

July 20, 2015

Statement on a deal with VTB

In the connection with the information in the media PJSC RusHydro (ticker symbol: MOEX, LSE: HYDR; OTCQX: RSHYY) confirms that it has signed a term sheet with PJSC VTB Bank for a potential capital-raising deal.

According to the document, VTB may acquire up to RUB 85 bn of newly issued shares of RusHydro with conclusion of a 5-year forward contract. The raised funds will be primarily used to optimize capital structure of RusHydro subsidiary holding, RAO ES of East, including refinancing of its debt portfolio.

During the life span of the forward contract RusHydro together with VTB Bank will undertake a set of measures, aimed at increased shareholder value of RusHydro, with the view to sell the shareholding held by the bank to a strategic investor (or investors) in line with the plan for partial privatization of RusHydro, approved by the Government. The plan assumes that no less than 50% plus 1 share of the Company will remain in under the control of the Russian Federation.

Upon maturing of the forward contract, provided the shareholding is sold, one of the parties will pay up to the other party the difference between the sale price and the amount of financing, based on the hurdle return on equity required by the bank.

In the nearest future, the parties plan to start preparing legally binding documents, and obtaining approvals of necessary documents by respective government bodies and developing detailed plan of shareholder value management, including measures aimed at increased efficiency of operations and CAPEX as well as increased dividend payout, linked to acting KPI and roadmap of partial privatization of PJSC 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 38.5 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.

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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.