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## **UNITED COMPANY RUSAL PLC**

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

**(Stock Code: 486)**

### **CLARIFICATION ON CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcements of the Company dated 24 November 2010 and 8 December 2011 in relation to, among other things, certain sale of raw materials agreements between members of the Group and the associates of Mr. Vekselberg, Mr. Blavatnik and SUAL Partners.

#### **SALE OF RAW MATERIALS TO ASSOCIATES OF MR. VEKSELBERG, MR. BLAVATNIK AND SUAL PARTNERS**

Reference is made to the announcements of the Company dated 24 November 2010 and 8 December 2011 in relation to, among other things, certain sale of raw materials agreements between members of the Group and the associates of Mr. Vekselberg, Mr. Blavatnik and SUAL Partners.

##### **A. Doncarb Graphite Sale of Silicon Agreement**

On 20 January 2011, RUSAL TH, a subsidiary of the Company, as seller, entered into a sale of silicon agreement with Doncarb Graphite, as buyer, (the “**Doncarb Graphite Sale of Silicon Agreement**”), pursuant to which RUSAL TH agreed to supply and Doncarb Graphite agreed to purchase silicon of up to 20 tonnes during the year ended 31 December 2011, at a total consideration of up to USD0.061 million. The term of the contract will be automatically extended for one year unless any of the parties declares its intention to terminate it.

Under the Doncarb Graphite Sale of Silicon Agreement, the consideration is to be 100% pre-paid and is to be satisfied in cash via wire transfer.

## **B. Khimprom Sale of Silicon Agreement**

On 17 September 2010, RUSAL TH, a subsidiary of the Company, as seller, entered into a sale of silicon agreement with Khimprom, as buyer, (the “**Khimprom Sale of Silicon Agreement**”), pursuant to which RUSAL TH agreed to supply and Khimprom agreed to purchase silicon of up to 324 tonnes and 755 tonnes during the years ended 31 December 2010 and 31 December 2011, at a total consideration of up to USD0.844 million and USD2.11 million, respectively. The term of the contract will be automatically extended for one year unless any of the parties declares its intention to terminate it.

Under the Khimprom Sale of Silicon Agreement, the consideration was required to be 100% pre-paid and satisfied in cash via wire transfer.

## **C. KUMZ Sale of Silicon Agreement**

On 28 April 2010, RUSAL TH, a subsidiary of the Company, as seller entered into a sale of silicon agreement with KUMZ, as buyer, (the “**KUMZ Sale of Silicon Agreement**”), pursuant to which RUSAL TH agreed to supply and KUMZ agreed to purchase silicon of up to 150.9 tonnes and 338.3 tonnes during the years ended 31 December 2010 and 31 December 2011, at a total consideration of up to USD0.34 million and USD0.89 million respectively. The term of the contract will be automatically extended for one year unless any of the parties declares its intention to terminate it.

Under the KUMZ Sale of Silicon Agreement, the consideration was required to be 100% pre-paid and satisfied in cash via wire transfer.

## **The aggregation approach**

Pursuant to Rule 14A.25 of the Listing Rules, the continuing connected transactions contemplated under the KUMZ Sale of Silicon Agreement, the Khimprom Sale of Silicon Agreement, the Doncarb Graphite Sale of Silicon Agreement should be aggregated with the continuing connected transactions under the Previously Disclosed Sale of Raw Materials Agreements, as they have been entered into by the Group with the associates of the same group of connected persons who are parties connected or otherwise associated with one another, and the subject matter of each of the agreements relate to the sale of raw materials by members of the Group to the associates of the same group of connected persons.

### **The annual aggregate transaction amount**

Based on the terms of the KUMZ Sale of Silicon Agreement, the Khimprom Sale of Silicon Agreement, the Doncarb Graphite Sale of Silicon Agreement and the Previously Disclosed Sale of Raw Materials Agreements, the annual aggregate transaction amount that was paid by the associates of SUAL Partners, Mr. Vekselberg and Mr. Blavatnik to the Group for the financial year ended 31 December 2011 was approximately USD6.8 million (which was still within the maximum aggregate consideration of USD14,085,000 for 2011 as disclosed in the announcement dated 8 December 2011).

The annual aggregate transaction amounts were estimated by the Directors based on the amount of silicon and other raw materials to be supplied and the relevant contract price.

### **Reasons for and benefits of the transactions**

The Directors consider that the transactions contemplated under the KUMZ Sale of Silicon Agreement, the Khimprom Sale of Silicon Agreement, the Doncarb Graphite Sale of Silicon Agreement are for the benefit of the Company as the silicon supplied under the these agreements were the current excess raw materials unused by the Group, and that the silicon sold under the relevant agreements were required under Regulation of Federal Antimonopoly Service of the Russian Federation (FAS) to meet the demand of domestic customers.

The terms of the KUMZ Sale of Silicon Agreement, the Khimprom Sale of Silicon Agreement, the Doncarb Graphite Sale of Silicon Agreement have been negotiated on arm's length basis between the Group and the associates of SUAL Partners, Mr. Vekselberg and Mr. Blavatnik, and are on normal commercial terms. The consideration payable under these agreements has been determined with reference to the market price and on terms no less favourable than those prevailing in the Russian market for the silicon of the same type and quality as those offered by the Group to independent third parties.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the KUMZ Sale of Silicon Agreement, the Khimprom Sale of Silicon Agreement, the Doncarb Graphite Sale of Silicon Agreement and the Previously Disclosed Sale of Raw Materials Agreements were entered into on normal commercial terms which are fair and reasonable and the transactions contemplated 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 KUMZ Sale of Silicon Agreement, the Khimprom Sale of Silicon Agreement, the Doncarb Graphite Sale of Silicon Agreement and the Previously Disclosed Sale of Raw Materials Agreements, save for:

- (i) Mr. Vekselberg (a former non-executive director of the Company) and Mr. Blavatnik (a non-executive director of the Company) who are each indirectly interested in more than 30% in SUAL Partners, and thus are indirectly interested in Doncarb Graphite. Accordingly, each of Mr. Vekselberg and Mr. Blavatnik abstain from voting on such transactions; and
- (ii) Mr. Vekselberg, who is indirectly interested in more than 30% in each of Khimprom and KUMZ. Accordingly, Mr. Vekselberg abstained from voting on the Board resolutions to approve such transactions.

### **Listing Rules implications**

Mr. Vekselberg is indirectly interested in more than 30% in each of Khimprom and KUMZ. As Mr. Vekselberg was a non-executive Director of the Company until his resignation on 16 March 2012, each of Khimprom and KUMZ is a connected person of the Company under the Listing Rules.

SUAL Partners, being a substantial shareholder of the Company, has a controlling interest of more than 30% in Doncarb Graphite. Accordingly, Doncarb Graphite is a connected person of the Company under the Listing Rules.

Accordingly, the transactions contemplated under the KUMZ Sale of Silicon Agreement, the Khimprom Sale of Silicon Agreement and the Doncarb Graphite Sale of Silicon Agreement constitute continuing connected transactions of the Company and were aggregated with the Previously Disclosed Sale of Raw Materials Agreements.

The annual aggregate transaction amount of the continuing connected transactions under the KUMZ Sale of Silicon Agreement, the Khimprom Sale of Silicon Agreement, the Doncarb Graphite Sale of Silicon Agreement and the Previously Disclosed Sale of Raw Materials Agreements for the financial year ended 31 December 2011 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 these agreements for the year ended 31 December 2011 are 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.

Details of the KUMZ Sale of Silicon Agreement, the Khimprom Sale of Silicon Agreement, the Doncarb Graphite Sale of Silicon Agreement and the Previously Disclosed Sale of Raw Materials Agreements will be included in the next annual report and accounts of the Company in accordance with Rule 14A.46 of the Listing Rules where appropriate.

## **PRINCIPAL BUSINESS ACTIVITIES**

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.

Doncarb Graphite is principally engaged in the production of graphite products and spare parts.

Khimprom is principally engaged in producing chemicals.

KUMZ is principally engaged in metallurgy.

## **DEFINITIONS**

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

“associate”	has the same meaning ascribed thereto 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 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.
“Doncarb Graphite”	Doncarb Graphite Limited Liability Company, a company incorporated under the laws of the Russian Federation.
“Group”	the Company and its subsidiaries.
“Khimprom”	Open Joint Stock Company “Khimprom”, a company incorporated under the laws of the Russian Federation.
“KUMZ”	Kamensk-Uralsky Metallurgical Works Joint-Stock Company, a company incorporated under the laws of the Russian Federation.
“Listing Rules”	the Rules Governing the Listing of Securities On The Stock Exchange Of Hong Kong Limited.
“Mr. Blavatnik”	Mr. Len Blavatnik, a non-executive director of the Company.
“Mr. Vekselberg”	Mr. Victor Vekselberg, whose resignation as a non-executive director of the Company took effect on 16 March 2012.
“percentage ratios”	the percentage ratios under Rule 14.07 of the Listing Rules.
“Previously Disclosed Sale of Raw Materials Agreements”	the contracts between members of the Group and the associates of Mr. Vekselberg, Mr. Blavatnik and SUAL Partners for the sale of raw materials by members of the Group, which were disclosed in the Company’s announcements dated 24 November 2010 and 8 December 2011.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

“SUAL Partners”	SUAL Partners Limited, a company incorporated under the laws of Bahamas, which is a substantial shareholder of the Company.
“substantial shareholder”	has the same meaning ascribed thereto under the Listing Rules.
“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**  
**Vladislav Soloviev**  
*Director*

11 April 2012

*As at the date of this announcement, the executive Directors are Mr. Oleg Deripaska, Mr. Vladislav Soloviev, Mr. Alexander Livshits, Ms. Vera Kurochkina, Mr. Maxim Sokov and Mr. Petr Sinshinov, the non-executive Directors are Mr. Maksim Goldman, Mr. Dmitry Afanasiev, Mr. Len Blavatnik, Mr. Ivan Glasenberg, Mr. Dmitry Razumov, Mr. Anatoly Tikhonov, Mr. Artem Volynets and Mr. Dmitry Troshenkov, and the independent non-executive Directors are Dr. Peter Nigel Kenny, Mr. Philip Lader, Mr. Barry Cheung Chun-yuen (Chairman) 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/investors/info.aspx> and <http://www.rusal.ru/en/press-center/press-releases.aspx>, respectively.*