

June 23, 2017

Results of the Board of Directors on June 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 June 21, 2017.

The Board of Directors took notice of 2017 - 2021 business-plan execution (including reports on implementation of consolidated investment program) and approval of target annual KPIs of Management Board members for 2017 and target KPIs of PJSC RusHydro long-term incentive program for the first cycle of 2017-2019.

The Board of Directors approved report on interim results of 2017 business-plan execution, including actual results for the 1st quarter of 2017 (including reports on implementation of consolidated investment program (including comprehensive modernization program) and annual comprehensive procurement plan for the 1st quarter of 2017).

The Board of Directors approved interest-free loan from PJSC RusHydro to PJSC Magadanenergo in the amount of no more than Rub 569.31 mn. The purpose of the loan is financing of investment project on technological connection of 220 kV transmission line Orotukan-Palatka-Tsentrálnaya to Magadan energy system. The loan funds are being transferred to the Borrower in non-renewable tranches based on the application of the Borrower. The loan is to be paid back 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. The Borrower has the right of early repayment of part or the whole amount of the loan.

The Board of Directors took notice of report of internal review of Company's corporate governance practice. The review was conducted according to the internal audit plan.

The Board of Directors amended Provision on Procurement in regard to possible rent or purchase of aircraft in order to comply with order of the Government of 17.04.2017 on preferential procurement of domestically-built aircraft. According to the directive, government-controlled companies have to purchase (beginning with 2017) and rent (beginning with 2019) only domestically-built aircraft (with exception of certain types of aircraft).

The Board of Directors approved provision on procedure of approval by the Ministry for the Development of the Russian Far East of investment projects implemented by RusHydro in the region. The Board of Directors instructed General Director - Chairman of the Management Board of PJSC "RusHydro", N.G. Shulginov, to ensure publishing of the approved Regulation on the procedure for approving investment programs and other infrastructure development plans implemented by JSC RusHydro in the Far Eastern Federal District in the personal account of PJSC RusHydro on the Interdepartmental portal for the management of state property on time with the Ministry of the Russian Federation for the Development of the Far East before July 3, 2017.

The Board of Directors took notice of report on status of priority projects in the Far East (1st phase of Yakutskaya TPP-2, 2nd phase of Blagoveschesnkaya CHPP, CHPP in Sovetskaya Gavan', 1st phase of Sakhalinskaya CHPP-2) as of 31.03.2017.

The Board of Directors reviewed a number of confidential items of the agenda (items 3.6 to 3.8)

The Board of Directors took notice on report on activity of the Management Board for 2016.

The Board of Directors approved amended Sponsorship and Charity Program of RusHydro for 2017.

The Board of Directors approved performance reports of Chairmen of the following Committees of the Company's Board of Directors for 2016 – 2017:

- Committee on reliability, efficiency and innovations
- Audit Committee.
- Committee on personnel and compensations
- Committee on development of energy system of the far East
- Strategy committee
- Investment committee

The Board of Directors amended provisions on the HR and Remunerations (Nominations) Committee on personnel and compensations and adopted the following wording of item 6.8. of the Provision on the HR and Remunerations (Nominations) Committee:

“The Committee's members shall be elected for a term before holding of the General Meeting of the Company's Shareholders at which a new composition of the Company's Board of Directors is elected. In the event that all members of the Committee are elected to the new Board of Directors, the composition of the Committee shall be valid until the election of a new Committee. The powers of the Committee and any member of the Committee may be terminated ahead of schedule by resolution of the Company's Board of Directors.”

The Board of Directors approved report on functioning of corporate internal control and risk control system.

The Board of Directors approved report on introduction of professional standards in activity of the Company for the 4th quarter of 2016 and 1st quarter of 2017.

The Board of Directors approved report on progress for 2016 of the Innovative development program of RusHydro Group for 2016-2020 with outlook for 2025. The Board of Directors took notice of the Company's rating prepared on the basis of the independent assessment of the quality of the actualization of innovative development programs, the final assessment is 95.20%.

The Board of Directors instructed the Chairman of the Management Board – Director General of the Company, N.G. Shulginov, to ensure that the Company’s Board of Directors submits proposals for improving the quality of preparation and implementation of the design and implementation of the RusHydro Group’s design and implementation for 2016-2020, with a prospect until 2025 before November 01, 2017.

The Board of Directors approved report on implementation of Non-core assets divestment plan for the 1st quarter of 2017.

The Board of Directors determined reimbursement of Company’s Auditor for auditing of financial reports of PJSC RusHydro and consolidated financial reports of RusHydro Group for 2017 in the amount of Rub 118,827,180 (including VAT). JSC PricewaterhouseCoopers Audit was selected as RusHydro auditor through a tender.

The scope of services to be provided by the auditor includes:

- the audit of financial statements of PJSC RusHydro prepared in accordance with the Russian Accounting Standards in the amount of RUB 19,658,800 including VAT – RUB 2,998,800
- the audit of the consolidated financial statements of RusHydro Group prepared in accordance with the International Financial Reporting Standards in the amount of RUB 75,026,170 including VAT – RUB 11,444,670;
- the review of the condensed consolidated interim financial information of RusHydro Group prepared in accordance with the International Accounting Standards (IAS) 34 - “Interim Financial Reporting” for six months ending on June 30, 2017, in the amount of RUB 24,142,210 VAT – RUB 3,682,710.

The Board of Directors instructed representatives of the Company in AGM of JSC CHPP in Sovetskaya Gavan’ to approve Supplementary agreement to the General contractor agreement on construction of the CHPP as a major transaction. RusHydro decided to transfer part of volume of construction work from JSC GlobalElectroService to JSC Ust’-SrednekanGESStroy. JSC GlobalElectroService will continue acting as the general contractor on the project.

The Supplementary Agreement is to be concluded on the following material terms:

- Parties to the Supplementary Agreement:
- Customer - JSC “CHPP in Sovetskaya Gavan”;
- General Contractor - OJSC "GlobalElectroService".
- Subject of the Supplementary Agreement:
- changes in the terms previously approved by the Extraordinary General Meeting of the Shareholders of JSC “CHPP in Sovetskaya Gavan”: reduction of the price of the Agreement by RUB 2,175,922,551 (in connection with the exclusion from the Agreement of the General Contractor’s obligations to perform the Work for the specified amount.
- The limit price of the Agreement taking into account the Supplementary Agreement:
- RUB 11,001,727,448 including VAT (18%) – RUB 1,678,229,610.
- Term of the Supplementary Agreement:
- The Supplementary Agreement shall enter into force upon its signature by the Parties and shall apply to the relations of the Parties from May 19, 2017.

The Board of Directors reviewed qualifications of two candidates to the Board of Directors to be voted for at AGM in 2017. The Board decided that the candidate - Maxim Bystrov and Sergei Ivanov - comply with criteria of independent directors set by Listing rules of the Moscow exchange and Corporate Governance Code of RusHydro.

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 38.9 GW, heat capacity – 16.2 thousand GCal/h.

Russian Federation owns 60.56% 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

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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.