

**November 24, 2016. Moscow, Russia.**

**Results of the Board of Directors on November 22, 2016**

PJSC RusHydro (ticker symbol: MOEX, LSE: HYDR; OTCQX: RSHYY) announces that the Company's Board of Directors held a meeting on November 22, 2016.

\*\*\*

The Board of Directors approved the report on implementation of innovative development program of RusHydro for 2011-2015 with an outlook for 2021 in 2015.

\*\*\*

The Board of Directors approved the innovative development program of RusHydroGroup for 2016-2020 with an outlook for 2025.

\*\*\*

The Board of Directors reviewed the information on implementation of the long-term development Program of RusHydro Group in the 1<sup>st</sup> half of 2016.

\*\*\*

The Board of Directors approved the long-term development Program of RusHydro Group for 2016-2020.

Key amendments to the Program include:

- Alignment of the long-term development Program's targets with the Group's development Strategy for 2020 with a view to 2025.
- Planned and estimated performance indicators updated in accordance with indicators of consolidated business-plan of RusHydro Group.
- The long-term development Program includes new sections "Staffing system improvement" and "Main areas for restructuring of research and design complex".

\*\*\*

The Board of Directors approved costs optimization action plan based on findings of external independent audit.

The Board of Directors commissioned Nikolay Shulginov, Chairman of the Management Board, General Director of PJSC RusHydro, to develop business-plans of the Company and its subsidiaries for 2017-2021 period with incorporation of the measures, provided by the cost optimization action plan.

\*\*\*

The Board of Directors approved the following structure of transaction aimed at refinancing of debt of RAO ES of the East Group:

At the 1<sup>st</sup> stage of transaction (raising funds to repay PJSC RAO ES East loans):

1. RusHydro issues additional shares in total amount of RUB 40bn, with the intention of raising equity financing from VTB Bank ("VTB" or "the Bank").
2. Divestment of RusHydro's treasury shares by JSC Hydroinvest and LLC EZOP (part of RusHydro Group) in total amount of RUB 15 bn.
3. JSC Hydroinvest and LLC EZOP use funds in the amount of RUB 15 bn received from sale of RusHydro's treasury shares to repay intragroup loans.

4. RusHydro and VTB Bank sign a 5-year non-deliverable forward contract for RusHydro's shares with total value of RUB 55 bn. According to the contract in case the Bank sells the this stake and/or upon expiration of contract: (1) RusHydro will reimburse to VTB the shortfall between estimated and forward price of the stake in case this difference is negative, or (2) VTB Bank will reimburse the difference to RusHydro in case this difference is positive.

At the 2<sup>nd</sup> stage (repayment of PJSC RAO ES East loans):

1. RusHydro transfers funds received on the 1<sup>st</sup> stage of transaction to the companies of RAO ES East Holding under target intragroup loan agreements with the possibility of partial or full repayment of these loans using received funds.
2. Companies of RAO ES East Holding repay loans using funds received from RusHydro.

At the 3<sup>rd</sup> stage: raising funds by RusHydro to reimburse a negative difference between estimated and forward price of the stake (if required).

The Board of Directors commissioned Management Board of RusHydro to submit for the Board of Directors' approval within a month terms and conditions of transfer of funds from RusHydro to the companies of RAO ES East Holding.

\*\*\*

The Board of Directors reviewed the information on preliminary terms of non-deliverable forward contract for shares between RusHydro and VTB Bank aimed to refinance RAO ES East Holding's debt.

The Board of Directors commissioned Management Board of RusHydro to determine within two weeks preferable terms of non-deliverable forward contract for shares and submit them for the Board of Directors' review with preliminary approval by the Strategy Committee of the Board of Directors.

\*\*\*

The Board of Directors approved divestment of RusHydro's shares, owned by the companies of RusHydro Group, in the amount of 15 bn to VTB Bank, including:

- 13,720,324,992 RusHydro's shares owned by JSC Hydroinvest;
- 1,279,675,008 RusHydro's shares owned by LLC EZOP.

The price of shares to be divested to VTB Bank amounts to RUB 1 per share.

The Board of Directors approved termination of pledge in relation to 636,813,489 RusHydro's shares owned by JSC Hydroinvest, and 1,279,675,008 RusHydro's shares owned by LLC EZOP and pledged by RusHydro.

\*\*\*

The Board of Directors commissioned RusHydro's representatives in the governing bodies of JSC Hydroinvest to approve purchase and sale agreement of RusHydro's shares, qualified as major transaction.

According to the agreement, Hydroinvest and LLC EZOP divest RusHydro's shares in the amount of 13,720,324,992 and 1,279,675,008 (respectively) to VTB Bank.

The price of shares to be divested under agreement is RUB 1 per share.

## **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 38.6 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](mailto: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.*