

February 27, 2017

Results of the Board of Directors on February 21, 2017

PJSC RusHydro (ticker symbol: MOEX, LSE: HYDR; OTCQX: RSHYY) announces that the Company's Board of Directors held a meeting in absentia on February 21, 2017.

The Board of Directors approved Provision on RusHydro's information policy in new edition.

The Board of Directors approved working plan of the Board of Directors for the first half of 2017.

The Board of Directors approved the agreement for services of regulation of reactive electric power without production of electricity between RusHydro and JSC SO UES (System Operator of United Power Systems) being an interested party transaction under the following essential conditions:

Parties to the Agreement:

- PJSC RusHydro (Contractor)
- OJSC SO UES (Customer)

Subject and price

The Contractor shall provide the Customer with services on reactive power regulation using generating equipment of hydroelectric power plant, which does not generate electric power during the period of providing the services (hereinafter referred to as "the services on reactive power regulation without electricity production using power plant generating equipment operating in synchronous compensator mode", "the services" under the procedure and on the conditions stipulated by the Agreement and regulatory legal acts of the Russian Federation (hereinafter referred to as the "RF"), and the Customer shall pay for the services rendered in the amount, under the procedure and within terms stipulated by the terms and conditions of the Agreement.

For the purposes of provision of services under the Agreement, the Contractor carries out all the necessary actions ensuring the following:

1) provide for permanent readiness of the generating equipment for start from idle condition or switch of the generating equipment from production mode (as well as the pumping mode for the generating equipment of hydroelectric pumped storage power plants) in synchronous compensator mode on the basis of control commands of the Customer;

2) execution of control commands of the Customer to switch generating equipment in a synchronous compensator mode in the manner stipulated by the Agreement and the legislation of the Russian Federation;

3) the operation of the generating equipment in a synchronous compensator mode in accordance with the engineering factors and specifications, stipulated in the Agreement, including compliance of range of reactive power control of the hydroelectric generators with the indicator values, specified in Appendix 1 to the Agreement;

4) maintenance of generating equipment in operational conditions, including compliance with the annual and monthly repair schedules approved by the Customer in the manner stipulated by the regulatory legal acts of the Russian Federation;

5) transfer of data to the system of technological data exchange with the automated system of the system operator (STDEASSO);

6) compliance of the generating equipment with technical specifications compliance of the STDEASSO with the requirements stipulated in the Agreement.

The list of generating equipment used to provide the services in accordance with the Agreement, including the name and location of the power plant, the nominal (set) capacity of the generating equipment, the range of reactive power regulation of the hydroelectric generators are specified in Appendix 1 to the Agreement.

The services are of the type of system reliability assurance services in accordance with subparagraph "c" item 2 of the Regulations for selection of Electric Power Engineering Entities and electricity consumers, providing system reliability assurance services, and provision of such services approved by Decree of Government of the Russian Federation No. 117 of 03.03.2010.

Price of the agreement:

For the purposes of calculation of the cost of the services provided under the Agreement, 1 (one) calendar month is recognized as accounting period.

The cost of actually rendered services per accounting period shall be determined for each of the generator, specified in Appendix 1 and is calculated as follows:

$$S_{\text{ФАКТ}} = Э_{\text{РСК}} \times (1 + \text{HP}) + S_{\text{МОЩН}}^{\text{ФАКТ}}$$

where:

$S_{\text{ФАКТ}}$, RUB. – the cost of actually rendered services for the accounting period, excluding VAT ;

$Э_{\text{РСК}}$, RUB. – operating costs due to involvement of generating equipment (hydroelectric generator) in the rendering of services, determined in accordance with the Procedure for determination of the cost of rendered services (Appendix 4);

$S_{\text{МОЩН}}^{\text{ФАКТ}}$, RUB. – the cost of power purchased by the Contractor in the wholesale market of electricity and power for participation in the rendering of services, determined in accordance with the Procedure for determination of the cost of rendered services (Appendix 4);

HP – norm of profitability of products (services), equal to the refinancing rate of the Central Bank of the Russian Federation at the moment of signing of the Agreement,

In addition, the value added tax shall be paid, calculated in accordance with applicable law.

Other essential terms and conditions of the Agreement:

The Contractor shall start to fulfill obligations under the Agreement related to the provision of services at 12:00 a.m. on 01.01.2017.

The Contractor shall finish to fulfill obligations under the Agreement related to the provision of services at 12:00 a.m. on 31.12.2017.

The period of rendering of services is the period of time during which generating equipment of the Contractor shall operate in synchronous compensator mode in accordance with control commands of the Customer.

The services are rendered in the manner and in accordance with the requirements prescribed by applicable law and the Agreement.

Interested parties in the transaction

The following persons are deemed interested parties in the context of the transaction between PJSC RusHydro and OJSC SO UES:

- Members of the Board of Directors of PJSC RusHydro V.M. Kravchenko and M.S. Bystrov who are also members of the Board of Directors of OJSC SO UES.

The board of directors determined position of PJSC RusHydro (representatives of PJSC RusHydro) on the agenda item of the governance body of JSC "Karachay-Cherkessia Hydro-Power Company": On approval of a major transaction: the loan agreement between PJSC RusHydro and JSC "Karachay-Cherkessia Hydro-Power Company".

Resolution:

To instruct the representatives of PJSC RusHydro at the General Meeting of Shareholders of JSC "Karachay-Cherkessia Hydro-Power Company" on the issue "On approval of a major transaction: the loan agreement between PJSC RusHydro and JSC "Karachay-Cherkessia Hydro-Power Company" to vote "FOR" the adoption of following resolution:

To approve the loan agreement, representing a major transaction, on the following essential terms and conditions (hereinafter referred to as the "Loan Agreement"):

Parties to the Loan Agreement:

Borrower - JSC "Karachay-Cherkessia Hydro-Power Company";

Lender - PJSC RusHydro;

Subject of the Loan Agreement - the Lender shall transfer into the Borrower's ownership the sum of money (loan amount), and the Borrower shall refund to the Loan holder the same sum of money (loan amount) pursuant to the terms and procedures of the Agreement;

Limit amount of the loan is 244 485 525 (Two hundred and forty four million four hundred and eighty-five thousand five hundred twenty-five) RUB;

Loan repayment term is on demand, but not later than 5 (five) working days from the date of receiving by the Borrower of the Lender's requirements regarding the repayment of the Loan.

Interest rate on the loan funds use is 0 % per annum.

Terms of granting the Loan are in one installment based on the Borrower's application.

Intended use of the Loan is financing of the Borrower's working capital

The Board of Directors approved Committees' activities reports:

- Strategy Committee for 2016 and
- Strategy Committee for first half of 2016-2017 corporate year.

The Board of Directors took notice of design and budgeting documents on adjustment of investment program for 2017 and 2018-2020.

The Board of Directors approved the disposal of RusHydro shares belonging to RAO ES of East PJSC via sales agreement with the squeezed-out shareholders of RAO ES East, PJSC in March 13, 2016 on the following essential conditions:

Parties to the Agreements:

Seller – RAO ES of East, PJSC;

Buyers - holders of ordinary and preferred shares of PJSC RAO ES of the East as of 16.05.2016, redeemed by LLC Vostok-Finance on the basis of the call for redemption of the securities of 14.03.2016 in accordance with Article 84.8 of Federal Law No. 208-Φ3 of 26.12.1995 "On Joint Stock Companies" (hereinafter referred to as the "Call for redemption") and paid by LLC Vostok-Finance by transferring money funds to the notary's deposit.

Subject of the Agreements:

The Seller alienates no more than 48,605,474 (forty-eight million six hundred and five thousand four hundred seventy-four) of ordinary shares of PJSC "RusHydro" (hereinafter referred to as the "Shares") in favour of the Buyer.

Shares are alienated by the Seller in exchange for the right to claim against LLC Vostok-Finance to pay in cash for the redeemed shares of PJSC RAO ES of the East from the Buyers within the call for redemption, arising from the Buyers after refunding to LLC Vostok-Finance from the notary's deposit contributed as payment for shares of PJSC RAO ES of the East.

Number of Shares to be alienated in favour of each Buyer is determined on the basis of ratio of the amount of the Buyer's claim against LLC Vostok-Finance transferred to the Seller as payment for shares and at the weighted average price per 1 (one) share, determined according to the results of organized trading for the six (6) months, preceding the date of resolution of the Board of Directors of PJSC RusHydro.

Price of the Agreements:

No more than the weighted average price of 48,605,474 (forty-eight million six hundred and five thousand four hundred seventy-four) Shares, determined according to the results of organized trading for the six (6) months, preceding the date of resolution of the Board of Directors of PJSC RusHydro.

The Board of Directors approved the rescheduling of the review of findings of Ministry of energy field inspections of investment projects of thermal plants in the Far East to April 2017.

The Board of Directors took notice on measures, aimed at raising funds for repayment of RAO ES East debt in accordance with decision of the Board of Directors of 27.12.2016 (minutes # 246).

1.1. Raising of equity capital of PJSC RusHydro from JSC VTB Bank in the amount of RUB 55 billion by placing of additional shares of PJSC RusHydro in the amount of RUB 40 billion, and alienation of quasi-treasury" shares of PJSC RusHydro from the subsidiary companies of the RusHydro Group (JSC Hydroinvest, LLC ESOP) in the amount of RUB 15 billion is planned.

1.2. The legally binding documentation for the transaction of non-deliverable forward on PJSC RusHydro shares in total cost of RUB 55 billion for a period of 5 years has been approved and coordinated between PJSC RusHydro and VTB Bank (PJSC)

2. To amend the resolution of Board of Directors of 27.12.2016 (Minutes 246) on the item 2.2 "On approval of transaction for non-deliverable forward between PJSC RusHydro and VTB Bank (PJSC) (hereinafter referred to as the "Resolution"):

2.1. Paragraph 1 of the Resolution shall be amended as follows:

"To approve the transaction for non-deliverable equity forward (hereinafter referred to as the "Non-Deliverable Forward" or "Transaction"), made between PJSC RusHydro and VTB Bank (PJSC) by concluding the non-deliverable equity forward agreement in respect of 55 000 000 000 (Fifty five billions) of ordinary shares of PJSC RusHydro on the following essential terms and conditions":

2.2 Paragraph 7 "Forward Price (per share)" of the Resolution shall be amended as follows:

"Forward Price (per share of PJSC RusHydro) shall be determined as par value of a share in the underlying asset under the Transaction, accruals per par value of a share in the underlying asset at the Forward Rate and the initial payment excluding dividends (per one share of PJSC RusHydro), received (after tax) by the Seller for the duration of the non-deliverable forward and unaccounted for reduction of intermediate payments of the Buyer against the non-deliverable forward and excluding all amount actually paid by the Buyer at the time of the calculation of the forward price (per one share of PJSC RusHydro) including dividends (after tax) which reduced the amount of intermediate payments.

Intermediate payments are made by the Purchaser against the non-deliverable forward on a quarterly basis at the amount equal to the product of the accruals per par value of a share of the underlying asset at the Forward Rate on the number of shares of the underlying asset".

2.3. Paragraph 11 "Estimated Price (per share of PJSC RusHydro)" of the Resolution shall be amended as follows:

"Determined by one of the following methods:

Method 1 - The Estimated price is determined as the largest value of the two: stock exchange price or the actual selling price of shares in the event of a sale of all shares to a third party;

Method 2 - Estimated price is determined as the total weighted average price per share received on the basis of the total of the best quotations received by the settlement agent (VTB Bank (PJSC)) for the relevant part of the stock from the market participants, and (or) as a market price set by an independent assessor.

The procedure for use of quotations of the market participants and (or) the report of the independent assessor (including a list of market participants and the persons who may be involved in the estimation) for determining the Estimated price is determined by the Parties of the Transaction in the confirmation of the Transaction. At that, the procedure and conditions of the alienation of shares are determined in agreement with the Federal Property Management Agency. "

2.4. Paragraph 13 "Acceleration and/or termination of the Transaction" of the Resolution shall be amended as follows:

"Acceleration of the Transaction:

Acceleration of the Transaction is possible at the discretion of the Buyer no earlier than 913 (nine hundred thirteen) calendar days after the date of the Transaction (Grace period), and no later than six months plus five working days before the expiry date of the Transaction.

At that, acceleration of the Transaction is possible before Grace period expires in case of the sale of shares to a strategic investor or through public offering. At that, the procedure and conditions of the alienation of shares are determined in agreement with the Federal Property Management Agency.

Additional fee for acceleration at the discretion of the Buyer shall not be charged.

Acceleration of the Transaction at the discretion of the Seller is possible in cases of violation of the Buyer's payment obligations under the Transaction, financial and behavioral covenants under the terms of the Transaction, as well as upon the occurrence of events specified in the transaction documents relating to the Shares, including the delisting".

3. To amend the resolution of Board of Directors of 27.12.2016 (Minutes 246) on the item 2.3 "On the conditions of transference of funds by PJSC RusHydro to the companies of RAO ES of the East Holding" (hereinafter referred to as the "Resolution"), amending the interest rate calculation formula specified in subparagraph 1.2 of the Resolution as follows:

Interest rate	<p>The period 1 - over the date of loan up to 31.12.2017.</p> <p>During the Period 1, the interest rate is determined by the formula:</p> $K(n) = K_{\text{цб}} + 1,5\% - \frac{Div_{\text{п}}(n)}{55\,000\,000\,000} * 100\%,$ <p>where:</p> <p>$K(n)$ – the interest rate on loans per annum n; calculated as a percentage per annum rounding its value according to the rules of mathematical rounding up to two decimal places.</p> <p>$K_{\text{цб}}$ – key rate set by the Bank of Russia;</p> <p>$Div_{\text{п}}(n)$ – planned amount of dividend payout of the Company in current year in respect of share of stock excluding dividend income tax prescribed by the business plan approved</p>
---------------	--

by the Company. For the purposes of calculation of the interest rate of the Period 1 **Div π (n)** is taken equal to RUB 2 805 750 000 (two billion eight hundred and five million seven hundred fifty thousand)¹;

Stock of shares is a stock of shares, constituting 12.9% of the authorized share capital of the Company.

Periods 2, 3 ... n - from January 1 to December 31 of the relevant year, starting from 2018.

For the Period 2, 3 ... n the interest rate on loans is determined by the formula:

$$K(n) = K_{\text{цб}} + 1,5\% - \frac{\text{Div}\pi(n) - \text{Div}\pi(n-1) + \text{Div}\phi(n-1)}{55\,000\,000\,000} * 100\%,$$

where

Div ϕ (n - 1) – the amount of dividend payout actually paid by the Company in previous year in respect of share of stock excluding dividend income tax;

Div π (n - 1) – planned amount of dividend payout of the Company in previous year in respect of share of stock excluding dividend income tax included in the calculation of interest rate for the Period **n - 1**.

The Board of Directors approved report on disposal of non-core assets in 2016.

The Board of Directors approved report on the Company charitable activity for 2016 and program for 2017.

About RusHydro

RusHydro Group is one of Russia's largest generating companies. RusHydro is the leading producer of renewable energy in Russia with over 70 generating facilities in Russia and abroad. The company also manages a number of R&D, engineering and electricity retail companies. Group's thermal assets are operated by subsidiary – RAO Energy System of East in the Far East of Russia. Total electricity generation capacity of the Group is 38.7 GW, heat capacity – 16.2 thousand GCal/h.

Russian Federation owns 66.8% in RusHydro, the rest is held by other institutional and individual shareholders (over 360,000). The company's stock is traded on Moscow Exchange (MOEX), and included in MSCI EM и MSCI Russia indexes. Company's GDRs in the IOB section of LSE, ADRs – in OTCQX.

For more information:

Investor Relations Department

Tel. +7 (800) 333 8000 ext. 1607, 1319, 1304

ir@rushydro.ru

DISCLAIMER

The information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of RusHydro. One can identify forward-looking statements by terms such as "expect," "believe," "anticipate," "plan", "aim", "target", "forecast", "project", "should", "estimate," "intend," "will," "could," "may" or "might," the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially from these statements.

We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, general economic and political conditions, our competitive environment, risks associated with operating in Russia and rapid technological and market changes in our industries, as well as many other risks specifically related to RusHydro and its operations.