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## **UNITED COMPANY RUSAL PLC**

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

**(Stock Code: 486)**

### **CONTINUING CONNECTED TRANSACTIONS PURCHASE OF RAW MATERIALS FOR REPAIRING**

The Company announces that in December 2015, members of the Group, as buyers, and CJSC “EPM-NovEP”, an associate of Mr. Blavatnik, as supplier, entered into the Purchase of Raw Materials for Repairing Contracts.

#### **THE PURCHASE OF RAW MATERIALS FOR REPAIRING CONTRACTS**

The Company announces that, in December 2015, members of the Group, as buyers, and Closed Joint Stock Company “ENERGOPROM — Novosibirsk Electrode Plant” (“CJSC “EPM-NovEP””), an associate of Mr. Blavatnik, as supplier, entered into certain contracts pursuant to which members of the Group agreed to buy and CJSC “EPM-NovEP” agreed to sell raw materials for repairing (the “**Purchase of Raw Materials for Repairing Contracts**”). The key terms of the Purchase of Raw Materials for Repairing Contracts are set out below:

No.	Date of contract	Buyer (member of the Group)	Seller (an associate of Mr. Blavatnik)	Raw materials to be purchased	Estimated purchase volume	Unit price (Net of VAT) (Note 1)	Estimated consideration payable excluding VAT (USD)	Payment terms
1.	Expected to be on or around 30 December 2015	OAo “SUAL” “KAZ-SUAL” branch	CJSC “EPM-NovEP”	Cathode blocks and carbon mass	For two years ending 31 December 2017: Cathode blocks-up to 655.56 tonnes; Carbon mass-up to 168 tonnes	Cathode blocks-up to USD1,030 per tonne; Carbon mass-up to USD575 per tonne	2016-846,729 2017-846,729	Within 45 calendar days after actual delivery

No.	Date of contract	Buyer (member of the Group)	Seller (an associate of Mr. Blavatnik)	Raw materials to be purchased	Estimated purchase volume	Unit price (Net of VAT) (Note 1)	Estimated consideration payable excluding VAT (USD)	Payment terms
2	21 December 2015	RUS-Engineering LLC	CJSC "EPM-NovEP"	Cathode blocks and carbon paste	2016: -cathode blocks up to 22,040 tonnes; -carbon paste up to 5,931 tonnes 2017: -cathode blocks up to 22,040 tonnes -carbon paste up to 5,931 tonnes	Up to USD1,540 per tonne	2016: -cathode blocks USD23,953,782 -carbon paste USD3,483,700 2017: -cathode blocks USD23,953,782 -carbon paste USD3,483,700	Within 45 calendar days after actual delivery
	Total estimated consideration payable for the year:						2016-28,284,211 2017-28,284,211	

*Note 1: During the sale and invoicing the price of the raw materials is to be converted to RUB in accordance with the following rules:*

For 2016, USD basic exchange rate is RUB62.24 and:

If the exchange rate of USD is at the level of RUB62.24 per USD according to the Central Bank of the Russian Federation within the range of +/-20% (i.e. RUB49.792 to RUB74.688), the price in RUB is to be determined using the rate of the Central Bank of the Russian Federation at the date of shipment	If the exchange rate of the Central Bank of the Russian Federation exceeds RUB74.688 per USD at the date of shipment, the price in RUB is to be determined as: 32.5% of the price in USD at the fixed rate of RUB74.688 per USD plus 67.5% of the price in USD at the rate of the Central Bank of the Russian Federation at the date of shipment	If the exchange rate is less than RUB49.792 per USD at the date of shipment, the price in RUB should be determined as: 32.5% of the price in USD at the fixed rate of RUB49.792 per USD plus 67.5% of the price in USD at the rate of the Central Bank of the Russian Federation at the date of shipment
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For 2017, USD basic exchange rate will be calculated based on the USD average quarterly exchange rate for the 4th quarter of 2016 (CB AQE) and:

If the exchange rate of the Central Bank of the Russian Federation as of the shipment date is within the +/-20% range of the basic USD exchange rate for the current year, a conversion to RUB will be made according to the Central Bank of the Russian Federation exchange rate as of the shipment date.	If the deviation in the exchange rate of the Central Bank of the Russian Federation exceeds (CB AQE + 20%) per USD as of the shipment date, the price for the goods in RUB will be calculated as follows: 32.5% of the price of the goods in USD according to the fixed rate (CB AQE + 20%) per USD plus 67.5% of the price of the goods in USD according to the exchange rate of the Central Bank of the Russian Federation as of the shipment date	If the deviation in the exchange rate of the Central Bank of the Russian Federation is less than (CB AQE - 20%) per USD as of the shipment date, the price of the goods in RUB will be calculated as follows: 32.5% of the price of the goods in USD according to the fixed rate (CB AQE - 20%) per USD plus 67.5% of the price of the goods in USD according to the exchange rate of the Central Bank of the Russian Federation as of the shipment date
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For each of the contracts set out in the table above, the consideration is to be satisfied in cash via wire transfer or by bills of exchange of other Group members, or by setting-off and the scheduled termination date is 31 December 2017.

### **THE ANNUAL AGGREGATE TRANSACTION AMOUNT**

The contract price payable under each of the Purchase of Raw Materials for Repairing Contracts has been determined with reference to the market price and on terms no less favourable than those prevailing in the Russian market for raw materials of the same type and quality and those offered by the associates of Mr. Blavatnik to independent third parties.

The Company invited several organizations to take part in the tender in relation to the relevant required purchase of raw materials and chose the contractor offering the best terms and conditions (taking into account the price offered) and then entered into contracts with the chosen party. Accordingly, the Purchase of Raw Materials for Repairing Contracts were entered into.

Based on the terms of the Purchase of Raw Materials for Repairing Contracts, the annual aggregate transaction amount that is payable by the Group to the associates of Mr. Blavatnik for the each of the financial year ending 31 December 2016 and 31 December 2017 is estimated to be approximately USD28.29 million and USD 28.29 million, respectively.

The annual aggregate transaction amount is estimated by the Directors based on the amount of raw materials to be purchased and their contract price.

### **THE AGGREGATION APPROACH**

Pursuant to Rule 14A.81 of the Listing Rules, the continuing connected transactions contemplated under the Purchase of Raw Materials for Repairing Contracts should be aggregated, as they were entered into by the Group with the associate 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 contracts relate to the purchase of raw materials for repair by members of the Group.

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

The Directors consider that each of the Purchase of Raw Materials for Repairing Contracts is for the benefit of the Company, as CJSC “EPM-NovEP” the supply of raw materials to the Group at a price more favourable than the prevailing market rate based on tender. The Purchase of Raw Materials for Repairing Contracts are entered into for the purposes of purchasing raw materials for repair work.

The Directors (including the independent non-executive Directors) consider that each of the Purchase of Raw Materials for Repairing Contracts has been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable and the transactions contemplated under the Purchase of Raw Materials for Repairing 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 has a material interest in the transactions contemplated by the Purchase of Raw Materials for Repairing Contracts save for Mr. Blavatnik who is indirectly interested in more than 30% of CJSC "EPM-NovEP". Accordingly, Mr. Blavatnik did not vote on the Board resolutions to approve the Purchase of Raw Materials for Repairing Contracts.

### **LISTING RULES IMPLICATIONS**

Mr. Blavatnik, a non-executive Director, indirectly holds more than 30% of the issued share capital of CJSC "EPM-NovEP". CJSC "EPM-NovEP" is therefore an associate of Mr. Blavatnik and a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Purchase of Raw Materials for Repairing Contracts constitute continuing connected transactions of the Company.

The estimated annual aggregate transaction amount of the continuing connected transactions under the Purchase of Raw Materials for Repairing Contracts for each of the financial year ending 31 December 2016 and 2017 is more than 0.1% but less than 5% under the applicable percentage ratios. Accordingly, pursuant to Rule 14A.76 of the Listing Rules, the transactions contemplated under these contracts are only subject to the announcement requirements set out in Rules 14A.35 and 14A.68, the annual review requirements set out in Rules 14A.49, 14A.55 to 14A.59, 14A.71 and 14A.72 and the requirements set out in Rules 14A.34 and 14A.50 to 14A.54 of the Listing Rules. These transactions are exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the Purchase of Raw Materials for Repairing Contracts will be included in the relevant annual report and accounts of the Company in accordance with Rule 14A.71 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.

CJSC "EPM-NovEP" is principally engaged in the production of graphite electrodes, carbon electrodes, cathode blocks, calcined petroleum coke and electrode paste.

## **DEFINITIONS**

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

"associate(s)"	has the same meaning ascribed thereto under the Listing Rules.
"Board"	the board of Directors.
"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(s)"	has the same meaning ascribed thereto under the Listing Rules.
"continuing connected transactions"	has the same meaning ascribed thereto under the Listing Rules.
"Director(s)"	the director(s) of the Company.
"Group"	the Company and its subsidiaries.
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange.
"Mr. Blavatnik"	Mr. Len Blavatnik, a non-executive Director.
"percentage ratios"	the percentage ratios under Rule 14.07 of the Listing Rules.
"RUB"	Rubles, the lawful currency of the Russian Federation.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

“USD” United States dollars, the lawful currency of the United States of America.

“VAT” value added tax.

By Order of the Board of Directors of  
**United Company RUSAL Plc**  
**Aby Wong Po Ying**  
*Company Secretary*

22 December 2016

*As at the date of this announcement, the executive Directors are Mr. Oleg Deripaska, Mr. Vladislav Soloviev and Mr. Stalbek Mishakov, the non-executive Directors are Mr. Maxim Sokov, Mr. Dmitry Afanasiev, Mr. Len Blavatnik, Mr. Ivan Glasenberg, Mr. Maksim Goldman, Ms. Gulzhan Moldazhanova, Mr. Daniel Lesin Wolfe, Ms. Olga Mashkovskaya and Ms. Ekaterina Nikitina, and the independent non-executive Directors are Mr. Matthias Warnig (Chairman), Dr. Peter Nigel Kenny, Mr. Philip Lader, Ms. Elsie Leung Oi-sie, Mr. Mark Garber and Mr. Dmitry Vasiliev.*

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