of payment of the Short-Term Fuel Oil Supply Contract are the same as the ones set out in the Fuel Oil Supply Contract mentioned above.

The total amount of consideration of USD2,059,278.33 under the Short-Term Fuel Oil Supply Contract has already been paid by Achinsk Cement to RUSAL Achinsk by wire transfer.

## **RAW MATERIALS PURCHASE ORDERS**

RUSAL Achinsk as the seller has supplied or will supply the following raw materials to Achinsk Cement as the buyer under the Raw Materials Purchase Orders within the financial year ending on 31 December 2010:

| <b>Purchase order date</b> | <b>Raw material to be supplied</b> | <b>Consideration payable in 2010, USD</b> | <b>Delivery volume</b> | <b>Purchase order duration</b>  |
|----------------------------|------------------------------------|---|------------------------|---------------------------------|
| 23 June 2010               | Coal                               | 98,744.67                                 | 2,000 tonnes           | 23 June 2010 to 30 June 2010    |
| 14 June 2010               | Coal                               | 229,581.35                                | 4,650 tonnes           | 14 June 2010 to 16 June 2010    |
| 1 June 2010                | Diesel fuel                        | 1,197.35                                  | 0.06 tonnes            | 1 June 2010 to 1 July 2010      |
| 1 July 2010                | Diesel fuel                        | 2,839.44                                  | 5.37 tonnes            | 1 July 2010 to 31 December 2010 |

| <b>Purchase order date</b> | <b>Raw material to be supplied</b> | <b>Consideration payable in 2010, USD</b> | <b>Delivery volume</b>  | <b>Purchase order duration</b>   |
|----------------------------|------------------------------------|---|---|----------------------------------|
| 9 June 2010                | Coal                               | 98,744.67                                 | 2,000 tonnes  | 9 June 2010 to 13 June 2010      |
| 1 June 2010                | Coal                               | 3,411,529.20                              | 69,098 tonnes   | 1 June 2010 to 31 December 2010  |
| 24 July 2008               | Energy resources                   | 638,558.16                                | 984,060 cubic meters of process water, 1,583 Gcal steam heat energy, 1,583 Gcal heat energy transfer (steam), 2,263 tonnes of desalted water, 225,487,000 cubic meters of compressed air, 3,123 tonnes of treated water, 4,277 Gcal of heat energy in hot water, 4,277 Gcal heat energy transfer, 6,899 cubic meters of drinking water, discharges 8,030 cubic meters | 24 July 2008 to 31 December 2010 |
| 1 June 2010                | Nepheline mud                      | 1,117,617.76                              | 220,194 tonnes  | 1 June 2010 to 31 December 2010  |
| 1 June 2010                | Crushed limestone                  | 1,658,575.41                              | 278,864 tonnes  | 1 June 2010 to 31 December 2010  |
| 1 June 2010                | Pulverized coal fuel               | 144,784.83                                | 1,794 tonnes  | 1 June 2010 to 31 December 2010  |
| 1 September 2007           | Nepheline mud                      | 160,843.31                                | 33,245 tonnes   | 1 January 2010 to 31 May 2010    |
| 16 July 2007               | Crushed limestone                  | 237,025.47                                | 43,065 tonnes   | 16 July 2007 to 31 May 2010      |

| <b>Purchase order date</b> | <b>Raw material to be supplied</b> | <b>Consideration payable in 2010, USD</b> | <b>Delivery volume</b>   | <b>Purchase order duration</b>  |
|----------------------------|------------------------------------|---|--|---------------------------------|
| 30 January 2010            | Pulverised coal                    | 154,333.39                                | 2,025 tonnes   | 30 January 2010 to 31 May 2010  |
| 1 June 2010                | Overburden clay                    | 51,549.27                                 | 29,206 tonnes  | 1 June 2010 to 31 December 2010 |
| 16 July 2007               | Overburden clay                    | 8,771.00                                  | 5,741 tonnes   | 16 July 2007 to 31 May 2010     |
| <b>Total:</b>              |                                    | <b>8,014,695.28</b>                       | 697,273.43 tonnes,<br>11,720 Gcal,<br>226,485,989 cubic meters |                                 |

The total remuneration under the Raw Materials Purchase Orders in the amount of USD7,938,513.12 has been paid by Achinsk Cement to RUSAL Achinsk by wire transfer.

## **OTHER RAW MATERIALS PURCHASE ORDERS**

RUSAL Achinsk as the seller has also supplied or will supply the following raw materials within the financial year ending 31 December 2010 under the Other Raw Materials Purchase Orders to the following associates of Mr. Deripaska:

| <b>Purchase order date</b> | <b>Buyer (an associate of Mr. Deripaska)</b> | <b>Raw material to be purchased</b> | <b>Consideration payable in 2010, USD</b> | <b>Delivery volume</b> | <b>Purchase Order duration period</b> | <b>Payment terms</b>   |
|----------------------------|--|-------------------------------------|---|------------------------|---------------------------------------|--|
| 7 June 2004                | KRAMZ  | Aluminium sulphate                  | 2,752.00                                  | 17.2 tonnes            | 7 June 2004 - 31 March 2010           | 100% pre-payment   |
| 1 July 2009                | KRAMZ-Auto                                   | Fuel oil                            | 2,452.28                                  | 3.25 tonnes            | 1 July 2009 - 28 February 2010        | 100% payment upon delivery and not later than 5 banking days upon receipt of the invoice |

| <b>Purchase order date</b> | <b>Buyer (an associate of Mr. Deripaska)</b> | <b>Raw material to be purchased</b> | <b>Consideration payable in 2010, USD</b> | <b>Delivery volume</b> | <b>Purchase Order duration period</b> | <b>Payment terms</b> |
|----------------------------|--|-------------------------------------|---|------------------------|---------------------------------------|----------------------|
| 1 November 2010            | KRAMZ-Auto                                   | Fuel oil                            | 15,929.90                                 | 30 tonnes              | 1 November 2010 - 31 December 2010    |                      |
| 13 October 2009            | CBP-Trade                                    | Aluminium sulphate                  | 31,315.68                                 | 178.2 tonnes           | 13 October 2009 - 31 March 2010       | 100% pre-payment     |
| <b>Total:</b>              |  |                                     | <b>52,449.86</b>                          | <b>228,65 tonnes</b>   |                                       |                      |

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

Entering into the Fuel Oil Supply Contract, Short-Term Fuel Oil Supply Contract, Raw Materials Purchase Orders and Other Raw Materials Purchase Orders is part of the Group's inventory management process which is a normal business activity. The Group plans to receive proceeds and net income under the Fuel Oil Supply Contract, Short-Term Fuel Oil Supply Contract, Raw Materials Purchase Orders and Other Raw Materials Purchase Orders as part of other income.

The terms of the Fuel Oil Supply Contract, Short-Term Fuel Oil Supply Contract, Raw Materials Purchase Orders and Other Raw Materials Purchase Orders have been negotiated on arm's length bases between RUSAL Achinsk and companies mentioned above competitively and the transactions are entered into on equal and reasonable commercial terms. The consideration payable under the Fuel Oil Supply Contract, Short-Term Fuel Oil Supply Contract, Raw Materials Purchase Orders and Other Raw Materials Purchase Orders has been arrived at by reference to market price and on terms no less favourable than those prevailing in the Russian market for fuel oil of the same type and quality and those offered by RUSAL Achinsk to independent third parties.

The Directors (including the independent non-executive Directors) consider that the Fuel Oil Supply Contract, Short-Term Fuel Oil Supply Contract, Raw Materials Purchase Orders and other Raw Materials Purchase Orders have been negotiated on an arm's length basis and on normal commercial terms (including the annual cap) which are fair and reasonable and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the transactions contemplated by the Fuel Oil Supply Contract, Short-Term Fuel Oil Supply Contract, Raw Materials Purchase Orders or Other Raw Materials Purchase Orders save for Mr. Deripaska who is beneficially interested in more than 50% of the share capital of En+ and is therefore indirectly interested in Achinsk Cement and the associates of Mr. Deripaska mentioned above. Accordingly, Mr. Deripaska has abstained from voting on the board resolutions approving the Fuel Oil Supply Contract, Short-Term Fuel Oil Supply Contract, Raw Materials Purchase Orders and Other Raw Materials Purchase Orders.

## **LISTING RULES IMPLICATIONS**

Mr. Deripaska is indirectly beneficially interested in more than 30% of each of Achinsk Cement and CBP-Trade. Therefore, each of them is an associate of Mr. Deripaska, the chief executive officer and the executive Director of the Company.

En+, more than 50% of the share capital of which is beneficially owned by Mr. Deripaska (the ultimately indirect controlling shareholder of En+), owns approximately 94.4% and 95.35% of KRAMZ and KRAMZ-AUTO respectively. Each of KRAMZ and KRAMZ-AUTO is therefore an associate of En+, a substantial shareholder of the Company, and Mr. Deripaska.

On these bases, each of Achinsk Cement, CBP-Trade, KRAMZ and KRAMZ-AUTO is a connected person of the Company under the Listing Rules.

Accordingly, the transactions contemplated in the Fuel Oil Supply Contract, Short-Term Fuel Oil Supply Contract, Raw Materials Purchase Orders and Other Raw Materials Purchase Orders constitute continuing connected transactions for the Company.

On 30 November 2010, the applicable percentage ratios for the aggregated value of the raw materials supplied under these transactions exceeded 0.1%.

As the aggregate annual amount for the year ending 31 December 2010 of the continuing connected transactions under the Fuel Oil Supply Contract, Short-Term Fuel Oil Supply Contract, Raw Materials Purchase Orders and Other Raw Materials Purchase Orders is more than 0.1% but less than 5% under the revenue ratio while the other percentage ratios (other than the profits ratio) are less than 0.1%, pursuant to Rule 14A.34 of the Listing Rules, the transactions contemplated under the Fuel Oil Supply Contract, the Short-Term Fuel Oil Supply Contract, Raw Materials Purchase Orders and Other Raw Materials Purchase Orders are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 and the requirements set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules. They are exempt from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.



Details of the Fuel Oil Supply Contract, Short-Term Fuel Oil Supply Contract, Raw Materials Purchase Orders and Other Raw Materials Purchase Orders will be included in the next annual report and accounts of the Company in accordance with Rule 14A.46 of the Listing Rules.

## **PRINCIPAL BUSINESS ACTIVITIES**

The Company is mainly engaged in the production of aluminium and alumina. The Company's assets include bauxite and nepheline ore mines, alumina refineries, aluminium smelters, casthouse business for alloys production, aluminium foil mills and production of aluminium packaging materials as well as power-generating assets. Spread across 19 countries in 5 continents, the operations and offices of the Company employ over 75,000 people.

RUSAL Achinsk is an indirect wholly-owned subsidiary of the Company and is mainly engaged in the production of alumina.

Achinsk Cement is mainly engaged in the production of cement.

KRAMZ is mainly engaged in the production of billets, rods, shapes, pipes, aircraft forgings and stampings, narrow tapes and sheets for electrolytic cells from a wide range of aluminium alloys.

KRAMZ-AUTO is mainly engaged in freight traffic.

CBP-Trade is mainly engaged in paper trading.

## **DEFINITIONS**

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

|                  |  |
|------------------|--|
| “Achinsk Cement” | Achinsk Cement Limited Liability Company, a company incorporated in the Russian Federation, more than 30% of which is indirectly controlled by Mr. Deripaska and therefore an associate of Mr. Deripaska |
| “Associate”      | has the same meaning ascribed thereto under the Listing Rules  |
| “Board”          | the board of Directors of the Company  |
| “CBP-Trade”      | CBP-Trade Limited Liability Company, a company incorporated in the Russian Federation, more than 30% of which is indirectly controlled by Mr. Deripaska and therefore an associate of Mr. Deripaska      |

|                                       |  |
|---------------------------------------|--|
| “Company”                             | United Company RUSAL Plc, a limited liability company incorporated in Jersey, the shares of which are listed on the main board of the Stock Exchange;  |
| “Connected person”                    | has the same meaning ascribed thereto under the Listing Rules  |
| “Continuing connected transaction”    | has the same meaning ascribed thereto under the Listing Rules  |
| “Director(s)”                         | the director(s) of the Company   |
| “En+”                                 | En+ Group Limited, a company incorporated in Jersey, a substantial shareholder of the Company  |
| “Fuel Oil Supply Contract”            | the contract dated 27 December 2010 entered into between RUSAL Achinsk as the supplier and Achinsk Cement as the buyer for the supply of up to 2,417 tonnes of fuel oil from June 2010 to December 2010 for a total consideration of up to USD0.75 million |
| “Group”                               | the Company and its subsidiaries   |
| “Listing Rules”                       | The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange  |
| “Mr. Deripaska”                       | Mr. Oleg Deripaska, the chief executive officer and an executive Director of the Company   |
| “Other Raw Materials Purchase Orders” | the purchase orders between RUSAL Achinsk as the seller and associates of En+ as the buyer with respect to the supply of raw materials as described in the content of this announcement under the “Other Raw Materials Purchase Orders” section            |
| “Percentage ratios”                   | the percentage ratios under Rule 14.07 of the Listing Rules  |
| “Raw Materials Purchase Orders”       | the purchase orders between RUSAL Achinsk as the seller and Achinsk Cement as the buyer as described in the content of the announcement under the “Raw Materials Purchase Orders” section  |

|                                       |  |
|---------------------------------------|--|
| “KRAMZ”                               | Krasnoyarsk Metallurgical Plant, a company incorporated in the Russian Federation, which is approximately 94.4% owned by En+ (more than 50% of the share capital of which is beneficially owned by Mr. Deripaska (the ultimately indirect controlling shareholder of En+)) and therefore an associate of En+ and Mr. Deripaska |
| “KRAMZ-Auto”                          | KRAMZ-Auto, a company incorporated in the Russian Federation, which is approximately 95.35% owned by En+ (more than 50% of the share capital of which is beneficially owned by Mr. Deripaska (the ultimately indirect controlling shareholder of En+)) and therefore an associate of En+ and Mr. Deripaska                     |
| “RUSAL Achinsk”                       | RUSAL Achinsk Open Joint-Stock Company, a company incorporated in Russia, an indirect wholly-owned subsidiary of the Company   |
| “Short-Term Fuel Oil Supply Contract” | the contract between RUSAL Achinsk and Achinsk Cement for the supply of fuel oil as described in the content of this announcement under the “Short-Term Fuel Oil Supply Contract” section  |
| “Stock Exchange”                      | The Stock Exchange of Hong Kong Limited  |
| “substantial shareholder”             | has the same meaning ascribed thereto under the Listing Rules  |
| “USD”                                 | United States dollars, the lawful currency of the United States  |

By Order of the Board of Directors of  
**United Company RUSAL Plc**  
**Tatiana Soina**  
*Director*

28 December 2010

*As at the date of this announcement, our executive directors are Mr. Oleg Deripaska, Mr. Vladislav Soloviev, Mr. Petr Sinshinov, Ms. Tatiana Soina, Mr. Alexander Livshits and Ms. Vera Kurochkina, our non-executive directors are Mr. Victor Vekselberg (Chairman), Mr. Dmitry Afanasiev, Mr. Len Blavatnik, Mr. Ivan Glasenberg, Mr. Alexander Popov, Mr. Dmitry Razumov, Mr. Anatoly Tikhonov and Mr. Artem Volynets, and our independent non-executive directors are Dr. Peter Nigel Kenny, Mr. Philip Lader, Mr. Barry Cheung Chun-Yuen and Ms. Elsie Leung Oi-sie.*

*All announcements and press releases published by the Company are available on its website under the links [http://www.rusal.ru/en/stock\\_fillings.aspx](http://www.rusal.ru/en/stock_fillings.aspx) and <http://www.rusal.ru/en/press-center.aspx>, respectively.*