
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in United Company RUSAL Plc, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.



UNITED COMPANY RUSAL PLC *(Incorporated under the laws of Jersey with limited liability)* **(Stock Code: 486)**

PROPOSAL FOR APPROVAL OF THE REVISED 2011 AND PROPOSED 2012 AND 2013 ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent financial adviser to the Independent Board Committee
and Independent Shareholders**



A letter from the Board is set out on pages 5 to 22 of this circular.

A letter of recommendation from the Independent Board Committee is set out on page 23 of this circular.

A letter from DBS containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 24 to 37 of this circular.

A notice convening an extraordinary general meeting of United Company RUSAL Plc to be held at Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong on 28 October 2011 at 1:00 pm (Hong Kong time) is set out on pages 53 to 55 of this circular. Whether or not you intend to be present at the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the office of the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the meeting or any adjourned meeting should they so desire.

12 October 2011

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	23
LETTER FROM DBS	24
APPENDIX — GENERAL INFORMATION	38
NOTICE OF EXTRAORDINARY GENERAL MEETING	53

DEFINITIONS

In this circular, unless otherwise indicated or the context otherwise requires, the following expressions shall have the following meanings:

“2009 Annual Report”	the 2009 Annual Report of the Company issued on 29 April 2010
“2010 Annual Report”	the 2010 Annual Report of the Company issued on 28 April 2011
“Accession Agreement”	Wholesale Power Trade System Accession Agreement which was entered into amongst the Market Council, OJSC “TSA”, OJSC System Operator of the United Power System, OJSC Federal Grid Company of Unified Energy System, CJSC Center of Financial Settlements and other participants of the wholesale market
“Aluminium Sales Contracts with Mr. Deripaska’s Associates”	the aluminium sales contracts entered into with associates of Mr. Deripaska, further details of which are set out in the section headed “Aluminium Sale Contracts” of this circular
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“CEAC”	the Central European Aluminium Company
“CEO” or “Chief Executive Officer”	the chief executive officer of the Company
“Company”	United Company RUSAL Plc, a company incorporated under the laws of Jersey with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance and Nomination Committee”	the corporate governance and nomination committee established by the Board in accordance with the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules

DEFINITIONS

“DBS”	DBS Asia Capital Limited, a corporation licensed under the SFO to carry out type 1 (dealings in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the (i) Revised 2011 Cap for E&C Contracts with En+ Associates; (ii) Proposed 2012/2013 Caps for E&C Contracts with En+ Associates and (iii) Proposed 2012/2013 Caps for Aluminium Sales Contracts with Mr. Deripaska’s Associates
“Director(s)”	the director(s) of the Company
“E&C Contracts with En+ Associates”	the electricity and capacity supply contracts entered into with the associates of En+, further details of which are set out in the section headed “Electricity and Capacity Supply Contracts” of this circular
“EGM”	the extraordinary general meeting of the Company to be held at Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong on 28 October 2011 at 1:00 pm (Hong Kong time)
“En+”	En+ Group Limited, a company incorporated in Jersey which is the Controlling Shareholder of the Company
“Existing 2011 Cap for E&C Contracts”	the existing annual cap for the E&C Contracts for the year ending 31 December 2011 as set out on page 308 of the Prospectus, being USD812 million
“Glencore”	Glencore International plc, a company incorporated under the laws of Jersey, being the holding company of Glencore International AG
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors
“Independent Shareholders”	has the meaning ascribed to it under Rule 14A.10(5) of the Listing Rules, and in relation to the Company and to the EGM means the Shareholders other than Mr. Deripaska and En+ and their respective associates

DEFINITIONS

“Jersey Companies Law”	the Companies (Jersey) Law 1991, as amended
“Latest Practicable Date”	6 October 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Market Council”	Non-Commercial Partnership Market Council, a non-profit organization established in the form of a partnership that includes, based on membership, sellers and purchasers of electricity (capacity) which are wholesale market participants, participants to electricity handling in the wholesale market, companies ensuring operation of commercial and technological infrastructure of the wholesale market, and other companies operating in electric energy sector. The establishment of the Market Council and its functions are set forth in the Federal Law “On electric power industry” dated March 26, 2003 No. 35-FZ
“Mr. Deripaska”	Mr. Oleg Deripaska, the Chief Executive Officer and an executive Director of the Company
“Mr. Vekselberg”	Mr. Victor Vekselberg, a non-executive Director of the Company and the chairman of the Board
“Proposed 2012/2013 Caps for Aluminium Sales Contracts with Mr. Deripaska’s Associates”	the proposed annual caps for the Aluminium Sales Contracts with Mr. Deripaska’s Associates for the years ending 31 December 2012 and 31 December 2013, being USD605 million and USD690 million (net of VAT), respectively
“Proposed 2012/2013 Caps for E&C Contracts with En+ Associates”	the proposed annual caps for the E&C Contracts with En+ Associates for the years ending 31 December 2012 and 31 December 2013, being USD1,261 million and USD1,385 million (net of VAT and using the exchange rate at USD 1 = RUB 28.5 subject to possible change due to the fluctuations of the RUB/USD exchange rate), respectively
“Prospectus”	the prospectus of the Company dated 31 December 2009
“Revised 2011 Cap for E&C Contracts with En+ Associates”	the proposed revised annual cap for the E&C Contracts with En+ Associates for the year ending 31 December 2011, being USD970 million (net of VAT and using the exchange rate at USD 1 = RUB 28.5 subject to possible change due to the fluctuations of the RUB/USD exchange rate)

DEFINITIONS

“RUB”	Russian Roubles, the lawful currency of the Russian Federation
“RUSAL TH”	OJSC United Company Rusal Trading House, a subsidiary of the Company
“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“Share(s)”	ordinary share(s) with nominal value of US\$0.01 each in the share capital of the Company (or of such nominal value as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Shareholder(s)”	holder(s) of the Share(s)
“Standing Committee”	the standing committee of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SUAL Partners”	SUAL Partners Limited, a company incorporated under the laws of the Bahamas, which is a substantial shareholder of the Company
“USD”	United States dollars, the lawful currency of the United States of America
“VAT”	value added tax
“%”	per cent

LETTER FROM THE BOARD



UNITED COMPANY RUSAL PLC
(Incorporated under the laws of Jersey with limited liability)
(Stock Code: 486)

Executive Directors:

Mr. Oleg Deripaska
Mr. Petr Sinshinov
Mr. Vladislav Soloviev
Ms. Tatiana Soina
Mr. Alexander Livshits
Ms. Vera Kurochkina

Non-executive Directors:

Mr. Victor Vekselberg (*Chairman*)
Mr. Dmitry Afanasiev
Mr. Len Blavatnik
Mr. Ivan Glaserberg
Mr. Alexander Popov
Mr. Dmitry Razumov
Mr. Anatoly Tikhonov
Mr. Artem Volynets

Independent Non-executive Directors:

Mr. Barry Cheung Chun-Yuen
Dr. Peter Nigel Kenny
Mr. Philip Lader
Ms. Elsie Leung Oi-Sie

*Place of business in Hong Kong
registered under Part XI of the
Hong Kong Companies Ordinance:*
11th Floor
Central Tower
28 Queen's Road Central
Central
Hong Kong

Registered office in Jersey:
Ogier House
The Esplanade
St Helier JE4 9WG
Jersey

*Head Office and
principal place of business:*
Themistokli Dervi, 12
Palais D'Ivoire House
P.C. 1066, Nicosia
Cyprus

12 October 2011

To the Shareholders

Dear Sir or Madam,

**PROPOSAL FOR
APPROVAL OF THE REVISED 2011 AND PROPOSED 2012 AND 2013
ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

LETTER FROM THE BOARD

1 INTRODUCTION

The purpose of this circular is to provide you with information necessary to enable you to make an informed decision on whether to vote for or against the ordinary resolutions to be proposed at the EGM relating to the approval of the (i) Revised 2011 Cap for E&C Contracts with En+ Associates; (ii) Proposed 2012/2013 Caps for E&C Contracts with En+ Associates; and (iii) Proposed 2012/2013 Caps for Aluminium Sales Contracts with Mr. Deripaska's Associates.

2 APPROVAL OF THE REVISED 2011 AND PROPOSED 2012 AND 2013 ANNUAL CAPS

Reference is made to the announcement of the Company dated 27 September 2011 (the "Announcement") in relation to, among other things, the continuing connected transactions under the E&C Contracts with En+ Associates and the Aluminium Sales Contracts with Mr. Deripaska's Associates. As stated in the Announcement, the Group is a party to a number of existing continuing connected transactions with respect to electricity and capacity supply and with respect to aluminium sales. In this connection, on 18 December 2009, the Company was granted a waiver by the Stock Exchange from strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of, among other things, the E&C Contracts with En+ Associates and Aluminium Sales Contracts with Mr. Deripaska's Associates entered into between members of the Group and the associates of En+ and Mr. Deripaska, respectively.

The Company is required to comply with the requirements of the Listing Rules for continuing connected transactions upon expiry of the current term of the annual caps on 31 December 2011. Since the E&C Contracts with En+ Associates and the Aluminium Sales Contracts with Mr. Deripaska's Associates shall continue and the Company also expects that additional electricity and capacity supply and additional aluminium sales contracts may be entered into between members of the Group and the associates of En+ and Mr. Deripaska, respectively, the Board proposes new 2012 and 2013 annual caps for these continuing connected transactions.

In addition, the Board also proposes the Revised 2011 Cap for E&C Contracts with En+ Associates and a separation of the 2011 annual cap for the E&C Contracts (as defined below) in accordance with different groups of connected parties that are unrelated to each other.

Electricity and capacity supply contracts

The revision of the 2011 annual cap

As set out on pages 305 to 308 of the Prospectus and pages 71 to 72 of the 2010 Annual Report:

- (a) prior to the date of the Prospectus, members of the Group entered into long term electricity and capacity supply contracts with associates of En+; and
- (b) members of the Group also enter into, from time to time as part of their ordinary course of business, electricity and capacity supply contracts comprising short-term and miscellaneous contracts with associates of En+ and with associates of Mr. Vekselberg,

LETTER FROM THE BOARD

(collectively, the “**E&C Contracts**”). Further details of the E&C Contracts are set out below.

In view of (i) changes to the rules for purchase of electricity and capacity in 2011 which are mandatory for participants in the wholesale electricity supply market in Russia, (ii) changes to the settlement rules in the electricity market in Russia, (iii) changes to the overall capacity market in Russia, (iv) the substantial increase of the transmission tariffs in Russia, and (v) the transactions under the Provision of Power Contracts (as defined in the Company’s announcement dated 3 January 2011) (the details of which are set out in the section headed “Revised 2011 Caps for the E&C Contracts and the reasons for revising the Existing 2011 Cap for E&C Contracts” in this circular), the Directors expect that the Existing 2011 Cap for E&C Contracts may be exceeded.

(a) *Long-term E&C Contracts*

As stated in the Announcement, the Group has entered into the following long term E&C Contracts with the associates of En+:

- on 1 December 2009, OJSC RUSAL Bratsk (“**BrAZ**”), a subsidiary of the Company, and Irkutsk Joint Stock Power and Electricity Company (“**Irkutskenergo**”), a power generating company controlled by En+ as to more than 30% of its issued share capital, entered into a long-term E&C Contract pursuant to which BrAZ agreed to purchase electricity and capacity from Irkutskenergo for a period of nine years from 2010 to 2018. 50% of the price under the contract must be paid before the 15th day of the month of supply and the remaining 50% of the price must be paid before the 25th day of the month of supply. The consideration is satisfied in cash via wire transfer. The actual monetary value of electricity and capacity purchased for the year ended 31 December 2010 under this E&C Contract was USD 130 million;
- on 15 November 2009, OJSC Siberian-Urals-Aluminium Company (“**OJSC SUAL**”), a subsidiary of the Company, and Irkutskenergo entered into a long term E&C Contract pursuant to which OJSC SUAL agreed to purchase electricity and capacity for Irkutsk aluminium smelter, a branch of OJSC SUAL, from Irkutskenergo for a period of nine years from 2010 to 2018. 50% of the price under the contract must be paid before the 15th day of the month of supply and the remaining 50% of the price must be paid before the 25th day of the month of supply. The consideration is satisfied in cash via wire transfer. The actual monetary value of electricity and capacity purchased for the year ended 31 December 2010 under this E&C Contract was USD 76 million; and
- on 4 December 2009, OJSC RUSAL Krasnoyarsk (“**KrAZ**”), a subsidiary of the Company, and JSC Krasnoyarskaya Hydro-Power Plant (“**Krasnoyarskaya HPP**”), a hydroelectric power station controlled by En+ as to 65.11% of its issued share capital, entered into a long-term E&C Contract pursuant to which KrAZ has agreed to purchase electricity from Krasnoyarskaya HPP for a period of eleven years from 2010 to 2020. 50% of the price under the contract must be paid before the 15th day of the month of supply and the remaining 50%

LETTER FROM THE BOARD

of the price must be paid before the 25th day of the month of supply. The consideration is satisfied in cash via wire transfer. The actual monetary value of electricity and capacity purchased for the year ended 31 December 2010 under this E&C Contract was USD 82 million.

The prices for long-term E&C Contracts are not regulated strictly by the Market Council and may be agreed between the parties (subject to the Rules of the Wholesale Electricity and Capacity Market (as approved by the Russian Federation Government Resolution No. 1172 dated 27 December 2010) which contain indirect instruments through which the influence is exerted on the formation of the total cost of a user's consumed electricity and capacity in connection with the existence or non-existence of non-regulated contracts concluded by such a person, and the amount of capacity supplied thereunder). The costs of electricity supplied by Irkutskenergo and Krasnoyarskaya HPP are based on a fixed formula which is tied to the market prices of electricity and the prices of aluminium quoted on the London Metals Exchange ("LME") to link electricity costs to the Group's revenue.

(b) *Short-term E&C Contracts*

The Group also enters into short-term E&C Contracts from time to time with power generating plants which are controlled either through equity ownership, or management arrangements, by CJSC Integrated Energy Systems, a corporation of which more than 30% of the issued share capital is controlled by Mr. Vekselberg, one of the ultimate beneficial owners of SUAL Partners, which is a substantial shareholder of the Company. All such contracts were entered into at government prescribed prices, on terms determined by the Market Council and OJSC "TSA", an entity which is 100% owned and controlled by the Market Council with no possible negotiation on the price paid by the Group.

Further, members of the Group, including BrAZ, KrAZ, OJSC RUSAL Sayanogorsk, OJSC RUSAL Novokuznetsk and OJSC SUAL enter into, from time to time as part of their ordinary course of business, short-term E&C Contracts with duration not exceeding one year with Irkutskenergo and Krasnoyarskaya HPP, companies controlled by En+.

The electricity and capacity supplied under these short-term E&C Contracts are derived from hydro-electric power plants operated by Irkutskenergo and Krasnoyarskaya HPP in Siberia. In the first six months of the year 2010, approximately 50% of the electricity supplied by Irkutskenergo under these contracts was provided at government prescribed fixed prices, on terms determined by the Market Council and OJSC "TSA" with the remaining 50% supplied at market prices. In the second six months, the proportion was 30% and 70% respectively. With a view of further liberalization of energy resource prices, clause 50 of the Rules of the Wholesale Electricity (Capacity) Market of the Transition Period (the "**Rules of the Transition Period**") approved by Russian Federation Government Resolution No. 643 dated 24 October 2003, defined the share of electricity from the base estimated volume of electricity (determined based on the total electricity consumption by the user in 2007), which was supplied at prices (tariffs) regulated by the government.

Since 1 January 2011, the whole volume of electricity (excluding electricity supplied to residential users) is supplied at open (non-regulated) prices.

LETTER FROM THE BOARD

According to clause 51 of the Rules of the Transition Period, the shares of capacity sale at regulated prices (tariffs) were also determined based on the estimated capacity volume corresponding to the shares set for the sales of electricity.

In this regard, clause 51 of the Wholesale Market Rules set forth that before the commencement of capacity supply period in 2008 capacity had not been sold at open (non-regulated) prices.

Currently, according to the Wholesale Market Rules approved by the Russian Federation Government Resolution No. 1172 dated 27 December 2010, the main volume of electricity and capacity is supplied at open (non-regulated) prices.

There are exceptions to the above which require the electricity to be sold at prices or tariffs approved by the government.

The portion linked to market prices was supplied in accordance with the Regulations on Transitional Wholesale Electric Power (Capacity) Market approved by the Russian Government, the Accession Agreement (the application of which is mandatory in such situations) and related rules and regulations. Such contracts are entered on an arm's length basis on pricing terms approved by the Market Council, an independent industry body which is responsible for making any amendments to the Accession Agreement or the market rules and regulations. The portion provided at fixed prices prescribed by the government is supplied at prices which are set by the Russian government through the Federal Service for Tariffs.

Payment under each of the contracts is made in four installments during each month and consideration is satisfied in cash via wire transfer.

In addition, members of the Group, including OJSC "Sevuralboxitruda", "SUAL-Silicon-Ural" LLC, OJSC RUSAL SAYANAL, OJSC "Ural Foil" and OJSC "South Ural Cryolite Plant" enter into, from time to time as part of their ordinary course of business, short-term E&C Contracts with CJSC MAREM+, a company controlled by En+, for the supply of electricity and capacity purchased at the wholesale energy and capacity market. The purchase of electricity and capacity at the wholesale market is effected at a price which is determined daily (for electricity) and monthly (for capacity), based on the trading results at the wholesale market, and subject to unpredictable external fluctuations (including, without limitation, weather factors, river stream flow rates, HPP output storage, transborder cross-flow planning, provision for reserves by power generation facilities, scheduled equipment repairs, fuel price fluctuations, details of fuel regime for "endpoint" power generation facilities, economic efficiency of bids submitted by producers, technological processes of power generation facilities' equipment, and effect of state regulation on the market model). The price under these contracts is derived from the wholesale market price. Payments are effected by tentatively scheduled four installments during each month, each being 25% of the planned contracted volume of electricity and capacity while the final payment is effected in the middle of the month following the month of billing. The consideration is satisfied in cash via wire transfer.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2010 under these E&C Contracts was USD 36 million for companies controlled by CJSC Integrated Energy Systems, USD 87 million for Irkutskenergo and Krasnoyarskaya HPP and nil for CJSC MAREM+.

LETTER FROM THE BOARD

(c) *Miscellaneous E&C Contracts*

The Group also, from time to time in its ordinary and usual course of business, enters into miscellaneous electricity and capacity transmission contracts with Irkutskaya Electricity Company and energy supply contracts with Irkutskenergosbyt LLC to furnish the electricity supply mentioned above, each being a company controlled by En+ as to more than 30% of its issued share capital prior to the date of this circular.

The consideration paid or payable under such miscellaneous electricity and capacity transmission contracts is determined by reference to the tariffs which are regulated by the Tariff Service of the Irkutsk region (an executive authority of the Irkutsk region in the sphere of government regulation of tariffs including electricity and capacity transmission tariffs) and on terms which are uniform for all consumers (tariffs are differentiated depending on voltage levels).

Under the supply services contract with Irkutskaya Electricity Company, 50% of the price under the contracts must be paid before the 15th day of the month of supply and the remaining 50% of the price must be paid before the 25th day of the month of supply. The consideration is satisfied in cash via wire transfer.

Under the supply services contract with Irkutskenergosbyt LLC, 100% of the installed capacity and 50% of the estimated electricity shall be paid before the 15th day of the current month and the remaining 50% of the estimated electricity shall be paid before the 25th day of the current month. The difference between the cost of energy and power, determined by metering devices, and previously paid amounts shall be paid before the 10th day of the month following the billing month. The consideration is satisfied via bank transfer.

The actual monetary value of electricity and capacity transmission purchased and sold for the year ended 31 December 2010 under these E&C Contracts was USD 145 million.

Separation of annual caps for the E&C Contracts

The Existing 2011 Cap for E&C Contracts covers the aggregate of the amount paid under all of the E&C Contracts. The Board has considered and proposes to separate the annual caps for E&C Contracts to distinguish between E&C Contracts entered into between members of the Group and:

- (i) associates of En+ (“**E&C Contracts with En+ Associates**”); and
- (ii) associates of Mr. Vekselberg (“**E&C Contracts with Mr. Vekselberg’s Associates**”).

The Board notes that the associates of En+ and the associates of Mr. Vekselberg are not themselves connected to each other for the purposes of the Listing Rules.

LETTER FROM THE BOARD

Historical transaction figures for E&C Contracts

A breakdown of the approximate historical transaction figures for the E&C Contracts is as follows:

- With respect to E&C Contracts with En+ Associates:

For the three years ended 31 December 2008, 31 December 2009 and 31 December 2010 and the eight months ended 31 August 2011, the amount purchased under the E&C Contracts with En+ Associates was USD 378 million, USD 403 million, USD 520 million and USD 547 million (unaudited) respectively.

- With respect to E&C Contracts with Mr. Vekselberg's Associates:

For the three years ended 31 December 2008, 31 December 2009 and 31 December 2010 and the eight months ended 31 August 2011, the amount purchased under the E&C Contracts with Mr. Vekselberg's Associates was USD 29 million, USD 30 million, USD 36 million and USD 125 million (unaudited) respectively.

Revised 2011 Caps for the E&C Contracts and the reasons for revising the Existing 2011 Cap for E&C Contracts

Whilst the Existing 2011 Cap for E&C Contracts has not been exceeded as at the Latest Practicable Date, it is expected that the amounts payable under the E&C Contracts for the year ending 31 December 2011 may exceed the Existing 2011 Cap for E&C Contracts.

In view of:

- (i) changes to the rules for purchase of capacity in 2011 which are mandatory for participants in the wholesale electricity supply market in Russia

The changes to the rules of purchase of electricity and capacity in 2011 are connected with the launch of the long-term capacity market. In 2010, the Rules of the Wholesale Electricity (Capacity) Market of the Transition Period (the "**Rules of the Transition Period**") approved by Russian Federation Government Resolution No. 643 dated 24 October 2003 were in force. Starting from 1 January 2011, new rules apply due to the issue of Russian Federation Government Resolution No. 1172 dated 27 December 2010 approving the new Rules of the Wholesale Electricity and Capacity Market (the "**Wholesale Market Rules**").

The Rules of the Transition Period (in latest revisions) and the Wholesale Market Rules describe new types of capacity sale contracts concluded by market participants which had not existed before: capacity supply contracts, contracts of capacity purchase and sale (supply) by new facilities at nuclear and hydro power plants, contracts with generation units the capacity of which is supplied in forced regime.

LETTER FROM THE BOARD

(ii) changes to the settlement rules in the electricity market in Russia

Changes to the rules for purchase of electricity and capacity in the wholesale market mostly apply to the economic principles of capacity pricing with respect to the new capacity sales contract types and in each capacity market segment. Wholesale market segments associated with electricity sales have not undergone any significant changes.

Formation of payable amount of capacity with respect to a particular contract equals to the actual peak consumption of all customers and the rate of actual capacity availability.

Pricing of the supplied capacity can be determined by the parties (with respect to non-regulated contracts) and even by competitive procedures (capacity sale according to the results of competitive capacity outage). Pricing is also formed by the resolutions of the government (the cost of capacity under capacity supply contracts, the cost of capacity supplied by generation units working in forced regime, the cost of capacity under the contracts of capacity purchase (supply) by new facilities at nuclear and hydro power plants). Pricing may as well be subject to direct interference of the regulatory authorities (Federal Antimonopoly Service, Federal Tariff Service of Russia) in market mechanisms (e.g., fixing overall level of prices for competitive capacity outage in free electricity (capacity) transfer zone with account for competitive environment evaluation).

(iii) changes to the overall capacity market in Russia

The main changes to the Russian capacity market (which are set out above) refer to the emergence of new capacity trading mechanisms. With effect from 1 January 2011, the capacity sales in the wholesale electricity (capacity) market are affected by the adopted amendments to the existing regulation.

(iv) the substantial increase of the transmission tariffs in Russia

Significant growth of electricity transmission tariffs mostly depends on the fact that since 2011, the regulatory authority started to use the ROIC (return on investment capital) method when calculating the grid tariff for major grid companies (when the method of economically justified expenditures (costs) was used previously), while the tariff was set for several years and included the costs of grid companies for equipment upgrade and construction of new grid facilities with account for the payback of this activity. In connection with the abovementioned, growth of electricity and capacity transmission tariff with the Regulated Asset Base (RAB)-regulation is due to excessively high rate of growth of grid companies' investment programs together with very low rates of OPEX reduction. As a result, in 2011 the grid component in the ultimate cost of consumed energy resources has amounted up to 70% in some regions.

LETTER FROM THE BOARD

(v) the transactions under the Provision of Power Contracts,

the Company proposes to revise the Existing 2011 Cap for E&C Contracts to:

- (i) USD 970 million (net of VAT and using the exchange rate at USD 1 = RUB 28.5 subject to possible change due to the fluctuations of the RUB/USD exchange rate) for E&C Contracts with En+ Associates; and
- (ii) USD 263 million (net of VAT and using the exchange rate at USD 1 = RUB 28.5 subject to possible change due to the fluctuations of the RUB/USD exchange rate) for E&C Contracts with Mr. Vekselberg's Associates,

(collectively, the “**Revised 2011 Caps for the E&C Contracts**”).

The Revised 2011 Caps for the E&C Contracts were calculated on the basis of (i) the abovementioned historical figures, (ii) the estimated amounts resulting from the changes to the rules for purchase of capacity in the wholesale electricity supply market in Russia, (iii) the expected energy demand for our aluminium smelting processes for the year ending 31 December 2011, (iv) taking into account the change of settlement rules on the electricity market of Russia, (v) changes to the overall capacity market in Russia, (vi) the substantial increase of the transmission tariffs in Russia, and (vii) the transactions under the Provision of Power Contracts, using the exchange rate at USD 1 = RUB 28.5 subject to possible change due to the fluctuations of the RUB/USD exchange rate. In addition, the calculations of the Revised 2011 Caps for the E&C Contracts also took into account the expected increased in volumes of electricity required by the Group and inflation.

In light of the aforesaid, the Board (including the independent non-executive Directors) considers that the terms of the E&C Contracts are on normal commercial terms and each of the Revised 2011 Caps for the E&C Contracts are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Proposed 2012/2013 Caps for E&C Contracts with En+ Associates

The Board has considered and proposes the following annual caps in respect of the E&C Contracts with En+ Associates for the years ending 31 December 2012 and 31 December 2013:

Period	Annual Cap
Year ending 31 December 2012	USD 1,261 million (net of VAT and using the exchange rate at USD 1 = RUB 28.5 subject to possible change due to the fluctuations of the RUB/USD exchange rate)
Year ending 31 December 2013	USD 1,385 million (net of VAT and using the exchange rate at USD 1 = RUB 28.5 subject to possible change due to the fluctuations of the RUB/USD exchange rate)

LETTER FROM THE BOARD

The Proposed 2012/2013 Caps for E&C Contracts with En+ Associates were calculated on the basis of (i) the abovementioned historical figures, (ii) the estimated amounts resulting from the changes to the rules for purchase of capacity in the wholesale electricity supply market in Russia, (iii) the expected energy demand for our aluminium smelting processes for the years 2012 and 2013, (iv) taking into account the change of settlement rules on the electricity market of Russia, (v) changes to the overall capacity market in Russia, (vi) the substantial increase of the transmission tariffs in Russia, and (vii) the transactions under the Provision of Power Contracts, using the exchange rate at USD 1 = RUB 28.5 subject to possible change due to the fluctuations of the RUB/USD exchange rate. The need to secure alternative electricity supplies in case of possible industrial accidents or breakdowns at major electricity suppliers was also taken into consideration.

Reasons for and benefits of entering into the E&C Contracts

The Company considers that the E&C Contracts will help secure a stable source of supply of electricity and capacity for the aluminium smelters of the Group and reduce unpredictability in price movements amidst the deregulating electricity supply market in Russia (which results in increased volatility in electricity prices). In addition, cost of electricity increases and decreases in tandem with the cost of aluminium and energy costs account for a significant portion of aluminium cost. Linking the electricity cost to the market prices of electricity and the prices of aluminium quoted on the LME also tends to reduce the effect of volatility in the market price of aluminium on the Group's margins.

The Board (including the independent non-executive Directors) considers that the Proposed 2012/2013 Caps for E&C Contracts with En+ Associates are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Aluminium Sales Contracts

As stated in the Announcement, members of the Group have entered into aluminium sales contracts with associates of Mr. Deripaska.

Mr. Deripaska indirectly controls more than 30% of each of (i) LLC Tradecom (ii) limited liability company "Krasnoyarsk Metallurgical Plant" ("**KraMZ**"), (iii) Joint Stock Company Dmitrov "Aluminium Rolling Mill" ("**DOZAKL**"), (iv) LLC Torgovo-Zakupochnaya Kompaniya GAZ ("**LLC GAZ**"), (v) Joint Stock Company "Barnaultransmash" ("**Barnaultransmash**"), and (vi) OJSC Glavstroy-MOSMEK ("**Glavstroy-MOSMEK**"). Each of these companies is therefore an associate of Mr. Deripaska for the purposes of the Listing Rules. As such, the transactions between members of the Group and LLC Tradecom, KraMZ, DOZAKL, LLC GAZ, Barnaultransmash and Glavstroy-MOSMEK, discussed below, constitute continuing connected transactions of the Company under the Listing Rules.

LETTER FROM THE BOARD

The following contracts have been entered into between members of the Group and the companies referred to above (collectively, the “**Aluminium Sales Contracts with Mr. Deripaska’s Associates**”):

(a) *Agreements referred to in the 2009 Annual Report*

- On 14 December 2006, the Group, through RUSAL TH, entered into a long-term contract to supply aluminium to LLC Tradecom for a period until December 2021. Pursuant to the contract, the Group would supply aluminium to the purchaser at arm’s length prices tied to the price of aluminium on the LME. The total consideration was prepaid.

The consideration for the aluminium supplied under this contract to LLC Tradecom during the year ended 31 December 2010 amounted to USD 262.58 million.

As disclosed in the Company’s announcement dated 18 March 2011 headed “Update on Aluminium Sales Contracts - Continuing Connected Transactions”, a substitution agreement was signed by the relevant parties on 17 March 2011. Since then, KraMZ substituted LLC Tradecom as buyer to the above long-term supply contract.

- On 28 February 2009, the Group, through RUSAL TH, entered into a framework agreement with LLC GAZ pursuant to which the Group agreed to supply aluminium at arm’s length prices determined on a monthly basis until 31 December 2010. The agreement was to be automatically extended for another calendar year unless the parties declared their intention to terminate it. As at 31 December 2010, the parties had not declared an intention to terminate the agreement and therefore tacitly consented to its extension for another calendar year.

For 2010, no less than 84% of the consideration was prepaid and the remaining 16% was paid within 30 business days from shipment. The consideration was satisfied in cash via wire transfer.

The consideration for the aluminium supplied under this contract to LLC GAZ during the year ended 31 December 2010 amounted to USD 22.47 million.

Similar agreements are expected to be concluded between members of the Group and LLC GAZ or its subsidiaries or other associates of Mr. Deripaska for 2012 and 2013.

(b) *Agreements referred to in the announcements dated 18 March 2011*

- On 14 December 2006, the Group, through RUSAL TH, entered into a long-term contract to supply aluminium to DOZAKL for a period until 31 December 2021 at arm’s length prices tied to the price of aluminium on the LME.

LETTER FROM THE BOARD

The total consideration for the aluminium supplied under this contract to DOZAKL during the year ended 31 December 2010 amounted to USD 1.79 million and was to be paid within 20 days from delivery. The consideration was satisfied in cash via wire transfer.

- On 14 February 2009, RUSAL Foil Limited Liability Company (“**LLC RUSAL Foil**”), a wholly-owned subsidiary of the Company, entered into a contract to supply aluminium tape to DOZAKL until 28 February 2010. On 11 February 2010, LLC RUSAL Foil entered into another contract with DOZAKL to supply aluminium tape to DOZAKL until 31 December 2010 at arm’s length prices tied to the price of aluminium on the LME.

The total consideration was to be paid within 20 days from delivery. The consideration was satisfied in cash via wire transfer.

The consideration for the aluminium tape supplied under this contract to DOZAKL during the year ended 31 December 2010 amounted to USD 9.53 million. Similar contracts between members of the Group and DOZAKL have been concluded in 2011 and are expected to be concluded in 2012 and 2013.

- On 6 February 2009, the Group, through RUSAL TH, entered into an agreement to supply aluminium products to Glavstroy-MOSMEK for a period until 31 December 2009. The agreement was to be automatically extended for the next calendar year unless the parties declared an intention to terminate it and each extended term would include an automatic extension clause. As at 31 December 2010 and 31 December 2009 respectively, the parties had not declared an intention to terminate the agreement and therefore tacitly consented to its extension for the next calendar year.

Under this agreement, RUSAL TH supplies aluminium at arm’s length prices determined on a monthly basis. The consideration for the aluminium supplied under this agreement to Glavstroy-MOSMEK during the year ended 31 December 2010 amounted to USD 3.11 million. 100% pre-payment was made by Glavstroy-MOSMEK.

Similar agreements are expected to be concluded for 2012 and 2013.

- On 28 January 2009, the Group, through RUSAL TH, entered into a contract to supply aluminium to Barnaultransmash for a period until 30 August 2009. RUSAL TH and Barnaultransmash did not declare their intention to terminate the contract and therefore tacitly consented to its extension for 2010 and 2011. The Company plans to terminate this contract on 31 December 2011.

Under this contract, RUSAL TH supplies aluminium at arm’s length prices determined on a monthly basis. The total consideration for the aluminium supplied under this contract to Barnaultransmash during the year ended 31 December 2010 amounted to USD 1.14 million and was prepaid in cash via wire transfer. Similar contracts are expected to be concluded between members of the Group and Barnaultransmash in 2012 and 2013.

LETTER FROM THE BOARD

- On 27 September 2010, RUSAL RESAL Limited Liability Company, a wholly-owned subsidiary of the Company, entered into a short-term agreement to supply aluminium to LLC GAZ for a period until 31 December 2010 at arm's length prices determined on a monthly basis. The agreement was to be automatically extended for another calendar year unless the parties declared their intention to terminate it. This agreement was subsequently extended for another calendar year by the parties in writing.

The total consideration for the aluminium supplied under this agreement to LLC GAZ during the year ended 31 December 2010 amounted to USD 1.64 million and was to be paid within 30 days from delivery. The consideration was satisfied in cash via wire transfer. Similar contracts are expected to be concluded between members of the Group and LLC GAZ in 2012 and 2013.

Historical transaction figures for Aluminium Sales Contracts with Mr. Deripaska's Associates

For the three years ended 31 December 2008, 31 December 2009 and 31 December 2010 and the eight months ended 31 August 2011, the aggregate consideration received under the Aluminium Sales Contracts with Mr. Deripaska's Associates was USD 332 million, USD 180 million, USD 302.26 million and USD 224 million (unaudited) respectively.

Proposed 2012/2013 Caps for Aluminium Sales Contracts with Mr. Deripaska's Associates

The Board has considered and proposes the following annual caps in respect of the Aluminium Sales Contracts with Mr. Deripaska's Associates for the years ending 31 December 2012 and 31 December 2013:

Period	Annual Cap
Year ending 31 December 2012	USD 605 million (net of VAT)
Year ending 31 December 2013	USD 690 million (net of VAT)

The Proposed 2012/2013 Caps for Aluminium Sales Contracts with Mr. Deripaska's Associates were calculated on the basis of the historical figures, changes in the quantity of aluminium supplied by the Group due to changes in global demand for aluminium relating to a volatile global macroeconomic environment and the increase in demand of the Russian purchasers. In addition, the calculation of the Proposed 2012/2013 Caps for Aluminium Sales Contracts with Mr. Deripaska's Associates also took into account the expected increase of the aluminium demand in the Russian Federation resulting in the increase of the volumes of supply, possible increase of the aluminium price at the LME in 2012 and 2013 and increase in the volumes under the long-term contracts. Also, according to the preliminary information provided by a customer of the Group (who is an associate of Mr. Deripaska), due to contemplated increase in their product line, they plan to increase the volume of production of new cars and this is expected to result in increase of demand from them.

LETTER FROM THE BOARD

Reasons for and benefits of entering into the Aluminium Sales Contracts with Mr. Deripaska's Associates

As a part of the Group's ordinary course of business and antimonopoly requirements to supply aluminium to Russian purchasers, members of the Group have entered into long-term Aluminium Sales Contracts with Mr. Deripaska's Associates in Russia. It is common for industrial concerns to enter into long-term supply contracts for raw materials to ensure that production does not become interrupted. Given that the price of the aluminium supplied under the Aluminium Sales Contracts with Mr. Deripaska's Associates is based on the market price of aluminium, the Directors are of the view that these contracts have been entered into in the usual and ordinary course of business of the Group and are in the interests of the Company and its Shareholders as a whole.

The Board (including the independent non-executive Directors) considers that the Proposed 2012/2013 Caps for Aluminium Sales Contracts with Mr. Deripaska's Associates are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

3 LISTING RULES IMPLICATIONS

Mr. Deripaska, directly and indirectly through his interest in En+, is interested in approximately 47.63% of the issued share capital of the Company as at the Latest Practicable Date.

As Mr. Deripaska is the CEO and a Director, transactions between his associates and the Group constitute connected transactions for the Company under the Listing Rules.

As En+ is a substantial shareholder of the Company, transactions between its associates and the Group constitute connected transactions for the Company under the Listing Rules.

(a) E&C Contracts

As the Existing 2011 Cap for E&C Contracts may be exceeded, the Company is required by Rule 14A.36 of the Listing Rules to re-comply with the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratio(s) (calculated in accordance with the relevant rules under the Listing Rules) with respect to the Revised 2011 Cap for E&C Contracts with En+ Associates and the Proposed 2012/2013 Caps for E&C Contracts with En+ Associates are more than 5%, these contracts will be subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(b) Aluminium Sales Contracts

As the applicable percentage ratio(s) (calculated in accordance with the relevant rules under the Listing Rules) with respect to the Proposed 2012/2013 Caps for Aluminium Sales Contracts with Mr. Deripaska's Associates are more than 5%, these contracts will be subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

(c) *Directors' material interests*

None of the Directors have a material interest in the E&C Contracts with En+ Associates and/or the Aluminium Sales Contracts with Mr. Deripaska's Associates set out above save for Mr. Deripaska who is interested in Irkutskenergo and Krasnoyarskaya HPP and is the ultimate beneficial owner of more than 50% of En+ as at the Latest Practicable Date and is therefore interested in KramZ, LLC GAZ, DOZAKL, Glavstroy-MOSMEK and Barnaultransmash.

Accordingly, Mr. Deripaska has abstained from voting on the board resolutions approving the Revised 2011 Cap for E&C Contracts with En+ Associates, the Proposed 2012/2013 Caps for E&C Contracts with En+ Associates and the Proposed 2012/2013 Caps for Aluminium Sales Contracts with Mr. Deripaska's Associates.

4 INDEPENDENT SHAREHOLDERS' APPROVAL

The Company will seek the Independent Shareholders' approval at the EGM, which is to be held on 28 October 2011, in respect of the (i) Revised 2011 Cap for the E&C Contracts with En+ Associates; (ii) Proposed 2012/2013 Caps for E&C Contracts with En+ Associates; and (iii) Proposed 2012/2013 Caps for Aluminium Sales Contracts with Mr. Deripaska's Associates ("**Proposed Resolutions**").

As at the Latest Practicable Date, Mr. Deripaska, directly and indirectly through his interest in En+, is interested in 7,236,615,267 Shares (excluding derivative interests in the Shares), representing approximately 47.63% of the issued share capital of the Company. In view of the interests of Mr. Deripaska and En+ in the Company, they and their respective associates will abstain from voting in relation to the resolutions approving each of the Proposed Resolutions.

5 GENERAL

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.

Irkutskenergo is a power generating company.

Krasnoyarskaya HPP is a hydroelectric power station.

CJSC Integrated Energy Systems is principally engaged in production and supply of power.

CJSC MAREM+ is principally engaged in sales of electricity and capacity.

Irkutskaya Electricity Company is principally engaged in electricity transmission.

Irkutskenergosbyt LLC is principally engaged in sales of electricity and capacity.

LETTER FROM THE BOARD

LLC Tradecom is principally engaged in providing agent services.

KraMZ is principally engaged in metallurgy.

LLC GAZ is principally engaged in car production.

DOZAKL is principally engaged in producing different metal products.

Glavstroy-MOSMEK is principally engaged in construction.

Barnaultransmash is principally engaged in machinery.

6 EGM

The notice convening the EGM is set out on pages 53 to 55 of this circular. The Proposed Resolutions will be proposed at the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by way of poll. Accordingly, the resolutions to be considered and, if thought fit, approved at the EGM will be voted on by way of poll by the Shareholders.

7 PROXY ARRANGEMENT

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and deposit it, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or authority, at the office of the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so desire.

8 INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

In accordance with Rule 13.39(6) of the Listing Rules, the Company appointed DBS, an independent financial adviser acceptable to the Stock Exchange, to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the Revised 2011 Cap for the E&C Contracts with En+ Associates, Proposed 2012/2013 Caps for E&C Contracts with En+ Associates and the Proposed 2012/2013 Caps for Aluminium Sales Contracts with Mr. Deripaska's Associates are fair and reasonable and whether such transactions or arrangements are in the interests of the Company and its Shareholders as a whole and to advise Shareholders on how to vote.

LETTER FROM THE BOARD

DBS is of the views that the Proposed Resolutions are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, DBS recommended that the Independent Board Committee to advise the Independent Shareholders to vote in favor of the Proposed Resolutions at the EGM.

The letter from DBS is set out in the section headed “Letter from DBS” to this circular.

In accordance with Rule 13.39(6) of the Listing Rules, the Company established the Independent Board Committee to advise the Independent Shareholders as to whether the Revised 2011 Cap for the E&C Contracts with En+ Associates, Proposed 2012/2013 Caps for E&C Contracts with En+ Associates and the Proposed 2012/2013 Caps for Aluminium Sales Contracts with Mr. Deripaska’s Associates are fair and reasonable and whether such transactions or arrangements are in the interests of the Company and the Independent Shareholders as a whole and to advise Shareholders on how to vote, taking into account the recommendation of DBS.

The letter from the Independent Board Committee is set out in the section headed “Letter from the Independent Board Committee” to this circular.

9 RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders of the Company, which is set out on page 23 of this circular, and which contains their recommendation in respect of the Proposed Resolutions.

The letter of advice from DBS to the Independent Board Committee and the Independent Shareholders setting out its views and recommendation in respect of the Proposed Resolutions is set out on pages 24 to 37 of this circular.

The Independent Board Committee, having taken into account the advice of DBS, considers that the (i) Revised 2011 Cap for E&C Contracts with En+ Associates; (ii) Proposed 2012/2013 Caps for E&C Contracts with En+ Associates and (iii) Proposed 2012/2013 Caps for Aluminium Sales Contracts with Mr. Deripaska’s Associates are fair and reasonable and are in the interests of the Company and its Shareholders as a whole. Accordingly, it recommends that the Independent Shareholders vote in favour of the Proposed Resolutions.

The Directors therefore recommend the Independent Shareholders to vote in favour of the Proposed Resolutions as set out in the notice of EGM on pages 53 to 55 of this circular.

LETTER FROM THE BOARD

10 FURTHER INFORMATION

Your attention is drawn to the appendix headed “General Information” to this circular.

Yours faithfully,
For and on behalf of the Board
Victor Vekselberg
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



UNITED COMPANY RUSAL PLC
(Incorporated under the laws of Jersey with limited liability)
(Stock Code: 486)

12 October 2011

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed as the Independent Board Committee to advise you in connection with the (i) Revised 2011 Cap for E&C Contracts with En+ Associates; (ii) Proposed 2012/2013 Caps for E&C Contracts with En+ Associates; and (iii) Proposed 2012/2013 Caps for Aluminium Sales Contracts with Mr. Deripaska's Associates, details of which are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 12 October 2011 (the "**Circular**"), of which this letter forms part. We wish to draw your attention to the letter from DBS as set out on pages 24 to 37 of the Circular. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires.

Having considered the information set out in the letter from the Board, the terms of the relevant continuing connected transactions, and the advice of DBS in relation thereto as set out on pages 24 to 37 of the Circular, we are of the view that the (i) Revised 2011 Cap for E&C Contracts with En+ Associates; (ii) Proposed 2012/2013 Caps for E&C Contracts with En+ Associates; and (iii) Proposed 2012/2013 Caps for Aluminium Sales Contracts with Mr. Deripaska's Associates are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the (i) Revised 2011 Cap for E&C Contracts with En+ Associates; (ii) Proposed 2012/2013 Caps for E&C Contracts with En+ Associates; and (iii) Proposed 2012/2013 Caps for Aluminium Sales Contracts with Mr. Deripaska's Associates.

Yours faithfully,

Independent Board Committee
United Company RUSAL Plc

Mr. Barry Cheung Chun-Yuen Dr. Peter Nigel Kenny Mr. Philip Lader Ms. Elsie Leung Oi-Sie
Independent Non-executive Directors

LETTER FROM DBS

The following is the text of the letter of advice from DBS, the independent financial advisor to the Independent Board Committee and Independent Shareholders, in relation to the continuing connected transactions, which has been prepared for the purpose of inclusion in this circular.



12 October 2011

*To the Independent Board Committee
and the Independent Shareholders*

Dear Sirs,

PROPOSAL FOR APPROVAL OF THE REVISED 2011 AND PROPOSED 2012 AND 2013 ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to (i) the revised annual cap for the year ending 31 December 2011 and the proposed annual caps for each of the two years ending 31 December 2012 and 31 December 2013 for the E&C Contracts with En+ Associates; and (ii) the proposed annual caps for each of the two years ending 31 December 2012 and 2013 for the Aluminium Sales Contracts with Mr. Deripaska's Associates (collectively, the "**Continuing Connected Transactions**"), details of which are set out in the section entitled "Letter from the Board" in the circular of the Company to its Shareholders dated 12 October 2011 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 27 September 2011, the Board made an announcement (the "**Announcement**") regarding, among other things, the Continuing Connected Transactions. As stated in the Announcement, the Company shall issue a circular to the Shareholders containing further information of the Continuing Connected Transactions and will convene an EGM for obtaining the approval from the independent shareholders of the Company (the "**Independent Shareholders**") for the conduct of the Continuing Connected Transactions.

Mr Deripaska, the Chief Executive Officer and an executive Director of the Company, directly and indirectly through his interest in En+, is interested in approximately 47.63% of the issued share capital of the Company. In addition, Mr Deripaska also indirectly controls more than 30% of each of

LETTER FROM DBS

LLC Tradecom, KraMZ, DOZAKL, LLC GAZ, Barnaultransmash and Glavstroy-MOSMEK. Each of these companies is therefore an associate of Mr. Deripaska for the purposes of the Listing Rules. As such, the Continuing Connected Transactions are subject to approval from the Independent Shareholders under the Listing Rules.

Our scope of work under this engagement is to assess whether the Continuing Connected Transactions are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Group and the Shareholders as a whole, and to advise the Independent Board Committee and the Independent Shareholders on whether the Independent Shareholders should vote in favour of the Continuing Connected Transactions at the EGM.

BASIS OF OUR OPINION

In arriving at our opinion, we have taken the relevant steps set out in Rule 13.80 of the Listing Rules. We have relied on the information, opinions and facts supplied, and representations made, to us by the Directors, advisers and representatives of the Company (including those contained or referred to in the Circular). We have also assumed that the information, opinions and facts supplied and representations contained or referred to in the Circular were true and accurate in all respects at the time they were made and continue to be so at the date of dispatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information, opinions and facts supplied and representations provided to us by the Directors, advisers and representatives of the Company (including those contained or referred to in the Circular). We have also relied on certain information available to the public and have assumed such information to be accurate and reliable, and we have not independently verified the accuracy of such information. We have been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or other prospects of the Group or its associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED - ELECTRICITY AND CAPACITY SUPPLY CONTRACTS

In arriving at our opinion with regard to the terms of the Continuing Connected Transactions in relation to the E&C Contracts with En+ Associates, we have considered the following principal factors and reasons:

1. Background

Background of the Group

The Group engages in the production of primary aluminium, alloys and value-added products with a particular focus on the production and sale of primary aluminium. In 2010, the Group maintained its position as the largest aluminium producer in the world.

LETTER FROM DBS

Background of En+

En+ is a limited liability company incorporated under the laws of Jersey. En+ is ultimately controlled by one of its beneficial owners Mr. Deripaska.

En+'s businesses are the extract of raw materials for energy production, generate electricity and produce non-ferrous metals. En+ specialises in metals that require high energy consumption and then look for synergies between its energy producing and energy consuming businesses.

E&C Contracts with En+ Associates

The revision of the 2011 annual cap

As set out on pages 305 to 308 of the Prospectus and pages 71 to 72 of the 2010 Annual Report:

- (a) prior to the date of the Prospectus, members of the Group entered into long term electricity and capacity supply contracts with, among others, associates of En+; and
- (b) members of the Group also enter into, from time to time as part of their ordinary course of business, electricity and capacity supply contracts comprising short-term and miscellaneous contracts with, among others, associates of En+.

Further details of the E&C Contracts with En+ Associates are set out below.

(a) *Long-term E&C Contracts with En+ Associates*

The Group has entered into the following long-term E&C Contracts with En+ Associates:

- on 1 December 2009, BrAZ, a subsidiary of the Company, and Irkutskenergo, a power generating company controlled by En+ as to more than 30% of its issued share capital, entered into a long-term E&C Contract pursuant to which BrAZ agreed to purchase electricity and capacity from Irkutskenergo for a period of nine years from 2010 to 2018. Fifty percent of the price under the contract must be paid before the 15th day of the month of supply and the remaining fifty percent of the price must be paid before the 25th day of the month of supply. The consideration is satisfied in cash via wire transfer. The actual monetary value of electricity and capacity purchased for the year ended 31 December 2010 under this E&C Contract was USD 130 million;
- on 15 November 2009, OJSC SUAL, a subsidiary of the Company, and Irkutskenergo entered into a long-term E&C Contract pursuant to which OJSC SUAL agreed to purchase electricity and capacity for Irkutsk aluminium smelter, a branch of OJSC SUAL, from Irkutskenergo for a period of nine years from 2010 to 2018. Fifty percent of the price under the contract must be paid before the 15th day of the month of supply

LETTER FROM DBS

and the remaining fifty percent of the price must be paid before the 25th day of the month of supply. The consideration is satisfied in cash via wire transfer. The actual monetary value of electricity and capacity purchased for the year ended 31 December 2010 under this E&C Contract was USD 76 million; and

- on 4 December 2009, KrAZ, a subsidiary of the Company, and KrAZaya HPP, a hydroelectric power station controlled by En+ as to 65.11% of its issued share capital, entered into a long-term E&C Contract pursuant to which KrAZ has agreed to purchase electricity from Krasnoyarskaya HPP for a period of eleven years from 2010 to 2020. Fifty percent of the price under the contract must be paid before the 15th day of the month of supply and the remaining fifty percent of the price must be paid before the 25th day of the month of supply. The consideration is satisfied in cash via wire transfer. The actual monetary value of electricity and capacity purchased for the year ended 31 December 2010 under this E&C Contract was USD 82 million.

The prices for long-term E&C Contracts are not regulated strictly by the Market Council and may be agreed between the parties (subject to the Rules of the Wholesale Electricity and Capacity Market (as approved by the Russian Federation Government Resolution No. 1172 dated 27 December 2010) which contain indirect instruments through which the influence is exerted on the formation of the total cost of a user's consumed electricity and capacity in connection with the existence or non-existence of non-regulated contracts concluded by such a person, and the amount of capacity supplied thereunder). The costs of electricity supplied by Irkutskenergo and Krasnoyarskaya HPP are based on a fixed formula which is tied to the market prices of electricity and the prices of aluminium quoted on LME to link electricity costs to the Group's revenue

(b) *Short-term E&C Contracts with En+ Associates*

Certain members of the Group, namely BrAZ, KrAZ, OJSC RUSAL Sayanogorsk, OJSC RUSAL Novokuznetsk and SUAL enter into, from time to time as part of their ordinary course of business, short-term E&C Contracts with duration not exceeding one year with Irkutskenergo and Krasnoyarskaya HPP, companies controlled by En+.

The electricity and capacity supplied under these short-term E&C Contracts are derived from hydro-electric power plants operated by Irkutskenergo and Krasnoyarskaya HPP in Siberia. In the first six months of the year 2010, approximately 50% of the electricity supplied by Irkutskenergo under these contracts was provided at government prescribed fixed prices, on terms determined by the Market Council and OJSC "TSA" with the remaining 50% supplied at market prices. In the second six months, the proportion was 30% and 70% respectively. With a view of further liberalisation of energy resource prices, clause 50 of the Rules of the Wholesale Electricity (Capacity) Market of the Transition Period (the "**Rules of the Transition Period**") approved by Russian Federation Government Resolution No. 643 dated 24 October 2003, defined the share of electricity from the base estimated volume of electricity (determined based on the total electricity consumption by the user in 2007), which was supplied at prices (tariffs) regulated by the government.

LETTER FROM DBS

Since 1 January 2011, the whole volume of electricity (excluding electricity supplied to residential users) is supplied at open (non-regulated) prices.

According to clause 51 of the Rules of the Transition Period, the shares of capacity sale at regulated prices (tariffs) were also determined based on the estimated capacity volume corresponding to the shares set for the sales of electricity.

In this regard, clause 51 of the Wholesale Market Rules set forth that before the commencement of capacity supply period in 2008 capacity had not been sold at open (non-regulated) prices.

Currently, according to the Wholesale Market Rules approved by the Russian Federation Government Resolution No. 1172 dated 27 December 2010, the main volume of electricity and capacity is supplied at open (non-regulated) prices.

There are exceptions to the above which require the electricity to be sold at prices or tariffs approved by the government.

The portion linked to market prices was supplied in accordance with the Regulations on Transitional Wholesale Electric Power (Capacity) Market approved by the Russian Government, the Accession Agreement (the application of which is mandatory in such situations) and related rules and regulations. Such contracts are entered into on an arm's length basis on pricing terms approved by the Market Council, an independent industry body which is responsible for making any amendments to the Accession Agreement or the market rules and regulations. The portion provided at fixed prices prescribed by the government is supplied at prices which are set by the Russian government through the Federal Service for Tariffs.

Payment under each of these contracts is made in four installments during each month and consideration is satisfied in cash via wire transfer.

In addition, members of the Group, including OJSC "Sevuralboxitruđa", "SUAL-Silicon-Ural" LLC, OJSC RUSAL SAYANAL, OJSC "Ural Foil" and OJSC "South Ural Cryolite Plant" enter into, from time to time as part of their ordinary course of business, short-term E&C Contracts with CJSC MAREM+, a company controlled by En+, for the supply of electricity and capacity purchased at the wholesale energy and capacity market. The purchase of electricity and capacity at the wholesale market is effected at a price which is determined daily (for electricity) and monthly (for capacity), based on the trading results at the wholesale market, and subject to unpredictable external fluctuations (including, without limitation, weather factors, river stream flow rates, HPP output storage, transborder cross-flow planning, provision for reserves by power generation facilities, scheduled equipment repairs, fuel price fluctuations, details of fuel regime for "endpoint" power generation facilities, economic efficiency of bids submitted by producers, technological processes of power generation facilities' equipment, and effect of state regulation on the market model). The price under these contracts is derived from

LETTER FROM DBS

the wholesale market price. Payments are effected by tentatively scheduled four installments during each month, each being 25% of the planned contracted volume of electricity and capacity while the final payment is effected in the middle of the month following the month of billing. The consideration is satisfied in cash via wire transfer.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2010 under these E&C Contracts with En+ Associates was USD 87 million for Irkutskenergo and Krasnoyarskaya HPP and nil for CJSC MAREM+.

(c) *Miscellaneous E&C Contracts with En+ Associates*

The Group has also, from time to time in its ordinary and usual course of business enters into miscellaneous electricity and capacity transmission contracts with Irkutskaya Electricity Company and energy supply contracts with Irkutskenergosbyt LLC, to furnish the electricity supply mentioned above, each being a company controlled by En+ as to more than 30% of its issued share capital as at the latest practicable date.

The consideration paid or payable under such miscellaneous electricity and capacity transmission contracts is determined by reference to the tariffs which are regulated by the Tariff Service of the Irkutsk region (an executive authority of the Irkutsk region in the sphere of government regulation of tariffs including electricity and capacity transmission tariffs) and on terms which are uniform for all consumers (tariffs are differentiated depending on voltage levels).

Under the supply services contract with Irkutskaya Electricity Company, 50% of the price under the contract must be paid before the 15th day of the month of supply and the remaining 50% percent of the price must be paid before the 25th day of the month of supply. The consideration is satisfied in cash via wire transfer.

Under the supply services contract with Irkutskenergosbyt LLC, 100% of the installed capacity and 50% of the estimated electricity shall be paid before the 15th day of the current month and the remaining 50% of the estimated electricity shall be paid before the 25th day of the current month. The difference between the cost of energy and power, determined by metering devices, and previously paid amounts shall be paid before the 10th day of the month following the billing month. The consideration is satisfied via bank transfer.

The actual monetary value of electricity and capacity transmission purchased for the year ended 31 December 2010 under these E&C Contracts with En+ Associates was USD 145 million.

2. **Reasons for the purchase of electricity and capacity**

As stated in the Letter from the Board, the electricity and capacity contracts will help secure a stable source of supply of electricity and capacity for the aluminium smelters of the Group and reduce unpredictability in price movements amidst the deregulating electricity supply market in Russia (which results in increased volatility in electricity prices). In addition, cost of electricity increases and

LETTER FROM DBS

decreases in tandem with the cost of aluminium and energy costs account for a significant portion of aluminium cost. Linking the electricity cost to the market prices of electricity and the prices of aluminium quoted on the LME also tends to reduce the effect of volatility in the market price of aluminium on the Group's margins.

3. Historical transaction figures for E&C Contracts with En+ Associates

For the three years ended 31 December 2008, 31 December 2009 and 31 December 2010, and the eight months ended 31 August 2011, the amount purchased under the E&C Contracts with En+ Associates was USD 378 million, USD 403 million, USD 520 million and USD 547 million (unaudited) respectively.

4. Revised and Proposed Caps

Revised annual caps for E&C Contracts with En+ Associates for 2011

As stated in the Letter from the Board, the Existing 2011 Cap for E&C Contracts with En+ Associates has not been exceeded as at the date of the Circular, it is expected that the amounts payable under the E&C Contracts with En+ Associates for the year ending 31 December 2011 may exceed the Existing 2011 Cap for E&C Contracts with En+ Associates.

In view of:

- (i) changes to the rules for purchase of capacity in 2011 which are mandatory for participants in the wholesale electricity supply market in Russia

The changes to the rules of purchase of electricity and capacity in 2011 are connected with the launch of the long-term capacity market. In 2010, the Rules of the Wholesale Electricity (Capacity) Market of the Transition Period (the "**Rules of the Transition Period**") approved by Russian Federation Government Resolution No. 643 dated 24 October 2003 were in force. Starting from 1 January 2011, new rules apply due to the issue of Russian Federation Government Resolution No. 1172 dated 27 December 2010 approving the new Rules of the Wholesale Electricity and Capacity Market (the "**Wholesale Market Rules**").

The Rules of the Transition Period (in latest revisions) and the Wholesale Market Rules describe new types of capacity sale contracts concluded by market participants which had not existed before: capacity supply contracts, contracts of capacity purchase and sale (supply) by new facilities at nuclear and hydro power plants, contracts with generation units the capacity of which is supplied in forced regime.

- (ii) changes to the settlement rules in the electricity market in Russia

Changes to the rules for purchase of electricity and capacity in the wholesale market mostly apply to the economic principles of capacity pricing with respect to the new capacity sales contract types and in each capacity market segment. Wholesale market segments associated with electricity sales have not undergone any significant changes.

LETTER FROM DBS

Formation of payable amount of capacity with respect to a particular contract equals to the actual peak consumption of all customers and the rate of actual capacity availability.

Pricing of the supplied capacity can be determined by the parties (with respect to non-regulated contracts) and even by competitive procedures (capacity sale according to the results of competitive capacity outage). Pricing is also formed by the resolutions of the government (the cost of capacity under capacity supply contracts, the cost of capacity supplied by generation units working in forced regime, the cost of capacity under the contracts of capacity purchase (supply) by new facilities at nuclear and hydro power plants). Pricing may as well be subject to direct interference of the regulatory authorities (Federal Antimonopoly Service, Federal Tariff Service of Russia) in market mechanisms (e.g., fixing overall level of prices for competitive capacity outage in free electricity (capacity) transfer zone with account for competitive environment evaluation).

(iii) change to the overall capacity market in Russia

The main changes to the Russian capacity market (which are set out above) refer to the emergence of new capacity trading mechanisms. With effect from 1 January 2011, the capacity sales in the wholesale electricity (capacity) market are affected by the adopted amendments to the existing regulation.

(iv) the substantial increase of the transmission tariffs in Russia

Significant growth of electricity transmission tariffs mostly depends on the fact that since 2011, the regulatory authority started to use the ROIC (return on investment capital) method when calculating the grid tariff for major grid companies (when the method of economically justified expenditures (costs) was used previously), while the tariff was set for several years and included the costs of grid companies for equipment upgrade and construction of new grid facilities with account for the payback of this activity. In connection with the abovementioned, growth of electricity and capacity transmission tariff with the Regulated Asset Base (RAB)-regulation is due to excessively high rate of growth of grid companies' investment programs together with very low rates of OPEX reduction. As a result, in 2011 the grid component in the ultimate cost of consumed energy resources has amounted up to 70% in some regions.

(v) the transactions under the provision of power contracts

The Company proposes to revise the Existing 2011 Cap for E&C Contracts with En+ Associates to USD 970 million (net of VAT and using the exchange rate at USD 1 = RUB 28.5 subject to possible change due to the fluctuations of the RUB/USD exchange rate) for E&C Contracts with En+ Associates.

LETTER FROM DBS

Proposed annual caps for E&C Contracts with En+ Associates for 2012 and 2013

The Proposed 2012/2013 Caps for E&C Contracts with En+ Associates for the years ending 31 December 2012 and 31 December 2013 are as follows:

Period	Annual Cap
Year ending 31 December 2012	USD1,261million*
Year ending 31 December 2013	USD1,385million*

* *Net of VAT and using the exchange rate at USD 1 = RUB 28.5 subject to possible change due to the fluctuations of the RUB/USD exchange rate*

As stated in the Letter from the Board, the Revised 2011 Caps for E&C Contracts with En+ Associates and the Proposed 2012/2013 Caps for E&C Contracts with En+ Associates were calculated on the basis of (i) the abovementioned historical figures, (ii) the estimated amounts resulting from the changes to the rules for purchase of capacity in the wholesale electricity supply market in Russia, (iii) the expected energy demand for the aluminium smelting processes for the years 2012 and 2013, (iv) taking into account the change of settlement rules on the electricity market of Russia, (v) changes to the overall capacity market in Russia, (vi) the substantial increase of the transmission tariffs in Russia and (vii) the transactions under the Provision of Power Contracts, using the exchange rate at USD 1 = RUB 28.5 subject to possible change due to the fluctuations of the RUB/USD exchange rate. In addition, the calculations of the Revised 2011 Caps for the E&C Contracts took into account the expected increased in volumes of electricity required by the Group and inflation. The need to secure alternative electricity supplies in case of possible industrial accidents or breakdowns at major electricity suppliers was also taken into consideration in the calculation of the Proposed 2012/2013 Caps for E&C Contracts with En+ Associates.

The electricity and capacity market rules of Russia have been changed resulting in an increase in the overall purchase price of electricity and capacity from 2011 onwards. We have reviewed the market research reports on the Russian electricity and capacity market and the result conforms with the abovementioned increase in the overall purchase price of electricity and capacity from 2011 onwards. We have been informed by the management of the Company that the Group intended to expand its aluminium smelting base in Russian Siberia. According to the plan, the Group will construct aluminium smelter in Taishet which will increase in the purchasing of electricity and capacity. We have discussed with the management of the Company and reviewed the Group's records including samples of E&C Contracts between the Group and En+ Associates and compared with the samples of electricity and capacity supply contracts between the Group and independent third parties. We have also reviewed samples of electric power delivery and acceptance certificates, and capacity delivery and acceptance certificates in relation to past transactions for the purchases of electricity and capacity between the Group and En+ Associates and compared them with past transactions for the purchases of electricity and capacity between the Group and the independent third parties. We noted that the terms of the past transactions and contracts between the Group and En+ Associates, including unit prices of the electricity and capacity, were on normal commercial terms and on terms no more favorable offered by the Group to independent third parties.

LETTER FROM DBS

Taking into account the above, the E&C Contracts with En+ Associates, we are of the view that the revised cap amount of USD970 million for the year ending 31 December 2011, and the proposed caps amounts of USD1,261 million and USD1,385 million for the years ending 31 December 2012 and 31 December 2013, respectively, are fair and reasonable.

PRINCIPAL FACTORS AND REASONS CONSIDERED - ALUMINIUM SALE CONTRACTS

In arriving at our opinion with regard to the terms of the Continuing Connected Transaction in relation to the Aluminium Sale Contracts, we have considered the following principal factors and reasons:

1. Background

Background of the associates of Mr. Deripaska

Mr. Deripaska, the Chief Executive Officer and an Executive Director of the Company, indirectly controls more than 30% of each (i) LLC Tradecom, (ii) KraMZ, (iii) DOZAKL, (iv) LLC GAZ, (v) Barnaultransmash, and (vi) Glavstroy-MOSMEK (collectively, “**Mr. Deripaska’s Associates**”).

Aluminium Sales Contracts with Mr. Deripaska’s Associates

(a) Agreements referred to in the 2009 Annual Report

- On 14 December 2006, the Group through RUSAL TH, entered into a long-term contract to supply aluminium to LLC Tradecom for a period until December 2021. Pursuant to the contract, the Group would supply aluminium to the purchaser at arm’s length prices tied to the price of aluminium on the LME. The consideration under the contract must be prepaid.

The consideration for the aluminium supplied under this contract to LLC Tradecom during the year ended 31 December 2010 amounted to USD 262.58 million.

As disclosed in the Company’s announcement dated 18 March 2011 headed “Update on Aluminium Sales Contracts - Continuing Connected Transactions”, a substitution agreement was signed by the relevant parties on 17 March 2011. Since then, KraMZ substituted LLC Tradecom as the buyer to the above long-term supply contract.

- On 28 February 2009, the Group through RUSAL TH, entered into a framework agreement with LLC GAZ pursuant to which the Group agreed to supply aluminium at arm’s length prices determined on a monthly basis until 31 December 2010. The agreement was to be automatically extended for another calendar year unless the parties declared their intention to terminate it. As at 31 December 2010, the parties had not declared an intention to terminate the agreement and therefore tacitly consented to its extension for another calendar year.

LETTER FROM DBS

For 2010, no less than 84% of the consideration was prepaid and the remaining 16% was paid within 30 business days from shipment. The consideration is satisfied in cash via wire transfer.

The consideration for the aluminium supplied under this contract to LLC GAZ during the year ended 31 December 2010 amounted to USD 22.47 million.

Similar agreements are expected to be concluded between the members of the Group and LLC GAZ or its subsidiaries or other associates of Mr. Deripaska for 2012 and 2013.

(b) *Agreements referred to in the announcements dated 18 March 2011*

- On 14 December 2006, the Group through RUSAL TH, entered into a long-term contract to supply aluminium to DOZAKL for a period until 31 December 2021 at arm's length prices tied to the price of aluminium on the LME.

The total consideration for the aluminium supplied under this contract to DOZAKL during the year ended 31 December 2010 amounted to USD 1.79 million and was to be paid within 20 days from delivery. The consideration was satisfied in cash via wire transfer.

- On 14 February 2009, LLC RUSAL Foil, a wholly-owned subsidiary of the Company, entered into a contract to supply aluminium tape to DOZAKL until 28 February 2010. On 11 February 2010, LLC RUSAL Foil entered into another contract with DOZAKL to supply aluminium tape to DOZAKL until 31 December 2010 at arm's length prices tied to the price of aluminium on the LME.

The total consideration was to be paid within 20 days from delivery. The consideration was satisfied in cash via wire transfer.

The consideration for the aluminium tape supplied under this contract to DOZAKL during the year ended 31 December 2010 amounted to USD 9.53 million. Similar contracts between members of the Group and DOZAKL have been concluded in 2011 and are expected to be concluded in 2012 and 2013.

- On 6 February 2009, the Group through RUSAL TH, entered into an agreement to supply aluminium products to Glavstroy-MOSMEK for a period until 31 December 2009. The agreement was to be automatically extended for the next calendar year unless the parties declared an intention to terminate it and each extended term would include an automatic extension clause. As at 31 December 2010 and 31 December 2009 respectively, the parties had not declared an intention to terminate the agreement and therefore tacitly consented to its extension for the next calendar year.

LETTER FROM DBS

Under this agreement, RUSAL TH supplies aluminium at arm's length prices determined on a monthly basis. The consideration for the aluminium supplied under this agreement to Glavstroy-MOSMEK during the year ended 31 December 2010 amounted to USD 3.11 million. 100% pre-payment was made by Glavstroy-MOSMEK.

Similar agreements are expected to be concluded for 2012 and 2013.

- On 28 January 2009, the Group through RUSAL TH, entered into a contract to supply aluminium to Barnaultransmash for a period until 30 August 2009. RUSAL TH and Barnaultransmash did not declare their intention to terminate the contract and therefore tacitly consented to its extension for 2010 and 2011.

Under this contract, RUSAL TH supplies aluminium at arm's length prices determined on a monthly basis. The total consideration for the aluminium supplied under this contract to Barnaultransmash during the year ended 31 December 2010 amounted to USD 1.14 million and was prepaid in cash via wire transfer. Similar contracts are expected to be concluded between members of the Group and Barnaultransmash in 2012 and 2013.

- On 27 September 2010, RUSAL RESAL Limited Liability Company, a wholly-owned subsidiary of the Company, entered into a short-term agreement to supply aluminium to LLC GAZ for a period until 31 December 2010 at arm's length prices determined on a monthly basis. The agreement was to be automatically extended for another calendar year unless the parties declared their intention to terminate it. This agreement was subsequently extended for another calendar year by the parties in writing.

The total consideration for the aluminium supplied under this agreement to LLC GAZ during the year ended 31 December 2010 amounted to USD 1.64 million and was to be paid within 30 days from delivery. The consideration was satisfied in cash via wire transfer. Similar contracts are expected to be concluded between members of the Group and LLC GAZ in 2012 and 2013.

2. Historical transaction figures for Aluminium Sales Contracts with Mr. Deripaska's Associates

For the three years ended 31 December 2008, 31 December 2009 and 31 December 2010, and eight months ended 31 August 2011, the aggregate consideration received under the Aluminium Sales Contracts with Mr. Deripaska's Associates was USD 332 million, USD 180 million, USD 302.26 million and USD 224 million (unaudited) respectively.

3. Reasons for the Supply of Aluminium

As stated in the Letter from the Board, as a part of the Group's ordinary course of business and antimonopoly requirements to supply aluminium to Russian purchasers, members of the Group have entered into long-term Aluminium Sales Contracts in Russia (including the long-term Aluminium Sales Contracts with Mr. Deripaska's Associates). It is common for industrial concerns to enter into

LETTER FROM DBS

long-term supply contracts for raw materials to ensure that production does not become interrupted. Given that the price of the aluminium supplied under these Aluminium Sales Contracts with Mr. Deripaska's Associates is based on the market price of aluminium, the Directors are of the view that these contracts have been entered into in the usual and ordinary course of business of the Group and are in the interests of the Company and its shareholders as a whole.

4. **Proposed annual caps for Aluminium Sales Contracts with Mr. Deripaska's Associates for 2012 and 2013**

The following are the annual caps in respect of the Aluminium Sales Contracts with Mr. Deripaska's Associates for the years ending 31 December 2012 and 31 December 2013:

Period	Annual Cap
Year ending 31 December 2012	USD 605 million (net of VAT)
Year ending 31 December 2013	USD 690 million (net of VAT)

As stated in the Letter from the Board, the Proposed 2012/2013 Caps for Aluminium Sales Contracts with Mr. Deripaska's Associates were calculated on the basis of the historical figures, changes in the quantity of aluminium supplied by the Group due to changes in global demand for aluminium relating to a volatile global macroeconomic environment and the increase in demand of the Russian purchasers, and the contemplated increase in the demand of aluminium by an associate of Mr. Deripaska.

We have reviewed market research reports on the global aluminium market and the forecast of aluminium sales to Mr. Deripaska's Associates. We have also discussed with the management of the Company and reviewed the Group's records including samples of aluminium sales contracts between the Group and Mr. Deripaska's Associates and compared with the samples of aluminium sales contracts between the Group and independent third parties. We have also reviewed samples of sales invoices in relation to past transactions for the sales of aluminium between the Group and Mr. Deripaska's Associates and compared them with past transactions for sales of aluminium between the Group and the independent third parties. We noted that the terms of the past transactions between the Group and Mr. Deripaska's Associates were on normal commercial terms and on terms no more favorable than those offered by the Group to independent third parties.

Taking into consideration of (i) the benefits of entering into the Aluminium Sales Contracts with Mr. Deripaska's Associates as mentioned in the paragraph entitled "Reasons for the Supply of Aluminium" above, (ii) the Aluminium Sales Contracts with Mr. Deripaska's Associates were entered into in the ordinary and usual course of business of the Group, and on normal commercial terms (on arm's length basis or on terms no less favorable to the Company than terms available to independent third parties); we consider the proposed cap amount of USD 605 million and USD 690 million in 2012 and 2013 respectively are fair and reasonable.

LETTER FROM DBS

OPINION

Taking into consideration the above principal factors and reasons, we are of the opinion that the Continuing Connected Transactions are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to advise the Independent Shareholders to vote in favor of the Continuing Connected Transactions at the EGM.

Yours faithfully,
For and on behalf of
DBS ASIA CAPITAL LIMITED
Stephen Ho
Chief Executive Officer

1 RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2 DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and Chief Executive Officer in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and Chief Executive Officer are taken or deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise required to be notified by the Directors to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules were as set out below:

Interests in Shares

Name of Director/ Chief Executive Officer	Capacity	Number of Shares as at the Latest Practicable Date	Percentage of
			issued share capital as at the Latest Practicable Date
Mr. Deripaska	Beneficiary of a trust (<i>Note 1</i>)	7,202,910,267(L)	47.41%
	Beneficial Owner	33,705,000(L)	0.22%
	Total	7,236,615,267(L)	47.63%
Mr. Vekselberg	Beneficiary of a trust (<i>Note 2</i>)	3,710,590,137(L)	24.42%
Artem Volynets	Beneficial Owner	2,807,917(L)	0.02%
Vera Kurochkina	Beneficial Owner	215,993(L)	0.001%
Tatiana Soina	Beneficial Owner	172,794(L)	0.001%

(L) Long position

Notes - see notes to the next table

Interests in the shares of associated corporations of the Company

As at the Latest Practicable Date, Mr. Deripaska, the Chief Executive Officer and an executive Director of UC RUSAL, had disclosed interests in the shares of a number of associated corporations (within the meaning of Part XV of the SFO) of UC RUSAL, the details of which are set out in the “Disclosure of Interests” section on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk.

Interests and short positions in underlying Shares of the associated corporations of the Company

Name of Director/ Chief Executive Officer	Capacity	Number of Shares as at the Latest Practicable Date <i>(Note 3)</i>	Percentage of issued share capital as at the Latest Practicable Date
Mr. Deripaska	Beneficiary of a trust <i>(Note 1)</i>	3,066,435,341 (L)	20.18%
Mr. Vekselberg	Beneficiary of a trust <i>(Note 2)</i>	354,230,862 (S)	2.33%

(L) Long position

(S) Short position

Note 1 - These interests were directly held by En+. Based on the information provided by Mr. Deripaska, Mr. Deripaska was the founder, trustee and a beneficiary of a discretionary trust which, as at the Latest Practicable Date, held 100% of the share capital of Fidelitas Investments Ltd., which, as at the Latest Practicable Date, held 100% of the share capital of B-Finance Ltd. As at the Latest Practicable Date, B-Finance Ltd. held 70.35% of the share capital of En+. Each of B-Finance Ltd., Fidelitas Investments Ltd, and Mr. Deripaska were deemed to be interested in the Shares and underlying Shares held by En+ by virtue of the SFO as at the Latest Practicable Date.

Note 2 - These interests and short positions were directly held by SUAL Partners. SUAL Partners is controlled as to 35.84% by Renova Metals and Mining Limited, which is in turn wholly-owned by Renova Holding Limited. Renova Holding Limited is controlled by TZ Columbus Services Limited as to 100% under a trust and TZ Columbus Services Limited acts a trustee of the trust and is, in turn, wholly-owned by TCO Holdings Inc. Mr. Vekselberg is the sole beneficiary of the relevant trust. Each of Renova Metals and Mining Limited, Renova Holding Limited, TZ Columbus Services Limited, TCO Holdings Inc. and Mr. Vekselberg is deemed to be interested in the Shares and underlying Shares held by SUAL Partners by virtue of the SFO.

Note 3 - These underlying Shares are unlisted physically settled options.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and Chief Executive Officer was interested in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and Chief Executive Officer are taken or

deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise required to be notified by the Directors to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules.

3 SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as the Directors are aware, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO and of article L.233-7 of the French commercial code:

Interests and short positions in Shares

Name of Shareholder	Capacity	Number of Shares held	Percentage of issued share capital as the Latest Practicable Date
Mr. Deripaska	Beneficiary of a trust (<i>Note 1</i>)	7,202,910,267(L)	47.41%
	Beneficial owner	33,705,000(L)	0.22%
	Total	7,236,615,267(L)	47.63%
Fidelitas Investments Ltd. (<i>Note 1</i>)	Interest of controlled corporation	7,202,910,267(L)	47.41%
B-Finance Ltd. (<i>Note 1</i>)	Interest of controlled corporation	7,202,910,267(L)	47.41%
En+ (<i>Note 1</i>)	Beneficial Owner	7,202,910,267(L)	47.41%
Mr. Vekselberg (<i>Note 2</i>)	Beneficiary of a trust	3,710,590,137(L)	24.42%
TCO Holdings Inc. (<i>Note 2</i>)	Interest of controlled corporation	3,710,590,137(L)	24.42%
TZ Columbus Services Limited (<i>Note 2</i>)	Trustee (other than a bare trustee)	3,710,590,137(L)	24.42%
Renova Holding Limited (<i>Note 2</i>)	Interest of controlled corporation	3,710,590,137(L)	24.42%

Name of Shareholder	Capacity	Number of Shares held	Percentage of issued share capital as the Latest Practicable Date
Renova Metals and Mining Limited (Note 2)	Interest of controlled corporation	3,710,590,137(L)	24.42%
SUAL Partners (Note 2)	Beneficial Owner	2,400,970,089(L)	15.80%
	Other	1,309,620,048(L)	8.62%
	Total	3,710,590,137(L)	24.42%
Mikhail Prokhorov (Note 3)	Interest of controlled corporation	2,586,499,596(L)	17.02%
Onexim Group Limited (Note 3)	Interest of controlled corporation	2,586,499,596(L)	17.02%
Onexim Holdings Limited (Note 3)	Beneficial owner	2,586,499,596(L)	17.02%
Glencore Holding AG (Note 4)	Interest of controlled corporation	1,328,988,048(L)	8.75%
Glencore International AG (Note 4)	Interest of controlled corporation	1,328,988,048 (L)	8.75%
Glencore Group Funding Limited (Note 4)	Interest of controlled corporation	1,328,988,048 (L)	8.75%
Glencore Finance (Bermuda) Ltd (Note 4)	Interest of controlled corporation	1,328,988,048 (L)	8.75%
Amokenga Holdings (Note 4)	Beneficial owner	1,328,988,048 (L)	8.75%
State Corporation “Bank for Development and Foreign Economic Affairs (Vnesheconombank)”	Person having a security interest in Shares	759,650,744(L)	5.00%
	Beneficial owner	477,090,000(L)	3.14%
	Total	1,236,740,744(L)	8.14%

Interests and short positions in underlying Shares

Name of Shareholder	Capacity	Number of underlying Shares as at the Latest Practicable Date (Note 5)	Percentage of
			issued share capital as at the Latest Practicable Date
Mr. Deripaska (Note 1)	Beneficiary of a trust	3,066,435,341(L)	20.18%
Fidelitas Investments Ltd. (Note 1)	Interest of controlled corporation	3,066,435,341 (L)	20.18%
B-Finance Ltd. (Note 1)	Interest of controlled corporation	3,066,435,341 (L)	20.18%
En+ (Note 1)	Beneficial owner	3,066,435,341 (L)	20.18%
Mr. Vekselberg (Note 2)	Beneficiary of a trust	354,230,862(S)	2.33%
TCO Holdings Inc. (Note 2)	Interest of controlled corporation	354,230,862(S)	2.33%
TZ Columbus Services Limited (Note 2)	Trustee (other than a bare trustee)	354,230,862(S)	2.33%
Renova Holding Limited (Note 2)	Interest of controlled corporation	354,230,862(S)	2.33%
Renova Metals and Mining Limited (Note 2)	Interest of controlled corporation	354,230,862(S)	2.33%
SUAL Partners (Note 2)	Beneficial owner	354,230,862(S)	2.33%
Glencore Holding AG (Note 4)	Interest of controlled corporation	41,807,668(L) 1,309,620,048(S)	0.28% 8.62%
Glencore International AG (Note 4)	Interest of controlled corporation	41,807,668(L) 1,309,620,048(S)	0.28% 8.62%
Glencore Group Funding Limited (Note 4)	Interest of controlled corporation	41,807,668(L) 1,309,620,048(S)	0.28% 8.62%
Glencore Finance (Bermuda) Ltd (Note 4)	Interest of controlled corporation	41,807,668(L) 1,309,620,048(S)	0.28% 8.62%
Amokenga Holdings (Note 4)	Beneficial owner	41,807,668(L) 1,309,620,048(S)	0.28% 8.62%

(L) Long position

(S) Short position

Note 1 - These interests were directly held by En+. Based on the information provided by Mr. Deripaska, Mr. Deripaska was the founder, trustee and a beneficiary of a discretionary trust which, as at the Latest Practicable Date, held 100% of the share capital of Fidelitas Investments Ltd., which, as at the Latest Practicable Date, held 100%

of the share capital of B-Finance Ltd. As at the Latest Practicable Date, B-Finance Ltd. held 70.35% of the share capital of En+. Each of B-Finance Ltd., Fidelitas Investments Ltd, and Mr. Deripaska were deemed to be interested in the Shares and underlying Shares held by En+ by virtue of the SFO as the Latest Practicable Date.

Note 2 - These interests and short positions were directly held by SUAL Partners. SUAL Partners is controlled as to 35.84% by Renova Metals and Mining Limited, which is in turn wholly-owned by Renova Holding Limited. Renova Holding Limited is controlled by TZ Columbus Services Limited as to 100% under a trust and TZ Columbus Services Limited acts a trustee of the trust and is, in turn, wholly-owned by TCO Holdings Inc. Mr. Vekselberg is the sole beneficiary of the relevant trust. Each of Renova Metals and Mining Limited, Renova Holding Limited, TZ Columbus Services Limited, TCO Holdings Inc. and Mr. Vekselberg is deemed to be interested in the Shares and underlying Shares held by SUAL Partners by virtue of the SFO.

Note 3 - These interests were directly held by Onexim. Onexim is wholly-owned by Onexim Group Limited, which is beneficially owned by Mikhail Prokhorov. Each of Onexim Group Limited and Mikhail Prokhorov is deemed to be interested in the Shares held by Onexim.

Note 4 - Amokenga Holdings is wholly-owned by Glencore Finance (Bermuda) Ltd. which is, in turn, wholly-owned by Glencore Group Funding Limited. Glencore Group Funding Limited is wholly-owned by Glencore, which is controlled by Glencore Holding AG as to 85%. In light of the fact that Glencore Holding AG, Glencore, Glencore Group Funding Limited and Glencore Finance (Bermuda) Ltd. (together, the "Glencore Entities") directly or indirectly control one-third or more of the voting rights in the shareholders' meetings of Amokenga Holdings, in accordance with the SFO, the interest of Amokenga Holdings are deemed to be, and have therefore been included in the interests of the Glencore Entities.

Note 5 - These underlying Shares represent physically settled unlisted derivatives.

Save as disclosed above, the Directors and Chief Executive Officer of the Company are not aware that there is any party who, as at the Latest Practicable Date, had an interest or a short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept under Section 336 of the SFO and of article L.233-7 of the French commercial code:

4 PROFESSIONAL QUALIFICATIONS AND CONSENTS

The following are the qualifications of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualifications
DBS	A corporation licensed to carry out type 1 (dealings in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

- (a) As at the Latest Practicable Date, DBS had not had any beneficial interest in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the

Group and did not have any interest, either directly or indirectly, in any assets which had been, since 31 December 2010, being the date of the latest published audited accounts of the Company, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

- (b) DBS has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its opinion and letter, as the case may be, and the reference to its name included herein in the form and context in which it appears.
- (c) The letter and recommendation given by DBS are given as of the date of this circular for incorporation herein.

5 MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading positions of the Company since 31 December 2010, being the date of the latest published audited financial statement of the Company.

6 SERVICE CONTRACTS

As at the Latest Practicable Date, no Director has entered into any service contract with any member of the Group which is not terminable within one year without payment of compensation (other than statutory compensation).

7 DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The following Directors are interested in and/or are directors of the respective companies, being businesses which compete or are likely to compete, either directly or indirectly with the Company: Mr. Deripaska, Mr. Artem Volynets and Mr. Vladislav Soloviev (En+); Mr. Vekselberg and Mr. Len Blavatnik (SUAL Partners); and Mr. Ivan Glasenberg (Glencore). The summary below provides a description of these businesses as well as facts demonstrating that the Company is capable of carrying on its own business independently of and at arm's length from these businesses.

Please note, in considering whether the Board and senior management of the Company are independent from the senior management of each of En+, SUAL Partners and Glencore, the Directors have taken into account the following general reasons, as well as the specific reasons applicable to each of En+, SUAL Partners and Glencore:

- the Board consists of eighteen Directors, comprising six executive Directors, eight non-executive Directors and four independent non-executive Directors;
- the decision-making mechanism of the Board set out in the articles of association of the Company provides that in the event of a conflict of interest or duty, all Directors with a conflicting interest shall abstain from voting when a conflicted resolution is to be discussed and voted on;

- the Board has four independent non-executive Directors with extensive corporate governance and financial experience and is able to review, enhance and implement measures to manage any conflict of interests between En+ and the Group in order to protect minority shareholders' interests and to manage the affairs of the Group independently of En+. The independent non-executive Directors make recommendations on the entering into connected transactions by the Company; and
- all connected transactions which are subject to reporting and announcement requirements under the Listing Rules have to be reviewed by the Audit Committee before they are approved by the Board.

In respect of each specific relevant business:

(a) **En+**

En+ is a limited liability company incorporated under the laws of Jersey with its registered office at Ogier House, The Esplanade, St. Helier, Jersey, JE4 9WG, Channel Islands. En+ is ultimately controlled by one of its beneficial owners Mr. Oleg Deripaska, who indirectly holds 91% of the shares in En+. En+'s strategy is to develop a diversified portfolio of mining and energy businesses targeting the fast-growing Asian markets. Besides aluminium production (the Group) and power generation (EuroSibEnergO plc), En+ has operations and projects in other non-ferrous metals, iron ore, ferroalloys, coal, as well as a logistics platform serving its bulk commodity businesses.

Independence from En+

Having considered all relevant factors, including the following, the Directors are satisfied that the Group can conduct its business independently of En+:

- ***Independence of the Board and the Group's Senior Management from the Senior Management of En+***

The Board currently comprises a majority of non-executive Directors due to a historical arrangement between En+, SUAL Partners, Glencore International AG and Onexim Holdings Limited, pursuant to which they are each entitled to nominate a certain number of candidates for appointment as Directors. As at the Latest Practicable Date, nine of the Directors were nominated by En+ and three of such Directors were also directors of En+. The majority of the overlapping Directors as at the date of this report, namely Messrs. Deripaska and Soloviev, were executive Directors (with Mr. Volynets being the only non-executive Director) and all held non-executive directorships in En+, apart from Mr. Volynets who was an executive director of En+. All have been elected on the basis of their qualifications and breadth of experience, as set out in more detail in the "Profiles of Directors and Senior Management" section in the 2010 Annual Report. The Company's non-executive Directors attend Board meetings and provide guidance to and decide on the Company's important matters. Certain of the non-executive Directors also sit on the committees of the Board and are responsible for the matters related to such committees.

For the general reasons stated above, the Directors are of the view that the Group is able to operate independently from En+ notwithstanding that nine Directors are nominated by En+ and the CEO, the First Deputy Chief Executive Officer and one other Director are also directors of En+ and also because the Group's day-to-day operations are managed by six executive Directors, each of whom is nominated by En+, together with the Group's senior management team. All non-Board members of the senior management are independent of and not connected with En+. Mr. Deripaska devotes approximately 80% of his time to the Group.

Based on the above, the Board is satisfied that the Board as a whole, and the senior management team are able to perform their managerial role in the Group independently.

- ***Operational Independence***

The Group has full control of its assets and its businesses, and operates as a business group which is separate from and fully independent of En+.

The Group has, as disclosed under the section entitled "Connected Transactions" of the 2010 Annual Report, entered into contracts with companies controlled by Mr. Deripaska for the purchase of electricity, and may continue to do so in the future.

As aluminium production is energy intensive, access to relatively inexpensive Siberian hydropower is central to the competitive strategy of the Group. However, notwithstanding the volume of such purchases from companies owned and controlled by Mr. Deripaska, and the importance of electricity cost to the production activities of the Group, the Company does not consider that it is, as a consequence, overly reliant on Mr. Deripaska for the following reasons:

- the Group has access to alternative sources of electricity as the Group's Russian smelters are connected to the Russian power grid, meaning that electricity supplies can be obtained from various power plants, all of which are also connected to the grid. These supplies are available to the Group at market prices;
- none of the contracts is in take-or-pay format;
- the Group is currently a very large volume user with significant negotiating power in the Russian power market. Based on past consumption patterns, it is expected that for the year ending 31 December 2011, the Group will consume approximately 28% of the power generated in Siberia; and
- the power plants owned or controlled by Mr. Deripaska are located in remote regions where there are a limited number of large volume users located in proximity to such plants. Sales to distant users would involve significant transmission losses and, because Siberia is a surplus energy producer, the result is that these plants are more reliant on the customer than vice versa.

- *Financial Independence*

The Group's financial auditing system is independent from En+ and employs a sufficient number of dedicated financial accounting personnel responsible for financial auditing of the Group's accounts. The Company has independent bank accounts and independent tax registration.

The Group's treasury operations are handled by the Company's Treasury Department, whose functions include financing, treasury and cash management and which operates independently from En+ and shares no functions or resources with En+.

The Group's choice of financial institutions is mainly based on the credit standing of the institutions and the terms offered by them.

As at the year end of 2010, En+ had not provided any security and/or guarantee over the Group's borrowings save that it, together with Onexim, SUAL Partners and Amokenga Holdings Limited ("**Amokenga Holdings**") (an indirect subsidiary of Glencore) proportionately to their holdings of Shares, has provided a pledge over 5% of the Shares in favour of VEB as more fully described in section 17 (Share Pledges) of the 2010 Annual Report.

As a result of the above analysis, the Directors believe that the Group is able to maintain financial independence from En+.

Extent of Competition

The only En+ businesses which compete with or are likely to compete with the Group's business, either directly or indirectly, are those excluded businesses described below. However, by reason of the nature of such excluded businesses and the clear delineation between the Group's business and such excluded business, the Group is fully capable of carrying on its business independently of and at arm's length from such excluded business.

There is no real competitive threat to the Group's business from the excluded business and there is no intention for the Company to acquire such excluded business.

Mr. Deripaska owns CEAC (which operates an aluminium smelter in Montenegro called KAP and a bauxite mine called Rudnic Boxita Niksic which supplies raw material for the smelter). KAP manufactures a wide range of aluminium alloys. CEAC employs more than 1,700 people and produces 80,000 tonnes of aluminium annually. KAP's main suppliers are the electricity company of Montenegro, the Port of Bar, Montenegro Railways and bauxite mines. KAP's largest customers are aluminium traders (KAP sells most of its aluminium into the market at LME based prices).

Mr. Deripaska also owns the KraMZ group of companies. The KraMZ plant was opened in the 1960s and currently employs in excess of 3,200 individuals. In 2010 the KraMZ plant produced approximately 128,000 tonnes of semi-finished aluminium alloys. Most of the KraMZ plant's raw materials (principally aluminium) are purchased from companies within the Group (primarily KrAZ). KraMZ's main customers are industrial customers located within Russia and abroad that purchase aluminium rods, profiles, tubes and cast aluminium alloys.

In addition, Mr. Deripaska is a beneficial owner of DOZAKL, one of Russia's manufacturers of aluminium composite tape. The DOZAKL plant was established in 1972 and currently employs more than 340 individuals. It manufactures composite aluminium tape (Lamister, Alumopolyethylene), anodised sheet and strip for composite panels, strip for soft food cans and aluminium strips for lamplight reflectors and lath ceilings in Russia and the CIS. DOZAKL purchases most of its raw materials (principally aluminium coil) from the Group's foil mills and on market. DOZAKL's main customers are industrial customers located within Russia and the CIS.

KraMZ and DOZAKL are focused on the downstream market for aluminium products, and not the upstream market on which the Group has taken a strategic decision to focus. As a result, a decision was taken not to include them in the Group at the time of the 2007 merger that formed the Group because they do not fit the Group's strategic profile, which is to focus on more profitable upstream businesses. CEAC is a geographically isolated producer of aluminium and would not be of interest to the Group due to its relatively high cost structure and certain privatisation obligations.

The Company does not consider the above operations to pose any real competitive threat due to their small size, limited geographical reach and focus on the downstream segment, which is not part of the Company's business strategy.

(b) SUAL Partners

SUAL Partners is a limited liability company incorporated under the laws of the Bahamas whose registered office is at 2nd Terrace West, Centreville, Nassau, Commonwealth of the Bahamas. SUAL Partners is beneficially owned by a number of individuals, with Mr. Victor Vekselberg and Mr. Len Blavatnik together being the controlling shareholders of SUAL Partners. SUAL Partners is a holding company that holds interests in the Company and a separate kitchenware and houseware business.

The Group has, as disclosed under the section entitled "Connected Transactions" of the 2010 Annual Report, entered into contracts with companies controlled by SUAL Partners for aluminium sales, and may continue to do so in the future. These aluminium sales contracts have been entered into as part of the ordinary course of business and pursuant to antimonopoly requirements to supply aluminium to Russian producers.

Independence from SUAL Partners

Having considered all relevant factors, including the following, the Group is satisfied that it can conduct its business independently of SUAL Partners:

- ***Independence of the Board and the Group's Senior Management from the Senior Management of SUAL Partners***

For the general reasons stated above, the Directors are of the view that the Group is able to operate independently from SUAL Partners notwithstanding that two Directors are also directors of SUAL Partners because the Group's day-to-day operations are managed by six executive Directors who are independent of and not connected with SUAL Partners and the senior management team, who are all independent of and not connected with SUAL Partners.

Based on the above, the Board is satisfied that the Board as a whole, together with the senior management team, are able to perform their managerial role in the Group independently.

- ***Operational Independence***

The Group has full control of its assets and its businesses, and operates as a business group which is separate from and fully independent of SUAL Partners.

- ***Financial Independence***

The Group's financial auditing system is independent from SUAL Partners and employs a sufficient number of dedicated financial accounting personnel responsible for financial auditing of the Group's accounts. The Company has independent bank accounts and independent tax registration.

The Group's treasury operations are handled by the Company's Treasury Department, whose functions include financing, treasury and cash management and which operates independently from SUAL Partners and shares no functions or resources with SUAL Partners.

The Group's choice of financial institutions is mainly based on the credit standing of the institutions and the terms offered by them.

As at the year end of 2010, SUAL Partners had not provided any security and/or guarantee over the Group's borrowings save that it, together with Onexim, En+ and Glencore proportionately to their holdings of Shares, has provided a pledge over 5% of the Shares in favour of VEB as more fully described in section 17 (Share Pledges) of the 2010 Annual Report.

As a result of the above analysis, the Directors believe that the Group is financially independent from SUAL Partners.

Extent of Competition

The Board is of the opinion that SUAL Partners is not a competitor of the Company.

(c) **Glencore**

Amokenga Holdings is a company incorporated in Bermuda whose registered office is at 22 Victoria Street, Canon's Court, Hamilton, HM12, Bermuda. Amokenga Holdings is ultimately controlled by Glencore, which is listed on the London Stock Exchange and the Stock Exchange in Hong Kong. Glencore directly or indirectly employs over 2,700 people worldwide in its marketing operations in some 50 offices in over 40 countries. In its industrial operations it directly or indirectly employs over 54,800 people in 30 countries.

Mr. Glasenberg is a shareholder, director and chief executive officer of Glencore, whose principal business is the production and trading of commodities including aluminium. Mr. Glasenberg is a non-executive Director of the Company and is also a member of the Corporate Governance and Nominations Committee and the Standing Committee. As he is not an executive Director, he does not participate in the day-to-day management of the Company, and accordingly is not involved in the daily operations of the aluminium trading division and so does not have access to confidential contracts entered into by that division. Notwithstanding that his role on the Board as a non-executive Director does not require his involvement in the day-to-day management of the Company, this does not preclude Mr. Glasenberg from fulfilling his fiduciary duties. In case Mr. Glasenberg has a conflicting interest, pursuant to the articles of association of the Company, he shall abstain from voting at Board meetings when a conflicted resolution is to be discussed and voted on, subject to certain exceptions.

When the Group acquired certain of the alumina businesses of Glencore in late March 2007, it became subject to a contract for the supply of alumina to Glencore International AG that continued through 2008, in declining amounts. The Group sold to Glencore International AG approximately 42% and 40% of its excess alumina in monetary terms in 2009 and 2010 respectively. The Company also has long term supply contracts with Glencore for alumina and primary aluminium, and Glencore was the Group's largest customer of alumina and primary aluminium in the financial year, accounting for approximately 45% of the Group's sales of primary aluminium.

Independence from Glencore

Having considered all relevant factors, including the following, the Group is satisfied that it can conduct its business independently of Glencore:

- ***Independence of the Board and the Group's Senior Management from the Senior Management of Glencore***

For the general reasons stated above, the Directors are of the view that the Group is able to operate independently from Glencore notwithstanding that one Director is also a director of Glencore because the Group's day-to-day operations are managed by six executive Directors and the senior management team who are independent of and not connected with Glencore.

Based on the above, the Board is satisfied that the Board as a whole, together with the senior management team, are able to perform their managerial role in the Group independently.

- ***Operational Independence***

The Group has full control of its assets and its businesses, and operates as a business group which is separate from and fully independent of Glencore.

- ***Financial Independence***

The Group's financial auditing system is independent from Glencore and employs a sufficient number of dedicated financial accounting personnel responsible for financial auditing of the Group's accounts. The Company has independent bank accounts and independent tax registration.

The Group's treasury operations are handled by the Company's Treasury Department, whose functions include financing, treasury and cash management and which operates independently from Glencore and shares no functions or resources with Glencore.

As at the year end of 2010, Glencore had not provided any security and/or guarantee over the Group's borrowings save that Amokenga Holdings, together with Onexim, En+ and SUAL Partners proportionately to their holdings of Shares, has provided a pledge over 5% of the Shares in favour of VEB as more fully described in section 17 (Share Pledges) of the 2010 Annual Report.

As a result of the above analysis, the Directors believe that the Group is financially independent from Glencore.

Extent of Competition

Glencore and its subsidiaries are involved in the production of primary aluminium. Glencore and its subsidiaries also participate in the marketing of both aluminium and alumina from world markets as well as from its owned industrial assets. Glencore's subsidiaries own 100% of the Columbia Falls aluminium smelter, 100% of the Sherwin alumina refinery and have an interest of 44% of Century Aluminium Company, a NASDAQ-quoted company whose assets include: the Ravenswood aluminium smelter, a 49.7% equity interest in the Mt. Holly aluminium smelter, a 100% equity interest in the Hawesville aluminium smelter and a 100% equity interest in the Nordural aluminium smelter.

Consequently, Glencore competes with the Group as an aluminium producer. Glencore, in its business of production and trading, is also a customer of the Group and an aluminium producer.

8 DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have, since 31 December 2010, being the date of latest published audited accounts of the Group, been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

9 DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sections headed "Connected Transactions" and "Directors' interests in businesses that may compete with the Company" of the 2010 Annual Report, as at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at such date which is significant in relation to the business of the Group taken as a whole.

10 GENERAL

- (a) The registered office of the Company and the principal place of share register are situated at Ogier House, The Esplanade, St Helier, Jersey, JE4 9WG.

- (b) The Company's Hong Kong branch share registrar is Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text in the case of any inconsistency.

11 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on Monday to Friday (other than public holidays) at the offices of our place of business in Hong Kong at 11th Floor, Central Tower, 28 Queen's Road Central, Central, Hong Kong from the date of this circular up to and including 26 October 2011:

- (a) the Aluminium Sales Contracts with Mr. Deripaska's Associates;
- (b) the E&C Contracts with En+ Associates;
- (c) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 23 of this circular;
- (d) the letter issued by DBS, the text of which is set out on pages 24 to 37 of this circular; and
- (e) the written consent of the Independent Financial Adviser referred to in paragraph 4(b) above.

NOTICE OF EXTRAORDINARY GENERAL MEETING



UNITED COMPANY RUSAL PLC
(Incorporated under the laws of Jersey with limited liability)
(Stock Code: 486)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of United Company RUSAL Plc (the “**Company**”) will be held at Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong on 28 October 2011 at 1:00 pm (Hong Kong time) for the purposes of considering and, if thought fit, passing, with or without modification, the following resolutions as ordinary resolutions of the Company:-

ORDINARY RESOLUTIONS

- 1 THAT the revised annual cap in relation to the E&C Contracts with En+ Associates (as defined in the circular of the Company dated 12 October 2011) for the year ending 31 December 2011 be and is hereby approved and confirmed as USD970 million (net of VAT and using the exchange rate at USD 1 = RUB 28.5 subject to possible change due to the fluctuations of the RUB/USD exchange rate);
- 2 THAT the annual cap in relation to the E&C Contracts with En+ Associates (as defined in the circular of the Company dated 12 October 2011) for the year ending 31 December 2012 be and is hereby approved and confirmed as USD 1,261 million (net of VAT and using the exchange rate at USD 1 = RUB 28.5 subject to possible change due to the fluctuations of the RUB/USD exchange rate);
- 3 THAT the annual cap in relation to the E&C Contracts with En+ Associates (as defined in the circular of the Company dated 12 October 2011) for the year ending 31 December 2013 be and is hereby approved and confirmed as USD 1,385 million (net of VAT and using the exchange rate at USD 1 = RUB 28.5 subject to possible change due to the fluctuations of the RUB/USD exchange rate);
- 4 THAT the annual cap in relation to the Aluminium Sales Contracts with Mr. Deripaska’s Associates (as defined in the circular of the Company dated 12 October 2011) for the year ending 31 December 2012 be and is hereby approved and confirmed as USD 605 million (net of VAT); and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- 5 THAT the annual cap in relation to the Aluminium Sales Contracts with Mr. Deripaska's Associates (as defined in the circular of the Company dated 12 October 2011) for the year ending 31 December 2013 be and is hereby approved and confirmed as USD 690 million (net of VAT).

By order of the Board
United Company RUSAL Plc
Victor Vekselberg
Chairman

Hong Kong, 12 October 2011

Principal place of business in Hong Kong:

11th Floor
Central Tower
28 Queen's Road Central
Central
Hong Kong

Notes:

- (a) The registers of members of the Company will be closed from 20 October 2011 to 28 October 2011 (both days inclusive), and during such period no transfer of shares of the Company can be registered. In order to qualify for entitlement to attend and vote at the extraordinary general meeting, all completed transfer forms, accompanied by the relevant share certificates must be lodged with, in respect of shares registered on the register of members in Jersey, Ogier Corporate Services (Jersey) Limited, Ogier House, The Esplanade, St Helier, Jersey, JE4 9WG and in respect of shares registered on the overseas branch register in Hong Kong, Computershare Hong Kong Investor Services Limited, Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4.30 pm (Hong Kong time) on 19 October 2011.
- (b) At the extraordinary general meeting, the chairman of the meeting will put each of the above resolutions to be voted by way of a poll under article 16.14 of the Company's articles of association and pursuant to requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong.
- (c) Any member entitled to attend and vote at the extraordinary general meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of shares in respect of which each such proxy is appointed. A form of proxy for use in connection with the extraordinary general meeting is enclosed with the circular to shareholders dated 12 October 2011. Completion and return of the proxy form will not preclude a member from attending and voting at the extraordinary general meeting or any adjournment thereof (as the case may be) should the member so desire.
- (d) Where there are joint registered holders of any share in the issued share capital of the Company, any one of such persons may vote at the extraordinary general meeting, either personally or by proxy, in respect of such share as if he/she/it were solely entitled thereto; but if more than one of such joint holders be present at the extraordinary general meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (e) To be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding of the extraordinary general meeting or any adjourned meeting.

NOTICE OF EXTRAORDINARY GENERAL MEETING

As at the date of this notice, 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. Else Leung Oi-sie.

All announcements and press releases published by United Company RUSAL Plc 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.