

**May 26, 2014**

**Results of the Board of Directors on May 23, 2014**

JSC RusHydro (ticker symbol: MOEX, LSE: HYDR; OTCQX: RSHYY) announces that the Company's Board of Directors held a meeting in absentia on May 23, 2014.

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The Board of Directors commissioned Evgeny Dod, Chairman of the Management Board of RusHydro, to:

1. Determine 50-100 the most substantial procurement items (according to their value) of RusHydro and its subsidiaries, develop the procedure to compare them with actual value of the same procurements made in the previous periods, and approve it with the Ministry of Economic Development of Russia and the Ministry of Energy of Russia within 30 days from the date of this resolution.
2. Cut the procurement prices of 50-100 the most substantial items (according to their value) not less than 10% of actual value of the same procurements made in 2013 reassessed for consumer price index for 2013 without reduction in quality and safety of purchased products/services.
3. Develop and submit for the Board of Directors' approval within 45 days from the date of this resolution the list of measures aimed at improvement of procurement policy of the Company and its subsidiaries, including:
  - Increasing the share of purchases made at auction, including electronic biddings;
  - Increasing the share of purchases from manufacturers of the relevant products/services;
  - Strengthening measures against corruption, including through revealing and eliminating schemes with participation of the affiliates;
  - Getting discounts, including on medium and long-term agreements, especially for products/services which market prices have decreased.
4. Approve the list of measures with the Ministry of Economic Development of Russia and the Ministry of Energy of Russia within 30 days from the date of this resolution.
5. Submit to the Ministry of Energy of Russia once in a half-year period the reports on execution of the procurement program and the procurement cost cutting results in 2014 in regards to 50-100 the most substantial items (according to their value) of RusHydro and its subsidiaries. Set the deadline for submitting the first report on September 1, 2014.

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The Board of Directors approved the amendments to Regulations on remuneration of the Management Board members of RusHydro, approved by the Board of Directors in 2010.

The Board of Directors authorized Mikhail Poluboyarinov, Chairman of the Board of Directors, to determine conditions (in accordance with the amendments to Regulations on remuneration of the Management Board members of RusHydro) and sign on behalf of RusHydro the addendum to labor agreement with Evgeny Dod, Chairman of the Management Board of RusHydro. The Board of Directors commissioned Chairman of the Company's Management Board to make the amendments to labor agreements with members of the Management Board in accordance with the amendments to Regulations on remuneration of the Management Board members of RusHydro.

The amendments to labor agreements comply with the Federal law on amendments to Labor code of the Russian Federation, effective from April 13, 2014. The amendments provide for limitation the amount of compensations due to termination of labor agreements with officers and board members of the state-owned companies.

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The Board of Directors approved the report on execution of the Company's KPIs in the 1<sup>st</sup> quarter of 2014.

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The Board of Directors approved the agreement for information and consulting services between RusHydro and JSC ATS, qualified as interested party transaction, and determined the price of the agreement in the amount of RUB 4,130,000.00, including VAT (18%) in the amount of RUB 630,000.00.

According to the agreement JSC ATS will make the scenario analysis of operations of the Leningradskaya PSPP within the existing wholesale electricity and capacity market model, and estimate the impact of the plant's operation on the circuit and regime environment of the power system of the North-West of Russia. JSC ATS will also assess possible price change range on the wholesale market of the 1<sup>st</sup> pricing zone with/without LenHPSPP in various scenario conditions of power consumption through 2045.

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The Board of Directors approved the Addendum No. 1 to the agreement No. 2936/OG-192-6-2014 of January 15, 2014, for R&D and technological works between RusHydro and Lenhydroproject, qualified as interested-party transaction, and determined the price of the agreement in the amount of RUB 135,328,421.16, including VAT 18% – RUB 20,643,318.48.

The Addendum provides for the following amendments:

1. Change of the period of works:

Clause 1.5 of the Agreement shall be changed as follows:

“1.5. Works shall be performed by the Contractor within the following terms:

1.5.1. Start of works: from January 15, 2014;

1.5.2. Completion of works: on or before July 30, 2015”.

2. Change of the procedure of payment for works:

Clause 3.4.2. of the Agreement shall be amended as follows:

“3.4.2. Advance payments determined in clause 3.4.1. of the Agreement shall be made as follows: for Stages 1, 2 and 3 – within thirty (30) calendar days from the effective date of the Agreement, but not earlier than January 15, 2014, for Stage 4 – within thirty (30) calendar days from the date of signing the Works Completion Certificate for Stage 3, but not earlier than within thirty (30) calendar days before start of the corresponding stage, provided the Customer receives an invoice issued by the Contractor”.

Clauses 3.4.3, 3.9 and Section 6 of the Agreement shall be deleted.

3. Change of the term of distribution of validity of the Agreement:

Clause 13.1 of the Agreement shall be amended as follows:

“13.1 The Agreement enters into force upon its signature by the Parties and remains in effect until the Parties perform their obligations in full. Terms of the Agreement apply to relations of the Parties arising from January 15, 2014”.

4. Change of the Schedule of Works.

Annex No. 2 to the Agreement shall read as amended by Annex No. 1 to the Addendum.

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

Commencement date – January 15, 2014.

Completion date – on or before July 30, 2015.

The Board of Directors approved the agreement for development project documentation for reconstruction of technical facilities of the Irganayskaya HPP between RusHydro and Lenhydroproject, qualified as interested-party transaction, and determined the price of the agreement in the amount of RUB 851,736.98, including VAT (18%) in the amount of RUB 129,925.98

According to the agreement Lenhydroproject will develop documentation of the reconstruction project of oil-purification system of the oil-treatment plant and the sewage treatment system of the equipment of the sewerage system of the Irganayskaya Hydropower Plant.

Start date of works: March 1, 2014

Completion of works: September 30, 2014

The Board of Directors approved the agreement between RusHydro and Lenhydroproject, qualified as interested-party transaction, and determined the price of the agreement in the amount of RUB 3,540,000.00, including VAT (18%) in the amount of RUB 540,000.00.

According to the agreement Lenhydroproject will develop a project of the annular structure of the fiber-optic communication line for the Branch.

Start date of works: March 1, 2014

Completion of works: November 10, 2014

The Board of Directors approved the agreement between RusHydro and Lenhydroproject, qualified as interested-party transaction, and determined the price of the agreement in the amount of RUB 7,078,053.00, including VAT (18%) in the amount of RUB 1,079,703.00.

According to the agreement Lenhydroproject will develop a project for reinforcement of the grout curtain in TsP-1, 2 and TsL-1, 2 and for restoration of the piezometric and drainage network after reinforcement at the Irganayskaya Hydropower Plant.

Start date of works: March 15, 2014

Completion of works: November 30, 2014

The Board of Directors approved the agreement between RusHydro and Lenhydroproject, qualified as interested-party transaction, and determined the price of the agreement in the amount of RUB 1,522,152.80, including VAT (18%) in the amount of RUB 232,192.80.

According to the agreement Lenhydroproject will develop a project for reconstruction of control butterfly valves No. 1,2 to provide for performance of emergency functions and the system of water evacuation from the cover of turbines No. 1,2 of the Irganayskaya Hydropower Plant.

Start date of works: May 25, 2014

Completion of works: December 25, 2014

The Board of Directors approved the agreement between RusHydro and Lenhydroproject, qualified as interested-party transaction, and determined the price of the agreement in the amount of RUB 3,614,513.46, including VAT (18%) in the amount of RUB 551,366.46.

According to the agreement Lenhydroproject will develop a reconstruction project for the monitoring and testing equipment complex of the earth dam and personnel protection when performing geodetic observations at survey control points of the Irganayskaya Hydropower Plant.

Start date of works: May 1, 2014

Completion of works: December 25, 2014

The Board of Directors approved the agreement between RusHydro and Lenhydroproject, qualified as interested-party transaction, and determined the price of the agreement in the amount of RUB 3,163,446.66, including VAT (18%) in the amount of RUB 482,559.66.

According to the agreement Lenhydroproject will develop a project for restoration of the slope of the motor road opposite the termination of the service spillway and its fortification, development of the

exploratory design and drainage design in Drainage Gallery 6a designated for unloading the massif of Outlet Portal DT-1 at the Irganayskaya Hydropower Plant.

Start date of works: May 1, 2014

Completion of works: December 25, 2014

The Board of Directors approved the agreement between RusHydro and Lenhydroproject, qualified as interested-party transaction, and determined the price of the agreement in the amount of RUB 4,127,866.56, including VAT (18%) in the amount of RUB 629,674.56.

According to the agreement Lenhydroproject will develop of a project of concrete encasement in the access driftway in the left-bank dam abutment near the cargo shaft, development of an exploratory design and a project for longitudinal and transversal hydrostatical elevation meters in the dam gallery at elevation 113.5 m and re-fixation of the project for restoration of the permanent motor road to the access working No.7 along with taking measures for protection against flooding of the access working and road tunnel of the Miatlinskaya HPP.

Start date of works: May 15, 2014

Completion of works: December 20, 2014

The Board of Directors approved the agreement between RusHydro and Lenhydroproject, qualified as interested-party transaction, and determined the price of the agreement in the amount of RUB 2,949,215.30 (two million, nine hundred and forty-nine thousand, two hundred and fifteen Russian rubles, 30 kopecks), including VAT (18%) in the amount of RUB 449,880.

According to the agreement Lenhydroproject will update projects for reconstruction of concrete linings and chutes of driftways, dam galleries, as well as the road tunnel while performing drainage removal at Miatlinskaya HPP.

Start date of works: May 15, 2014

Completion of works: December 20, 2014

The Board of Directors approved the agreement between RusHydro and Lenhydroproject, qualified as interested-party transaction, and determined the price of the agreement in the amount of RUB 1,354,252.96, including VAT (18%) in the amount of RUB 206,580.96.

According to the agreement Lenhydroproject will provide services for designer supervision over the course of restoration and reconstruction of Irganayskaya HPP for the Branch of JSC RusHydro – Dagestan Branch.

Start date of works: July 1, 2014

Completion of works: November 30, 2014.

The Board of Directors approved the agreement between RusHydro and JSC Institute Hydroproject, qualified as interested-party transaction, and determined the price of the agreement in the amount of RUB 14,298,724.34, including VAT (18%) in the amount of RUB 2,181,161.34.

According to the agreement Institute Hydroproject will perform the following works based on the Customer's work order, using proprietary materials, equipment, and tools: "Development of a Project for Reconstruction of the Gas-Turbine Station and Placement of Additional Monitoring and Testing Equipment in Facilities of Zagorskaya PSHPP".

Start date of works: February 1, 2014

Completion of works: October 30, 2014

The Board of Directors approved the Addendum No. 1 to the agreement No. P-02/13 of January 15, 2013, between RusHydro and JSC Institute Hydroproject, qualified as interested-party transaction, and determined the price of the agreement in the amount of RUB 23,403,780.20, including VAT (18%) – RUB 3,570,068.

According to the agreement Institute Hydroproject will perform works for development of design and estimate documentation and engineering documentation (hereafter – the design) for replacement of

crane runways, restoration of the water-removal system and automation of monitoring and testing equipment at the hydraulic engineering structures made from earth materials for the branch of JSC RusHydro – Kamskaya HPP.

The period of works: from January 15, 2013 to December 31, 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 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.*