

**December 29, 2014**

**Results of the Board of Directors on December 25, 2014**

JSC RusHydro (ticker symbol: MOEX, LSE: HYDR; OTCQX: RSHYY) announces that the Company's Board of Directors held a meeting in absentia on December 25, 2014.

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The Board of Directors approved electricity sale to last resort providers of the second price zone under free bilateral agreements in 2015. The Board of Directors also approved the pricing procedure for electricity sold by RusHydro.

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The Board of Directors approved interim results of 2014 business-plan execution for the 9 months of 2014 (including report on implementation of investment program (including comprehensive modernization program) and annual procurement plan for the 9 months of 2014).

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The Board of Directors approved the following insurance companies which may sign the agreements with RusHydro in 2015:

<b>No.</b>	<b>Type of insurance</b>	<b>Insurer</b>
1	Property insurance	JSC SOGAZ
2	Insurance against construction and assembly risks	SOGLASIE Insurance Company SK Transneft
3	Construction liability insurance. Voluntary liability insurance of property owner.	JSC SOGAZ
4	Voluntary medical insurance	JSC SOGAZ
5	Accident and sickness insurance	SK Alliance
6	Mandatory liability insurance of hazardous facilities owners from damage caused by the accidents	JSC AlfaStrakhovanie
7	Terrorism general liability insurance	JSC SOGAZ
8	Mandatory liability insurance of vehicle owners	JSC SAK ENERGOGARANT
9	Voluntary liability insurance of vehicle owner	JSC SAK ENERGOGARANT
10	Auto insurance	JSC SAK ENERGOGARANT
11	Voluntary liability insurance of ship owner	JSC SOGAZ
12	Water carriers insurance	JSC SOGAZ
13	Directors' and officers' liability insurance	JSC SOGAZ
14	General liability insurance	JSC SOGAZ

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The Board of Directors approved the Insurance Program of RusHydro for 2015.

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The Board of Directors approved an agreement between RusHydro and RAO ES of the East on consulting services in relation to quarterly financial statements prepared in accordance with IFRS, qualified as interested party transaction, and determined the price of transaction in the amount of RUB 43,074,720.00, including VAT (18%).

In accordance with the agreement RusHydro will consult RAO ES of the East on preparation of quarterly financial statements in accordance with IFRS. The agreement will be effective from March 1, 2015 to March 30, 2018.

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The Board of Directors approved voluntary medical insurance agreement between RusHydro and JSC SOGAZ, qualified as an interested party transaction, and determined the price of transaction in the amount of RUB 69,579,326.02, VAT free.

According to the agreement the Insurer will provide for medical services for the Insured Persons (RusHydro's employees) under the voluntary medical insurance program (OHS Program).

The Insurance Object:

The property interests of the Insured Persons related to the costs for medical, transportation and other services provided to them in case of the insured event.

Insured Event:

Resort of the insured person, during the term of this Agreement, to a medical institution specified in the OHS Program to provide medical services in accordance with the OHS Program;

Resort of the insured person, during the term of the Insurance Agreement and in accordance with the OHS Program to a medical institution other than provided by this Agreement, if such resort was agreed and/or arranged by the Insurer;

Insured amount:

- In case of the Insured Person's resort to a medical institution specified in the Optional Health Insurance Program within the Russian Federation for provision of medical services – 6,000,000 rubles;
- In case of the Insured Person's resort to medical care during his stay abroad – the ruble equivalent of USD 50,000;
- In case of the Insured Person's resort to the provision of medical transportation assistance within Russia and the CIS – 750,000 rubles.

The agreement will be effective from January 1 to December 31, 2015.

The Board of Directors approved the agreement on voluntary group health and accident insurance between RusHydro and SK Alliance, qualified as an interested party transaction, and determined the price of transaction in the amount of RUB 3,509,138.26, VAT free.

According to the agreement the Insurer should make an insurance payout to the Insured Person (RusHydro's employees) or the Beneficiary stated in the Agreement in case of events specified in the Agreement, regardless of the amounts payable to them under any other insurance agreements, or under compulsory social insurance, social security or by way of indemnification.

The Insurance Object:

Personal injury-related property interests, which are not in conflict with the laws of the Russian Federation.

Insured Event:

Events which are sudden, unforeseen and unintentional for the Insured Person (insurance risks), provided for by the insurance agreement, and in case of which the Insurer is obliged to make an insurance payout to the Insured Person (Beneficiary).

Insurance Risks:

- Death of the Insured Person as a result of an accident;
- Death of the Insured Person from natural causes;
- Disability as a result of an accident (with assignment of the 1st, 2nd or 3rd disability groups);
- Disability as a result of natural causes (with assignment of the 1st, 2nd or 3rd disability groups);
- Temporary disability as a result of an accident in connection with injuries;
- Hospitalization as a result of an accident;
- Diagnosing a critical illness or undergoing a serious surgery.

The agreement will be effective from January 1 to December 31, 2015.

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The Board of Directors approved between RusHydro and Lomonosov Moscow State University, qualified as interested party transaction, and determined the price of transaction in the amount of RUB 450,000.00 VAT free.

The agreement provides for education of RusHydro's employee (Evgeny Dod) at the faculty of economics and national economy management of Lomonosov Moscow State University.

Terms of education: from November 1, 2014, to November 1, 2017.

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The Board of Directors commissioned RusHydro's representatives at the AGM of CJSC Sakhalinskaya TPP-2 to approve the following major transactions:

1. Sale and purchase agreement for project documentation of the main production facility of the Sakhalinskaya TPP-2. The price of the agreement amounts to RUB 167,435,401.66, including VAT in the amount of RUB 25,540,993.48. According to the agreement JSC RAO ES of the East should pass to CJSC Sakhalinskaya TPP-2 project documentation, including:
  - 4 sets of the Design (hard copies);
  - 1 set of the Design electronic copy;
  - 1 copy of the state expert review's positive opinion of the capital construction facility "Construction of the Sakhalinskaya TPP-2. Main Production Complex. Intrasite Facilities" (Ilyinsky settlement, Tomarinsky District) No. 1134-143/GGE-9164/02 of September 18, 2014, prepared by the Federal Autonomous Institution "Glavgosexpertiza of Russia" (hard copy);
  - 1 copy of the opinion on the verification of budget costs for the capital construction facility "Construction of the Sakhalinskaya TPP-2. Main Production Complex. Intrasite Facilities" (Ilyinsky settlement, Tomarinsky District) prepared by the Federal Autonomous Institution "Glavgosexpertiza of Russia" (hard copy)
  - exclusive right for intellectual property;
2. General contractor agreement for construction of TPP (1<sup>st</sup> stage) signed based on tender results.

The General Contractor shall provide the entire scope of *Works* in accordance with technical documents and deliver to the Customer the completed, fully equipped, installed, guarantee-tested, connected to *External Infrastructure* and operating *Facility* with all related documents, and the Customer shall accept the results of the *Works* and pay the contract price.

*Facility* – "Construction of Sakhalinskaya TPP-2 (phase 1)" with an installed electrical capacity of no less than 120 MW, including, without limitation by the provided list, the buildings, structures, utilities, auxiliary equipment, which is a combination of hazardous production facilities subject to registration with the state register of hazardous production facilities supervised by the Federal Environmental, Industrial and Nuclear Supervision Service.

*External Infrastructure* – railway, pipeline, water supply system, sewage system, waste ash dumps, communication cables, power transmission lines, pipe rack, other supply sources, utility lines and systems, motor roads outside the boundaries of the Construction Site that connect to the external utilities of the Facility and are required to ensure its normal operation.

*Guaranteed Performance Indicators* of the Facility, including: E-230-13,8-560 steam boiler – 2 units; condensing single-cylinder steam turbine with a heat release from steam bleeding in accordance with the technical requirements for the turbine and generator – 2 units:

- 1) Installed electrical capacity – 120 MW;
- 2) Annual auxiliary consumption of electricity – 11.427%;
- 3) Specific reference fuel flow per released electrical power – 379.298 g r.f./ kW\*h.

*Works* – the entire scope of works, services and deliveries, the performance of which by the General Contractor is required under the Contract, including the delivery of equipment and materials in accordance with the Contract and Annexes thereto, including the works to eliminate shortcomings (defects), required for performance by the General Contractor of its obligations under the Contract, as well as any other works required for performance by the General Contractor of its obligations under the Contract regardless of whether such works are stipulated by the Contract.

According to the draft Contract posted as part of the tender documentation, the *Scope of Works* shall include, without limitation by the provided list:

- a) Verifications and validations of the Facility Design performed by the Designer in accordance with the terms of the Design Contract;
- b) Designing the Working Documentation based on the Facility Design and approving it with the Customer;
- c) Ensuring the Designer Supervision on the part of the designer of Working Documentation.
- d) Construction and installation Works, including general, special and other construction Works and Works involving the connection of the Facility to External Infrastructure;
- e) Construction Supervision of the Works;
- f) Pre-Commissioning Works, including the individual and other tests provided by the Contract and Mandatory Technical Rules, Comprehensive Testing and preparing the documents within the competence of the General Contractor for commissioning of the Facility;
- g) Acquiring (independently and on its own behalf) the Equipment (including spare parts), including insurance, loading, transportation, transshipment, storage, (including the acceptance, transshipment, conservation (in accordance with the requirements set by the documents of the manufacturers), unloading, certification, audit and incoming control, installation and pre-commissioning of Equipment for its incorporation into the Facility;
- h) Acquiring the Materials and obtaining the permits (independently and on its own behalf) to use the Materials for incorporation into the Facility in accordance with the procedure and under the terms provided by the Contract, including their transportation, unloading, loading, storage, certification, inspection, incoming control and use during the Works;
- i) Works to ensure the safe performance of Works by the General Contractor, including: Providing the works with necessary fencing, decking, safety guard cables, safety signs, training the workers for safe performance of works, briefings, etc. in accordance with the applicable safety standards;
- j) Briefing and training of the Customer's personnel;
- k) Designing the work-related instructions;

as well as:

- Preparing the technical specifications and technical and work design for creating the System for Exchange of Technological Information with the Automated System of the System Operator (SOTI ASSO); agreeing upon the technical specifications and technical and work design with the Customer and interested organizations; issuing the designed documents to the Customer and Designer; putting SOTI ASSO into commercial operation;

- Selecting the suppliers and approving with the Customer the boiler and boiler auxiliary equipment (mills, raw coal feeders, exhaust fans, draft fans, dust separators, valves for dust, gas and air ducts, etc.), issuing the designed documents to the Customer and Designer;

- Designing the layout of boiler installation, diagram of dust, gas and air ducts, performing the boiler's aerodynamic calculation, thermal calculation; issuing these documents to the Customer and Designer;

- Designing (with the involvement of the boiler assembly supplier) the working documents for dust, gas and air ducts of boiler sections No. 1, 2, delivering dust, gas and air ducts upon agreement with the Customer; issuing the designed documents to the Customer and Designer;

- Elaborating (with the involvement of the boiler assembly supplier) the design and working documents for dust, gas and air ducts of boiler sections; delivering the dust separators upon agreement with the Customer; issuing the designed documents to the Customer and Designer;

- Preparing the technical specifications and technical and work design for creating the Automated Power Control and Metering System and approving it with the Customer; putting the Automated Power Control and Metering System into commercial operation;

- Designing the working documentation for the mill discharge system with the selection of supplier by agreement with the Customer and conclusion of the contract; issuing the designed documents to the Customer and Designer; delivery of the mill discharge system;

- Determining the supplier of ash and slag removal equipment, approving it with the Customer and concluding the supply contract;

- Preparing other design and working documentation not included in the scope of the Facility Design but required to perform the Works for the final completion and commissioning of the Facility, and approving it with the Customer;

- Adjusting the Design Documents in case of replacing the main equipment, changing the boiler auxiliary equipment and reducing the number of rows in the electrostatic precipitator (if necessary). In this case, the period adjustments should not affect the period established for the final completion of Works.

- Adjusting the design documents, designing the working documentation, and performing construction and installation works by taking into account the increase in the capacity of dry ash silo warehouses from a two-day stock to a seven-day stock (The amount of ash storage shall be 2,520 m<sup>3</sup>, and the silo capacity shall be accepted in accordance with the regulatory documents).

- Adjusting the design documents, designing the working documentation, and performing construction and installation works by taking into account the placement of smoke exhausts under electrostatic precipitators with the closure of smoke exhaustion premises.

- Adjusting the design documents, designing the working documentation and performing construction and installation works for construction within the territory of the power plant (by taking into account the size of the administration and amenities building and the main building), the premises for engineering and technical personnel, and workshops and storage premises for internal production personnel.

*Following the Tender, the Final Scope and types of Works shall be determined by the Contract, Technical Documents, and the Mandatory Technical Rules.*

Price of the Contract:

The maximum cost of Works under the Contract is determined following the Tender and amounts to thirty billion, two hundred and thirty-six million (30,236,000,000) rubles 00 kopecks, including VAT.

Period of Works in accordance with the tender documents:

Start of Works: Date of the Contract.

Scheduled date of readiness for launch: October 31, 2016.

Scheduled date of actual completion: December 22, 2016.

Scheduled date of final completion: as determined by the Parties at the time of signing the actual completion report.

The period of works under the Contract shall be determined following the Tender.

3. Construction liability insurance agreement signed based on tender results.

*Beneficiaries:*

1) Section 1 – "Insurance of construction and installation risks" for the part of insured property, where it bears the risk of destruction, loss or damage:

(a) The Insurer.

(b) General contractor, contractors, their subsidiaries or parent companies, subcontractors of any level.

(c) Suppliers of any level.

(d) Organizations providing services of architects and/or consultants/subconsultants and/or designers and/or suppliers/subsuppliers as part of creating the Facility for construction/installation.

2) Section 2 – "Civil liability insurance for damage to property and/or life and health of third parties":

a) Persons who may be harmed (third parties).

*Insured persons* – the Insured and Beneficiaries under Section 1.

Subject matter of the Agreement:

In case of an insured event, the Insurer agrees to make the insurance payout within the insured sum, in accordance with the procedure, and under the terms provided by the Agreement, and the Insured agrees to pay the insurance premium in the amount and in accordance with the procedure provided by the Agreement.

*The Insurance Object:*

1) Section 1, "Insurance of construction and installation risks":

a) Property interests of the Insured and Beneficiaries related to bearing all risks of physical destruction, loss and/or damage to the Facility for construction/installation;

b) The Commissioned Facility for construction/installation during its guarantee service;

2) Section 2 "Civil liability insurance for damage to property and/or the life and health of third parties":

Property interests of the Insured related to its obligation to compensate, in accordance with the procedure established by civil law, the harm caused to the life, health or property of third parties:

- During construction and installation work at the Facility for construction/installation,

- During the period of guarantee service of the Facility for construction/installation.

*Facility for construction / installation* – Sakhalinskaya SDPP-2 (phase 1) with the installed electrical capacity of no less than 120 MW, including, without limitation by the provided list, the buildings, structures, utilities, and auxiliary equipment, which is a combination of hazardous production facilities that are subject to registration with the state register of hazardous production facilities supervised by the Federal Environmental, Industrial and Nuclear Supervision Service.

*Maximum amount of the total sum insured:*

*Section 1: insurance of construction and installation risks:*

no more than thirty-six billion, nine hundred and thirty-eight million, one hundred and forty-six thousand, five hundred (36,938,146,500) rubles. The sum insured may be adjusted downwards following the Tender and according to the approved summary estimate based on the positive opinion of the Federal Autonomous Institution "Glavgosexpertiza of Russia."

*Section 2: Civil liability insurance for damage to property and/or the life and health of third parties:*

no more than six hundred million (600,000,000) rubles per insured event.

Agreement Price (amount of the insurance premium):

The maximum amount of the insurance premium under the Agreement is determined following the Tender and amounts to one hundred and ten million, eight hundred and fourteen thousand, four hundred and thirty-nine (110,814,439) rubles 53 kopecks, not subject to VAT.

Insurance period:

From the signature of the Agreement and until December 31, 2016, including the testing without load/under load and pre-commissioning works, followed by a guarantee period of no less than twenty-four (24) months.

Term of the Agreement:

The Agreement shall enter into force on the date of its signature and shall be valid until December 31, 2016.

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The Board of Directors approved the Board's working plan for the first half of 2015.

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The Board of Directors approved measures aimed at improvement of procurement policy of RusHydro, its subsidiaries and affiliates.

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The Board of Directors moved the deadline for execution of Board of Directors' commissions.

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The Board of Directors approved annual procurement plan of RusHydro for 2015.

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The Board of Directors approved the price limit for auditing the Company's accounting statements under Russian accounting standards (RAS) and review of consolidated financial statements of RusHydro Group under International Financial Reporting Standards (IFRS) for 2015, 2016 and 2017 in the amount of RUB 494,763,542.99 (including VAT):

1. For 2015, in the amount of RUB 156,747,636.52, including VAT in the amount of RUB 23,910,656.42;
2. For 2016, in the amount of RUB 164,856,373.47, including VAT in the amount of RUB 25,147,582.39;
3. For 2017, in the amount of RUB 173,159,533.00, including VAT in the amount of RUB 26,414,166.05.

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The Board of Directors approved combining positions of Chairman of the Management Board – General Director of RusHydro and member of Supervisory Board of RusHydro International B.V. by Evgeny Dod.

The Board of Directors also approved combining positions of member of the Management Board, first Deputy General Director of RusHydro and member of the Board of Directors of JSC RusHydro MC and Chairman of Partnership Board of Self-Regulating Organization Non-Commercial Partnership EnergoStroiAllianz by Vladimir Tokarev.

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The Board of Directors approved the amendments to the Company's charitable and sponsor activities plan for 2014.

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The Board of Directors approved the amendments to the decision on issue of series 09 and 10 bonds in the amount of 20 mn with par value of RUR 1,000 each and total value of RUR 20 bn maturing on the three thousand, six hundred and fortieth (3640th) day from the date of issue placed by open subscription, with the option of early redemption at the holders' request and at the issuer's discretion (hereinafter, the "Series 09 Bonds"), approved by the Board of Directors of JSC RusHydro on October 30, 2012.

The Board of Directors approved the amendments to the securities Prospectus:

- Series 07 non-convertible interest-bearing certificated bearer bonds with mandatory centralized custody, in the amount of ten million (10,000,000) units with a nominal value of one thousand (1,000) rubles each, and with a total nominal value of ten billion (10,000,000,000) rubles maturing on the three thousand, six hundred and fortieth (3640th) day from the date of issue placed by open subscription, with the option of early redemption at the holders' request and at the issuer's discretion;

- Series 08 non-convertible interest-bearing documentary bearer bonds with mandatory centralized custody, in the amount of ten million (10,000,000) units with a nominal value of one thousand (1,000) rubles each, and with a total nominal value of ten billion (10,000,000,000) rubles maturing on the three thousand, six hundred and fortieth (3640th) day from the date of issue placed by open subscription, with the option of early redemption at the holders' request and at the issuer's discretion;

- Series 09 non-convertible interest-bearing documentary bearer bonds with mandatory centralized custody, in the amount of ten million (10,000,000) units with a nominal value of one thousand (1,000) rubles each, and with a total nominal value of ten billion (10,000,000,000) rubles maturing on the three thousand, six hundred and fortieth (3640th) day from the date of issue placed by open subscription, with the option of early redemption at the holders' request and at the issuer's discretion;

- Series 10 non-convertible interest-bearing documentary bearer bonds with mandatory centralized custody, in the amount of ten million (10,000,000) units with a nominal value of one thousand (1,000) rubles each, and with a total nominal value of ten billion (10,000,000,000) rubles maturing on the three thousand, six hundred and fortieth (3640th) day from the date of issue placed by open subscription, with the option of early redemption at the holders' request and at the issuer's discretion;

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The Board of Directors approved the amendments to 2014 business-plan in terms of investment program as well as adjusted quarterly funding and capex plans for 2014.

### **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 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," "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.*