

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **UNITED COMPANY RUSAL PLC**

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

**(Stock Code: 486)**

### **CONTINUING CONNECTED TRANSACTIONS**

The Board announces that, in their usual and ordinary course of business, Kremniy CJSC, SUAL-PM LLC and SUAL OJSC, each being a wholly owned subsidiary of the Company, have entered into a series of Heat Supply Contracts with Irkutskkabel OJSC and TGK-9, both being associates of Mr. Victor Vekselberg, pursuant to which Irkutskkabel OJSC and TGK-9 supplies heat to Kremniy CJSC, SUAL-PM LLC and SUAL OJSC.

Mr. Victor Vekselberg, a director of the Company, indirectly holds more than 30% of the share capital of each of Irkutskkabel OJSC and TGK-9. Therefore, each of Irkutskkabel OJSC and TGK-9 is an associate of Mr. Victor Vekselberg and a connected person of the Company under the Listing Rules. Accordingly, each of the transactions contemplated under the Heat Supply Contracts constitutes a continuing connected transaction of the Company.

Pursuant to Rule 14A.25 of the Listing Rules, the Heat Supply Contracts are required to be aggregated as they are entered into by the members of the Group with the associates of Mr. Victor Vekselberg and the subject matter of each contract relates to the heat supply by the associates of Mr. Victor Vekselberg to the Group.

The respective annual aggregate transaction amounts of the continuing connected transactions under the Heat Supply Contracts for each of the financial years ended 31 December 2009 and 31 December 2010 is more than 0.1% but less than 5% under the applicable percentage ratios (other than the profits ratio).

The respective annual aggregate transaction amounts of the continuing connected transactions under the Heat Supply Contracts for each of the financial years ending 31 December 2011 and 31 December 2012 is expected to be more than 0.1% but less than 5% under the applicable percentage ratios (other than the profits ratio).

Accordingly, pursuant to Rule 14A.34 of the Listing Rules, the transactions contemplated under the Heat Supply Contracts 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. These transactions are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **HEAT SUPPLY CONTRACTS**

The Board announces that, in their usual and ordinary course of business, Kremniy CJSC, SUAL-PM LLC and SUAL OJSC, each being a wholly owned subsidiary of the Company, have entered into a series of Heat Supply Contracts with Irkutskkabel OJSC and TGK-9, both being associates of Mr. Victor Vekselberg, a director of the Company, pursuant to which Irkutskkabel OJSC and TGK-9 supplies heat to Kremniy CJSC, SUAL-PM LLC and SUAL OJSC. All the Heat Supply Contracts are on arm's length commercial terms.

All the Heat Supply Contracts were entered into before Listing. The Heat Supply Contracts date from 18 January 2002 and are all for one-year terms which are automatically renewed every year unless the parties declare an intention to terminate.

The payment terms of the Heat Supply Contracts vary amongst the following:-

- 1 35% of the purchase price to be paid before the 18th day of the month of supply, with 50% of the purchase price to be paid before the last day of the month of supply and the remaining 15% of the purchase price to be paid before the 10th day of the month following the month of supply;
- 2 50% of the purchase price to be paid before the 15th day of the month of supply and the remaining 50% of the purchase price to be paid before the 25th day of the month of supply;
- 3 100% of the purchase price to be paid before the 25th day of the month following the month of supply; or
- 4 35% of the purchase price to be paid before the 13th day of the month of supply, with 50% of the purchase price to be paid before the 25th day of the month of supply and the remaining 15% of the purchase price to be paid before the 10th day of the month following the month of supply.

All consideration paid or payable under the Heat Supply Contracts has been, or is expected to be, satisfied in cash via wire transfer.

The Group companies that have entered into the Heat Supply Contracts, and their respective annual aggregate transaction amounts for each of the financial years ended 31 December 2009 and 31 December 2010 are set out below:

Purchaser	Supplier	Amount of heat supplied for the financial year ended 31 December 2009	Consideration for the financial year ended 31 December 2009, USD (excluding VAT)	Amount of heat supplied for the financial year ended 31 December 2010	Consideration for the financial year ended 31 December 2010, USD (excluding VAT)
Kremniy CJSC	Irkutskkabel OJSC	28,240 Gcal	480,000	38,190 Gcal	660,883
SUAL-PM LLC	Irkutskkabel OJSC	18,850 Gcal	250,000	17,960 Gcal	343,209
SUAL OJSC	TGK-9	7,542,790 Gcal	104,389,900	7,488,311 Gcal	114,026,410
<b>Total:</b>		<b>7,589,880 Gcal</b>	<b>105,119,900</b>	<b>7,544,461 Gcal</b>	<b>115,030,502</b>

The respective annual aggregate transaction amounts estimated for each of the financial years ending 31 December 2011 and 31 December 2012 are set out below:

Purchaser	Supplier	Estimate amount of heat supplied for the financial year ended 31 December 2011	Estimate consideration for the financial year ended 31 December 2011, USD (excluding VAT)	Estimate amount of heat supplied for the financial year ended 31 December 2012	Estimate consideration for the financial year ended 31 December 2012, USD (excluding VAT)
Kremniy CJSC	Irkutskkabel OJSC	32,230 Gcal	550,000	32,230 Gcal	570,000
SUAL-PM LLC	Irkutskkabel OJSC	17,960 Gcal	430,000	17,960 Gcal	430,000
SUAL OJSC	TGK-9	8,338,533Gcal	137,047,500	8,390,413Gcal	155,516,700
<b>Total:</b>		<b>8,388,723 Gcal</b>	<b>138,027,500</b>	<b>8,440,603 Gcal</b>	<b>156,516,700</b>

Due to the inadvertent oversight of the Company, the on-going Heat Supply Contracts have not previously been disclosed.

## **THE AGGREGATION APPROACH AND THE ANNUAL AGGREGATE TRANSACTION AMOUNTS**

Pursuant to Rule 14A.25 of the Listing Rules, the Heat Supply Contracts are required to be aggregated as they are each entered into by the Group with associates of Mr. Victor Vekselberg, a director of the Company, and the subject matter of each contract relates to heat supply by associates of Mr. Victor Vekselberg to members of the Group.

The annual aggregate transaction amounts paid by the Group to Irkutskkabel OJSC and TGK-9 under the Heat Supply Contracts for the financial years ended 31 December 2009 and 31 December 2010 was approximately USD105.12 million (excluding VAT) and USD115.03 million (excluding VAT) respectively.

The annual aggregate transaction amounts that are payable by the Group to Irkutskkabel OJSC and TGK-9 under the Heat Supply Contracts for the financial years ending 31 December 2011 and 31 December 2012 are estimated to be up to USD138.03 million (excluding VAT) and USD156.52 million (excluding VAT) respectively. Such annual aggregate transaction amounts are estimated by the Directors based on the need for heat by the Group, the total contract price and the historical figure for the financial years ended 31 December 2009 and 31 December 2010.

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

The Heat Supply Contracts are entered into for the purpose of obtaining heat for the Group's production process and for its production facilities. The Company considers that the transactions contemplated under the Heat Supply Contracts are for the benefit of the Company as there is no alternative supplier available in the respective regions.

The consideration paid or payable under the Heat Supply Contracts have been determined with reference to the market price and on terms no less favourable than those prevailing in the Russian market for the supply of heat of the same type and quality as those offered by Irkutskkabel OJSC and TGK-9 to independent third parties.

The Directors (including the independent non-executive Directors) consider that the Heat Supply Contracts are on normal commercial terms which are fair and reasonable and the transactions contemplated under the Heat Supply Contracts 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 have a material interest in the transactions contemplated by the Heat Supply Contracts save for Mr. Victor Vekselberg who is beneficially interested in more than 30% of the share capital of Irkutskkabel OJSC and TGK-9. Accordingly, Mr. Victor Vekselberg had abstained from voting on the board resolutions for approving the Heat Supply Contracts.

## **LISTING RULES IMPLICATIONS**

Mr. Victor Vekselberg, a director of the Company, indirectly holds more than 30% of share capital of each of Irkutskkabel OJSC and TGK-9. Therefore, each of Irkutskkabel OJSC and TGK-9 is an associate of Mr. Victor Vekselberg and a connected person of the Company under the Listing Rules. Accordingly, each of the transactions contemplated under the Heat Supply Contracts constitutes a continuing connected transaction of the Company.

Pursuant to Rule 14A.25 of the Listing Rules, the Heat Supply Contracts are required to be aggregated as they are entered into by the Group with associates of Mr. Victor Vekselberg and the subject matter of each contract relates to heat supply by associates of Mr. Victor Vekselberg to the Group.

The annual aggregate transaction amount of the continuing connected transactions under the Heat Supply Contracts for each of the financial years ended 31 December 2009 and 31 December 2010 is more than 0.1% but less than 5% under the applicable percentage ratios (other than the profits ratio).

The annual aggregate transaction amount of the continuing connected transactions under the Heat Supply Contracts for each of the financial years ending 31 December 2011 and 31 December 2012 is expected to be more than 0.1% but less than 5% under the applicable percentage ratios (other than the profits ratio).

Accordingly, pursuant to Rule 14A.34 of the Listing Rules, the transactions contemplated under the Heat Supply Contracts 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. These transactions are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Information on the Heat Supply Contracts 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 OF THE COMPANY, IRKUTSKKABEL OJSC and TGK-9**

The Company is principally 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.

Irkutskkabel OJSC is principally engaged in generating heat and electricity.

TGK-9 is principally engaged in generating heat and electricity.

## **DEFINITIONS**

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

“associate”	has the same meaning ascribed to it under the Listing Rules.
“Board”	the board of Directors of the Company.
“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 to it under the Listing Rules.
“continuing connected transaction”	has the same meaning ascribed to it under the Listing Rules.
“Director(s)”	the director(s) of the Company.
“Group”	the Company and its subsidiaries.
“Heat Supply Contracts”	the contracts between Kremniy CJSC, SUAL-PM LLC and SUAL OJSC respectively as purchasers and Irkutskkabel OJSC and TGK-9 respectively as suppliers, pursuant to which Irkutskkabel OJSC and TGK-9 supplies heat to Kremniy CJSC, SUAL-PM LLC and SUAL OJSC.
“Listing”	the listing of the shares of the Company on the main board of the Stock Exchange on 27 January 2010.

“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.
“percentage ratios”	the percentage ratios under Rule 14.07 of the Listing Rules.
”subsidiary”	has the same meaning ascribed to it under the Listing Rules.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“USD”	United States dollars, the lawful currency of the United States of America.

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

28 March 2011

*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.*