

**March 02, 2015**

**Results of the Board of Directors on February 27, 2015**

JSC RusHydro (ticker symbol: MOEX, LSE: HYDR; OTCQX: RSHYY) announces that the Company's Board of Directors held a meeting in absentia on February 27, 2015.

In accordance with p. 1.13 of Regulations on disclosure of information by the issuers of securities and due to a lack of voting results the Company announces the decisions of the Board of Directors on separate issues of the agenda.

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The Board of Directors approved two bilateral agreements between RusHydro and Inter RAO for sale and purchase of electricity on the territories of the Russian Federation located in non-price zones of the wholesale market in regard to the Bureyskaya and Zeyskaya HPPs, qualified as an interested party transaction, and determined total price of the agreements in the amount of RUB 81,972,240, including VAT:

- the price of the Agreement 1 amounts to RUB 36,292,080, including VAT;
- the price of the Agreement 2 amounts to RUB 45,680,160, including VAT.

Parties to the Agreements

Seller – JSC RusHydro.

Buyer – JSC Inter RAO.

These agreements provide for supply of electricity generated by hydropower plants in excess of balance.

Group of the Seller's supply points:

Under Agreement 1 – GBUREYG1, GBUREYG2.

Under Agreement 2 – GZEYAGS1, GZEYAGS2.

Group of the Buyer's supply points:

PINTCHIN, PINTCHN1.

Amount (volume) of the electricity supply

Under Agreement 1 – no more than 1,200,000 MW

Under Agreement 2 – no more than 1,200,000 MW

In case the Federal Tariff Service of Russia changes tariffs for the Bureyskaya HPP and/or Zeyskaya HPP during the supply period, the Electricity Price under the agreements may be changed by an amount equal to 2x tariff for the relevant HPP.

Supply period under the Agreements

The supply commencement date – on or after the date of conclusion of Agreement 1 and Agreement 2.

The supply completion date – by December 31, 2015.

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The Board of Directors approved the addendum 1 to the agreement No. 2082130/OG-175-73-2013 of July 01, 2013, between RusHydro and Moscow Power Engineering Institute for R&D and technological works, qualified as an interested party transaction, and determined the price of the agreement and the addendum in the amount of RUB 20,500,000, including VAT 18 % in the amount of RUB 3,127,118.65.

Parties:

Customer – JSC RusHydro;

Contractor – Federal State-Funded Educational Institution of Higher Vocational Education National Research University – Moscow Power Engineering Institute (FSFEI HVE NRU MPEI).

Subject of the Addendum No. 1:

1. Amending clause 1.1 of the Agreement:

“1.1. The Contractor shall by order of the Customer perform research and development, design and experimental, and technological works to improve reliability of radial-axial turbines through expansion of recommended areas of operation: research into the causes of appearance of elevated vibrations during operation of hydroelectric generating sets of the Sayano-Shushenskaya HPP; operational life testing of mounting stud of covers of hydroelectric generating sets of the Sayano-Shushenskaya HPP, according to the Technical Assignment (Annex No. 1 to the Agreement) and the Additional Technical Assignment (Annex No. 1.1 to the Agreement) (hereinafter the Works) within the time limits stipulated by the Contract, and deliver the results to the Customer, and the Customer shall accept their results, and pay their cost as stipulated by the Contract.”

2. Amending clause 1.5.2 of the Agreement:

“1.5.2. completion of the Works: on or before November 1, 2015”.

3. Amending the work schedule.

4. Amending clause 3.1 of the Agreement:

“3.1 Total cost of the Works hereunder (hereinafter the Agreement Price) is maximum, it is determined by the Estimate of Design and Survey Costs (Annexes No. 3 and No. 3.1 to the Agreement) and amounts to twenty million five hundred thousand (20,500,000) rubles 00 kopecks, including VAT 18 % at three million one hundred twenty-seven thousand one hundred and eighteen (3,127,118) rubles 65 kopecks.”

Terms of completion of Works under the Agreement with regard to Addendum No. 1:

Commencement date – May 13, 2013.

Completion date – on or before November 1, 2015.

Effective term of Addendum No. 1:

The Addendum shall become effective upon its signing by the Parties and shall remain in effect until the Parties perform their obligations in full. Terms and conditions of the Addendum shall apply to relations of the Parties arising from October 16, 2014.

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The Board of Directors approved the agreement between RusHydro and SO UES, qualified as an interested party transaction, and determined that the price of services per calendar month under this Agreement should be calculated using the following formula:

$S_{\text{ФАКТ}} = \text{Э}_{\text{РСК}} \times (1 + \text{HP}) + S_{\text{МОЩН}}^{\text{ФАКТ}}$  (cost of the services actually rendered per calendar month under the Agreement shall be calculated for each item of generating equipment (hydrogenerator)).

where:

$\text{Э}_{\text{РСК}}$ , rubles. –operating expenses, stipulated by participation of generating equipment (hydrogenerator) in the service rendering for regulation of reactive power without generation of electric power using generating equipment, operating in synchronous condenser mode (hereinafter referred to as the “services for RRSC”), determined in accordance with the Regulation on Determination of the Cost of Rendering Services for RRSC, attached as an annex to the Agreement.

$S_{\text{МОЩН}}^{\text{ФАКТ}}$ , rubles –cost of power, bought by JSC RusHydro on the wholesale market of electric power and facilities for participation in the service rendering for RRSC, determined in accordance with the Regulation on Determination of the Cost of Rendering Services for RRSC, attached as an annex to the Agreement;

PI –the profitability index of products (services), which is deemed equal to the discount rate of the Central Bank of the Russian Federation as of the moment of conclusion of the Agreement, and is expressed as a decimal number.

Moreover, value added tax is paid, calculated in accordance with effective legislation.

Total cost (monetary value) of the services under the Agreement shall not exceed two hundred million (200,000,000) rubles, including VAT, thus not exceeding two (2) percent of the book assets of JSC RusHydro as of the closing date.

2. Approve the Agreement for Services for Reactive Power Control without Generation of Electrical Energy, concluded between JSC RusHydro and JSC SO UPS, which is a non-arm's-length transaction, on the following material conditions:

Parties to the Agreement:

Contractor –JSC RusHydro;

Customer –JSC SO UPS.

Subject matter of the Agreement:

The Contractor shall render services for reactive power control without generation of electrical energy using the generating equipment of Volzhskaya Hydraulic Power Plant, Zagorskaya Pumped-Storage Power Plant, Ezminskaya Hydraulic Power Plant, Gizeldonskaya Hydraulic Power Plant, and Zelenchukskaya Hydraulic Power Plant, operating in synchronous condenser mode, on which electric power is not generated during the period of service rendering, according to the procedure and terms established by the Agreement and regulations of the Russian Federation, and the Customer shall pay for the rendered services for RRSC in the amount and according to the procedure and deadlines stipulated in the Agreement.

Period of service rendering:

Start of performance of obligations under the Agreement, related to service rendering for RRSC, by JSC RusHydro –00:00 January 1, 2015.

End of performance of obligations under the Agreement, related to service rendering for RRSC, by JSC RusHydro –24:00 December 31, 2015.

Period of service rendering for RRSC –the period of time, during which generating equipment of JSC RusHydro shall work in synchronous condenser mode in accordance with control instructions of JSC SO UES.

Cost of Services:

The cost of services under the Agreement, actually rendered per calendar month, is calculated according to the formula:

$S_{\text{ФАКТ}} = \text{Э}_{\text{РСК}} \times (1 + \text{HP}) + S_{\text{МОЩН}}^{\text{ФАКТ}}$  (cost of the services actually rendered per calendar month under the Agreement shall be calculated for each item of generating equipment (hydrogenerator)).

where:

$\text{Э}_{\text{РСК}}$ , rubles. –operational expenses, caused by participation of generating equipment (hydrogenerator) in rendering services for RRSC, determined in accordance with the Regulation on Determination of the Cost of Rendering Services for RRSC, attached as an annex to the Agreement;

$S_{\text{МОЩН}}^{\text{ФАКТ}}$ , rubles –cost of power, bought by JSC RusHydro on the wholesale electricity market and facilities for participation in the service rendering for RRSC, determined in accordance with the Regulation on Determination of the Cost of Rendering Services for RRSC, attached as an annex to the Agreement.

PI –the profitability index of products (services), which is deemed equal to the discount rate of the Central Bank of the Russian Federation as of the moment of conclusion of the Agreement, and is expressed as a decimal number.

Moreover, value added tax is paid, calculated in accordance with effective legislation.

The price (monetary value) of the services under the Agreement shall not exceed two hundred million (200,000,000) rubles, including VAT, thus not exceeding two (2) percent of the book assets of JSC RusHydro as of the closing date.

Effective term of the Agreement:

The Agreement enters into force upon its signature and remains in effect until the Parties have performed their obligations in full. Terms and conditions of the Agreement shall apply to relations of the Parties arising from January 1, 2015.

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The Board of Directors approved an agreement for sale and purchase of shares between RusHydro and Sulak HydroCascade, qualified as an interested party transaction, and determined the price of the transaction in the amount of up to RUB 1,393,100,000.

According to the agreement Sulak HydroCascade will transfer to RusHydro up to 1,393,100,000 ordinary shares to be placed through a private subscription in accordance with the decision on additional issue of shares approved by the Board of Directors of Sulak HydroCascade on September 30, 2014, and registered by the Bank of Russia. The price of placement amounts to RUB 1 per share, RusHydro pays for these shares in cash.

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The Board of Directors approved the additional contribution of funds to share capital of Small HPPs of Stavropolye and Karachaevo-Cherkessia LLC, qualified as an interested party transaction, and determined the price of the transaction in the amount of up to RUB 912,760,000 (free of VAT).

Par value of RusHydro share in the company increases by the amount of contributed funds. Deadline for contributing funds – within 12 months upon adoption of a resolution on increase of share capital.

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The Board of Directors approved the first part of decision on RusHydro's securities issue (Bond Program) and the Prospectus for non-convertible interest-bearing documentary bonds with mandatory centralized custody with total par value of RUB 200 bn maturing in 20 years or on the 7,280<sup>th</sup> day from the date of placement. The bonds will be placed through an open subscription.

## **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 37.5 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 the MICEX and RTS stock exchanges, and included in MSCI EM и MSCI Russia indexes. Company's GDRs in the IOB section of LSE, ADRs – in OTCQX.

### **For more information:**

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## **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," "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 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.*