

November 15, 2016

Results of the Board of Directors on November 11, 2016

PJSC RusHydro (ticker symbol: MOEX, LSE: HYDR; OTCQX: RSHYY) announces that the Company's Board of Directors held a meeting in absentia on November 11, 2016.

The Board of Directors approved a standard collective labor agreement of PJSC RusHydro branch for 2017-2019 and instructed Nikolay Shulginov, Chairman of the Management Board - General Director of PJSC RusHydro, to implement signing of collective labor agreements in branched of RusHydro.

The Board of Directors commissioned RusHydro's representatives in the Annual General Meeting of shareholders of JSC Sakhalinskaya CHP-2 to approve the increase in the charter capital and additional issue of 2,016,480,000 ordinary shares of JSC Sakhalinskaya CHP-2 with par value of RUB 1 per share.

The Board of Directors approved acquisition of additional shares of JSC Sakhalinskaya CHP-2 by RusHydro and determined the price of these shares in the amount of up to RUB 2,016,480,000. The price of placement is RUB 1 per share.

The shares are placed through a private subscription. RusHydro's share in JSC Sakhalinskaya CHP-2 will remain unchanged and amount to 100%.

The Board of Directors terminated powers of Maxim Zavalko as corporate secretary and elected Natalya Kovaleva as corporate secretary.

The Board of Directors resolved to make the amendments to the Regulations on procurement of products for RusHydro's needs.

The Board of Directors commissioned RusHydro's representatives in the governing bodies of JSC Zaramagskie HPPs and JSC ChirkeyGESstroy to approve alienation of 271,302,097 and 29,205,310 RusHydro's shares (respectively) in favor of JSC Hydroinvest. The shares are alienated at the weighted average price determined based on the results of trading during the date of transaction.

The Board of Directors also resolved to consider it expedient that RusHydro takes in pledge the following stakes:

- 13,083,511,503 RusHydro's ordinary shares owned by JSC Hydroinvest;
- 300,507,407 RusHydro's ordinary shares purchased from JSC Hydroinvest, JSC Zaramagskie HPPs and JSC ChirkeyGESstroy;
- 1,571,912,023 RusHydro's ordinary shares owned by LLC Index energetiki – HydroOGK;
- 566,824 RusHydro's ordinary shares owned by LLC EZOP.

The Board of Directors elected the following 13 members to the Strategy Committee:

1. Pavel Grachev, Chief Executive Officer, Managing Company Polyus, Member of the Board of Directors, PJSC RusHydro.

2. Igor Zadvornov, Head of Secretariat of Deputy Chairman of the Government of the Russian Federation- Plenipotentiary representative of the President of Russia in the Far Eastern federal district.
3. Victor Mamin, Advisor to the Minister, Head of Department of Corporate Governance, Pricing Environment and Audit in the Energy Industry, Ministry of Energy of Russia.
4. Vasily Nikonov, Head, Energy Department, PJSC RosNeft.
5. Evgeny Olkhovich, Deputy Head, Department for the State Regulation of Tariffs, Infrastructure Reforms and Energy Efficiency, Ministry of Economic Development of Russia.
6. Nikolay Podguzov, Deputy Minister, Ministry of Economic Development of Russia, Member of the Board of Directors, PJSC RusHydro.
7. George Rizhinashvili, Member of the Management Board, First Deputy General Director, PJSC RusHydro.
8. Nikolay Rogalev, Rector, Moscow power engineering institute (MPEI) Federal Research University; Member of the Board of Directors, PJSC RusHydro
9. Maxim Rusakov, Member, Management Board, Head, Department of Competitive Pricing, Not-for-profit Partnership Market Council.
10. Pavel Snikkars, Head, Department of Power Engineering Development, Ministry of Energy of Russia.
11. Sergei Shishin, Senior Vice-President, VTB Bank (PJSC), Member of the Board of Directors, PJSC RusHydro.
12. Andrei Shishkin, Andrei Shishkin, Vice-President for Energy, Localization and Innovation of PJSC Rosneft, Member of the Board of Directors, PJSC RusHydro.
13. Nikolay Shulginov, Chairman of the Management Board - General Director of PJSC RusHydro, Member of the Board of Directors, PJSC RusHydro.

The Board of Directors elected Igor Zadvornov as Head of the Strategy Committee.

The Board of Directors reviewed information on measures aimed at improving efficiency of implementation and control over major construction of power facilities in the Far East, as well as measures related to persons responsible for construction of projects. The Board of Directors approved delegation of powers of sole executive bodies of JSC Sakhalinskaya CHP-2, JSC TPP in Sovetskaya Gavan', JSC Yakutshaya CHP-2 to a management company UC HydroOGK (wholly owned by RusHydro) and independent exercise of rights over subsidiaries' shares by RusHydro.

The Board of Directors commissioned Nikolay Shulginov, Chairman of the Management Board – General Director of RusHydro, to return rights over shares that had been transferred in trust management of PJSC RAO ES East to PJSC RusHydro within two weeks.

The Board of Directors approved termination of PJSC RusHydro participation in JSC Malaya Dmitrovka and at the same time approved participation of RusHydro in LLC ServisNedvizhimost RusHydro (LLC SNRG) via contribution of 100% shares of LLC Malaya Dmitrovka to its authorized capital on the following terms:

- The number of shares of JSC Malaya Dmitrovka contributed by PJSC RusHydro into the authorized capital of LLC SNRG amounts to 4,819,782,000 registered uncertified shares, representing 100% of the authorized capital of JSC Malaya Dmitrovka.
- Price of 1 share of JSC Malaya Dmitrovka contributed into the authorized capital of LLC SNRG is RUB 1.02.
- The total value of the contribution of PJSC RusHydro into the authorized capital of LLC SNRG is RUB 4,935,000,000 in accordance with the assessment report of LLC SRG Assessment of 15.09.2016 No. 372-AA-ЯА/16.
- The nominal value of the share of PJSC RusHydro in the authorized capital of LLC SNRG after the contribution is RUB 4,935,000,000.
- The share of PJSC RusHydro in the authorized capital of JSC Malaya Dmitrovka prior to the contribution to the authorized capital of LLC SNRG - 100%;
- The share of PJSC RusHydro in the authorized capital of JSC Malaya Dmitrovka after the contribution to the authorized capital of LLC SNRG - 0%.

The Board of Directors commissioned Nikolay Shulginov, Chairman of the Management Board – General Director of RusHydro, to ensure the implementation of the following measures:

- merger of JSC Malaya Dmitrovka to LLC SNRG no later than six (6) months from the date of contribution of the shares of JSC Malaya Dmitrovka as a contribution into the authorized capital of LLC SNRG which resulted in not allowed to change the proportion of the Company's participation in the authorized capital of LLC SNRG;
- setting a ban on transactions aimed at alienation (possibility of alienation), encumbrance or disposal in any other way of the assets of JSC Malaya Dmitrovka until the completion of merger of JSC Malaya Dmitrovka to LLC SNRG.

The Board of Directors commissioned representatives of PJSC RusHydro in the governing bodies of JSC Vedeneyev VNIIG to approve related transaction aimed at purchase of share in LLC SNRG via contribution of JSC Vedeneyev VNIIG in the charter capital of LLC SNRG on the following conditions:

- list of assets of JSC B.E. Vedeneev VNIIG constituting the contribution into the authorized capital of LLC SNRG is listed in Annex No. 5 (hereinafter - the Property).
- total value of the Property is RUB 830,035,000 (in accordance with the assessment reports (LLC Agency Russpromotsenka of 12.09.2016 No. 4168, LLC SRG Assessment of 15.09.2016 No. 373-AA-ЯА/16);
- nominal value of the share of JSC B.E. Vedeneev VNIIG in the authorized capital of LLC SNRG after making the contribution is RUB 830,035,000;
- share of JSC B.E. Vedeneev VNIIG in the authorized capital of LLC SNRG prior to making the contribution is 0%;
- share of JSC B.E. Vedeneev VNIIG in the authorized capital of LLC SNRG after making the contribution by JSC B.E. Vedeneev VNIIG into the authorized capital of LLC SNRG is 61.562509%.

The transactions are being implemented pursuant to RusHydro's concept for establishing a single real estate management center within the Group.

The Board of Directors commissioned RusHydro's representatives in the Annual General Meeting of shareholders of JSC Sakhalinskaya CHP-2 to approve the increase in the charter capital and additional issue of 2,016,480,000 ordinary shares of JSC Sakhalinskaya CHP-2 with par value of RUB 1 per share.

The Board of Directors approved acquisition of additional shares of JSC Sakhalinskaya CHP-2 by RusHydro and determined the price of these shares in the amount of up to RUB 2,016,480,000. The price of placement is RUB 1 per share.

The shares are placed through a private subscription. RusHydro's share in JSC Sakhalinskaya CHP-2 will remain unchanged and amount to 100%. The transaction is aimed to finance the construction of the 1st stage of the Sakhalinskaya CHP-2.

The Board of Directors commissioned RusHydro's representatives in the governing bodies of JSC Hydroinvest to approve a share pledge agreement, qualified as major transaction.

In accordance with the agreement, JSC Hydroinvest pledges to RusHydro up to 13,384,018,910 RusHydro's ordinary shares to guarantee its liabilities under a loan agreement. JSC Hydroinvest secured loan funds from RusHydro in the amount of RUB 250 mn to finance acquisition of RusHydro's shares from JSC Zaramagskie HPPs and JSC ChirkeyGESstroy. Interest rate for using the loan is 75 per cent per annum of the key rate of the Central Bank of the Russian Federation plus 0.01 per cent per annum.

The Board of Directors commissioned RusHydro's representatives in the Board of Directors of JSC ESC RusHydro:

1. To determine the price of 99.999% share in the charter capital of LLC Power Retail Company of Bashkortostan (LLC ESCB) with par value of RUB 50,869,491.30 to be divested by ESC RusHydro to Inter RAO Capital in the amount of RUB 4,099,959,000.00.
2. To determine the price of 0.001% share in the charter capital of LLC ESCB with par value of RUB 508.70 to be divested by ESC RusHydro to INTER RAO Invest in the amount of RUB 41,000.00.
3. To approve purchase and sale agreements of shares in the charter capital of LLC ESCB, qualified as related transactions and transactions related to divestment of shares of ESC RusHydro's subsidiary that sells electricity.

Parties:

- under the Agreement 1:

Seller – JSC ESC RusHydro,

Buyer 1 – JSC Inter RAO Capital;

- under the Agreement 2:

Seller – JSC ESC RusHydro,

Buyer 2 – LLC INTER RAO Invest.

Subject of the Agreements:

Terms of payment under the Agreements:

- under the Agreement 1: Payments between the Buyer 1 and the Seller are carried out by 3 (three) tranches:

1) Tranche 1 amounting to RUB 2,599,959,000.00 by opening by the Buyer 1 of irrevocable covered letter of credit in the bank agreed by the Parties, the condition for its execution (opening) will be submission by the Seller to the Paying Bank agreed by the Parties of the following documents:

- original Agreement 1;

- statement from the Unified State Register of Legal Entities (hereinafter – USRLE); containing the information that the Buyer 1 is a participant of LLC ESCB holding 99.99% stake in the authorized capital of LLC ESCB.

2) The Buyer 1 shall pay Tranche 2 amounting to RUB 1,000,000,000.00 by transferring money funds to the account of the Seller till 31.12.2016, but not before the date of fulfillment by the Seller of obligations to LLC ESCB on the debt repayment in the amount of RUB 1,600,000,000.00 in the manner and within the terms specified in the Agreement between the Seller and the LLC ESCB;

3) The Buyer 1 shall pay Tranche 3 amounting to RUB 500,000,000.00 kopecks by transferring money funds to the account of the Seller till 31.03.2017, but not before the fulfillment by the Seller of obligations to LLC ESCB on the debt repayment in the amount of RUB 1,600,000,000.00 kopecks in the manner and within the terms specified in the Agreement between the Seller and the LLC ESCB, and provided that the Actual amount of the net debt of LLC ESCB (including financial debt and money funds of LLC ESCB) as of 31.12.2016 will not exceed RUB 1,410,000,000.00 (hereinafter – the Limit).

In case if the Actual amount of the net debt of LLC ESCB exceeds the Limit, the amount of Tranche 3 and the Price of Agreement 1, respectively, shall be reduced by:

- if the excess is less than RUB 500,000,000.00 - in the amount of the appropriate excess of the Actual amount of net debt over the Limit;
- if the excess is more than RUB 500,000,000.00 – by RUB 500,000,000.00, and the payment by the Buyer 1 of Tranche 3 shall not be made. While the amount of excess of the Actual amount of net debt over the Limit amount increased by RUB 500,000,000.00 shall be considered as property losses of the Buyer 1 and shall be paid by the Seller not later than 10 working days starting from 31.03.2017.

- to the Agreement 2: The Buyer 2 transfers to the Seller's current account RUB 41,000 not later than 5 working days after the date of entry on the transfer of the stake in LLC ESCB to the Buyer 2 in the Unified State Register of Legal Entities.

ESC RusHydro share in the charter capital of LLC ESCB as a result of transactions will decrease from 100% to 0%.

Divestment of LLC ESCB is in line with the updated Company's strategy, which envisages efficient sale of a number of assets, and will allow RusHydro to get additional funds to finance its priority activities, including implementation of the investment projects.

The Board of Directors commissioned RusHydro's representatives in the Board of Directors of PJSC RAO ES East to approve the increase in the charter capital of PJSC RAO ES East through placement of 568,077,321 additional shares with par value of RUB 0.5 per share. The shares will be placed through open subscription.

The Board of Directors approved a contract of real estate lease between PJSC RusHydro and PJSC FGC, qualified as interested party transaction, and determined

that the price of the lease for the entire period of contract (from March 1, 2016 through January 31, 2017) is RUB 1,742,511 (including VAT of RUB 265,806). In order to use its 220-500 KW transmission towers, located on facilities of Zhigulevskaya HPP, PJSC FGC has to lease parts of hydropower facilities from PJSC RusHydro.

The Board of Directors approved sale and deed of gift in reference to pieces of real estate (apartments) located in the town of Talakan, Bureysky district of Amur region. The apartments were built as a part of construction of the Bureyskaya HPP during the period from 2000 to 2003 for personnel of the HPP. The property is included in the list of non-core assets of RusHydro. Value of the property is RUB 14,185,852.64, being exempt from VAT.

The Board of Directors approved an addendum to trust management agreement between PJSC RusHydro and PJSC RAO ES East, qualified as interested party transaction, and determined the price of transaction in the amount of RUB 72,000 (including VAT) for the entire term of the agreement, but no more than RUB 750 per quarter (including VAT).

In accordance with the addendum RAO ES East should return the following shares:

- 12,995,500,000 ordinary registered uncertified shares of JSC Sakhalinskaya CHP-2 (state registration number of the issue 1-01-58922-N of 05.09.2013, the par value of one share is RUB 1);
- 7,744,760,000 ordinary registered uncertified shares of JSC TPP in Sovetskaya Gavan (state registration number of the issue 1-01-58919-N-001D of 30.01.2014, the par value of one share is RUB 1);
- 500,000 ordinary registered uncertified shares of JSC TPP in Sovetskaya Gavan (state registration number of the issue 1-01-58919-N of 16.08.2013, the par value of one share is RUB 1);
- 16,861,500,000 ordinary registered uncertified shares of JSC Yakutskaya CHP-2 (state registration number of the issue 1-01-58921-N of 10.09.2013, the par value of one share is RUB 1).

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:

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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.