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## **UNITED COMPANY RUSAL PLC**

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

**(Stock Code: 486)**

### **UPDATE ON HEAT SUPPLY CONTRACTS - CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 28 March 2011 in relation to the continuing connected transactions under the Heat Supply Contracts.

The Board would like to provide updated information in relation to the Heat Supply Contracts.

Reference is made to the announcement of the Company dated 28 March 2011 in relation to the continuing connected transactions under the Heat Supply Contracts (the “**Announcement**”).

The Board would like to provide updated information in relation to the Heat Supply Contracts. As disclosed in the Announcement, under the heat supply contract between Kremniy CJSC as purchaser and Irkutskkabel OJSC as supplier, the estimate consideration for the years ending 31 December 2011 and 31 December 2012 was USD550,000 and USD570,000 respectively. On 5 September 2011, the Board approved that the estimate consideration for the years ending 31 December 2011 and 31 December 2012 will be adjusted to approximately USD1 million and USD1.2 million respectively due to the anticipated increase in the volumes to be supplied under the Heat Supply Contracts. Such increased volumes are determined based on the operational needs of the Company. Other terms of the Heat Supply Contracts as disclosed in the Announcement remain unchanged.

In addition, due to an inadvertent oversight of the Company, details of a *de minimis* heat supply contract dated 22 July 2009 were not included in the Announcement. Below are the details of such contract:

Purchaser	ZAO Komi Aluminium, an indirect wholly-owned subsidiary of the Company
Supplier	TGK-9, in which Mr. Victor Vekselberg is interested in more than 30% of the issued share capital
Estimate amount of heat to be supplied for the financial year ending 31 December 2011	681.38 Gcal
Estimate consideration for the financial year ending 31 December 2011, USD (excluding VAT)	23,000
Estimate amount of heat supplied for the financial year ending 31 December 2012	700.00 Gcal
Estimate consideration for the financial year ending 31 December 2012, USD (excluding VAT)	25,096
Extension clause	The contract provides that it is extended on the same terms for another calendar year unless any of the parties declare its intention to either terminate or amend it 30 days prior to the expiry date of the contract.
Payment terms	Consideration is to be paid by the 10th day of each month and finally settled by the 10th day of the next month based on actual consumption in the previous month. All consideration will be satisfied in cash via wire transfer.

## **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 adjusted upward and are now estimated to be up to approximately USD140 million (excluding VAT) and USD160 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 customers.

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 issued share capital of each 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 issued 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 ending 31 December 2011 and 31 December 2012 is 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 TKG-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 72,000 people.

Irkutskkabel OJSC is principally engaged in producing cables.

TKG-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 TKG-9 respectively as suppliers, pursuant to which Irkutskkabel OJSC and TKG-9 supplies heat to Kremniy CJSC, SUAL-PM LLC and SUAL OJSC, as disclosed in the Company's announcement dated 28 March 2011 (together with the amendments set out in this announcement ) and the heat supply contract dated 22 July 2009 between ZAO Komi Aluminium as purchaser and TKG-9 as supplier, details of which are set out in this announcement.

“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.
“TGK-9”	ОАО Территориальная Генерирующая Компания No 9, in which Mr. Victor Vekselberg is interested in more than 30% of the issued share capital.
“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*

6 September 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.*

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