

October 8, 2015. Moscow, Russia.

Results of the Board of Directors on October 7, 2015

October 7, 2015. Moscow, Russia. PJSC RusHydro (ticker symbol: MOEX, LSE: HYDR; OTCQX: RSHYY) announces that the Company's Board of Directors held a meeting on October 7, 2015.

The Board of Directors approved the following structure of transaction aimed at refinancing of debt of RAO ES of the East Group:

At the 1st stage of transaction:

1. RusHydro issues additional shares in total amount of up to RUB 85 bn, with the intention of raising equity financing from VTB Bank ("VTB" or "the Bank").
2. RusHydro and VTB Bank sign a 5-year forward contract on the newly issued shares with total value of RUB 85 bn. According to the contract in case the Bank sells the this stake and/or upon expiration of contract: (1) RusHydro will reimburse VTB the shortfall between estimated and forward price of the stake in case this difference is negative, or (2) VTB Bank will reimburse the difference to RusHydro in case this difference is positive.

RusHydro is not obligated to make a pre-payment of forward price during the first two years from the date of contract. After two years the Company's Management Board may approve the payment mechanism for the next three years. Accrued forward rate payments are compounded on a quarterly basis, in case these payments are not paid quarterly as pre-payment of forward price in favor of VTB.

In the next three months, the Company is to develop and approve a plan to increase market capitalization and investment appeal of RusHydro that should ensure stable growth in the equity value of the Company.

At the 2nd stage, the following measures should be undertaken in order to fulfill RusHydro's potential obligations to the Bank under the forward contract:

1. RAO ES of the East¹ issues bonds with total par value of up to RUB 85 bn (equal to the amount of funding provided by VTB Bank) maturing in 12 years from the date of placement, guaranteed by RusHydro (including bonds repayment obligations or redemption of issued bonds as well as coupon payment).
2. RusHydro and Hydroinvest (RusHydro Group) sign a credit agreement in respect of RUB 85 bn raised by RusHydro from VTB in the equity. Hydroinvest uses this credit facility to buy bonds issued by RAO ES of the East and pledges them to RusHydro to secure obligations of Hydroinvest under the credit agreement.
3. Hydroinvest purchases bonds issued by RAO ES of the East in the amount of up to RUB 85 bn.
4. RAO ES of the East transfers funds received from sale of bonds to its subsidiaries under credit agreements.
5. Companies of RAO ES of the East Holding (incl. PJSC RAO ES of the East and its subsidiaries) use funds received from sale of bonds to repay their debt and RusHydro controls the appropriate use of these funds.

At the 3rd stage, in the event RusHydro is to reimburse a negative difference between estimated and forward price of the stake, the funds for such reimbursement might be raised through placement of the necessary amount of bonds issued by RAO ES of the East , including to VTB Bank.

¹ Official company's name in accordance with the Articles of Association – RAO ES EAST, PJSC.

Additional terms:

1. A coupon rate on RAO ES of the East bonds for the first five years should be determined as follows:
 - a coupon rate for the first two years should be determined at a minimum required level to cover tax payments of RusHydro arising from acquisition of RAO ES of the East bonds by RusHydro Group;
 - from the third year the coupon rate should be increased in accordance with the decision of the governing bodies of RusHydro Group.
2. From the sixth year the coupon rate will be determined in accordance with market conditions.

The Board of Directors commissioned RusHydro's representatives in the Board of Directors of Hydroinvest to approve an agreement for sale of RusHydro's ordinary shares in the amount of up to 3,770,346,900 securities between Hydroinvest and Vostok-Finance LLC. The price of the agreement is determined by multiplying the number of shares by the weighted average price of one share determined based on the results of trading as of the date before the date of transaction.

The sale of RusHydro's shares in favor of Vostok-Finance is a part of the Long-term development program of RusHydro Group in terms of increase of RusHydro Group's share in share capital of RAO ES of the East to 100% through a tender offer of Vostok-Finance to acquire the shares of RAO ES of the East.

The number of shares of RAO ES of the East that might be acquired in accordance with the tender offer:

- 5,611,984,404 ordinary shares;
- 658,904,344 preferred shares.

The price of these shares is determined based on the report of an independent appraiser and amounts to RUB 0.35 per one ordinary share and RUB 0.22 per one preferred share. The shares are to be paid in cash and/or ordinary shares of RusHydro with par value of RUB 1 per share (state registration number 1-01-55038-E of February 22, 2005). In accordance with the Federal Law on shareholder companies, the price of one share of RusHydro for the purpose of payment for the share of RAO ES of the East is determined as a weighted average price for the past six months prior to tender offer announcement.

The Board of Directors commissioned RusHydro's representatives in the governing bodies of Hydroinvest to approve a 12-year credit agreement in the amount of up to RUB 85 bn between RusHydro and Hydroinvest, qualified as major transaction. Hydroinvest will use the facility to acquire bonds issued by RAO ES of the East. Interest on the loan is equal to the sum of coupon rates on bonds of series 01 issued by RAO ES of the East for the entire maturity period of the bonds, given that each such coupon is not more than 3.3 (three-point-three) percentage points higher than the key rate established by the Central Bank of Russia (or similar rate, established by the Central Bank of Russia, for purposes of pricing REPO refinancing operations, in the case use of the key rate for determining financing terms for credit institutions of the Russian Federation will be discontinued) for the date of the decision (or decisions) on each coupon rate is made (in case decision will be made on fixed coupon rate) or for the date of fixing of respective coupon rate (in case decision will be made to determine such coupon rate via a formula based on variables, not dependent on discretion of RAO ES of the East).

The Board of Directors commissioned RusHydro's representatives in the governing bodies of Hydroinvest to approve interrelated transactions aimed at Hydroinvest's purchase of non-

convertible interest-bearing documentary bonds of series 01 issued by RAO ES of the East to be placed through open subscription on Moscow Exchange (MOEX), qualified as major transaction. Hydroinvest will purchase bonds in the amount of up to 85 mn securities with par value of RUB 1,000 per bond maturing in 12 years from the date of placement, call option and semi-annual coupon payment.

The price of bonds placement is determined as follows: RUB 1,000 per one bond of series 01. Starting from the 2nd day of bonds placement the buyer pays accumulative coupon yield (ACY) on bonds of series 01 determined in accordance with the following formula:

$$ACY = \text{Nom} * C * ((T - T_0) / 365) / 100\%, \text{ where}$$

"ACY" is accumulated coupon yield, in RUB;

"Nom" is par value of one bond, in RUB;

"C" is the coupon interest rate for the first coupon period, in percent per annum;

"T" is the date of bonds of series 01 placement;

"T₀" is the start date of bonds of series 01 placement.

Total coupon rate on bonds is determined based on the coupon rates for the entire maturity period of the bonds, given that each such coupon is not more than 3.3 (three-point-three) percentage points higher than the key rate established by the Central Bank of Russia (or similar rate, established by the Central Bank of Russia, for purposes of pricing REPO refinancing operations, in the case use of the key rate for determining financing terms for credit institutions of the Russian Federation will be discontinued) for the date of the decision (or decisions) on each coupon rate is made (in the case decision will be made on fixed coupon rate) or for the date of fixing of respective coupon rate (in case decision will be made to determine such coupon rate via a formula based on variables, not dependent on discretion of RAO ES of the East).

The Board of Directors commissioned RusHydro's representatives in the governing bodies of Hydroinvest to approve bonds pledge agreement between RusHydro and Hydroinvest. According to the agreement Hydroinvest pledges to RusHydro non-convertible interest-bearing documentary bonds of series 01 issued by PJSC RAO ES of the East in the amount of RUB 85 bn in order to secure its obligations under the credit agreement.

The Board of Directors commissioned RusHydro's representatives in the governing bodies of RAO ES of the East to approve placement of non-convertible interest-bearing documentary bonds of series 01 in total amount of up to RUB 85 bn through open subscription on MOEX.

The Board of Directors commissioned RusHydro's representatives in the governing bodies of RAO ES of the East to approve an agreement for state guarantee in the amount of RUB 42.5 bn provided by the Russian Federation to secure obligations under bonds of RAO ES of the East, qualified as major transaction.

The Board of Directors elected Alexander Auzan, Dean of Economics Department at Lomonosov Moscow State University, as Chairman of the Strategy Committee of the Board of Directors.

The Board of Directors elected Maxim Bystrov, Chairman of Management Boards of Administrator of Trading System and Market Council, member of RusHydro's Board of Directors, as Chairman of the Investments Committee of the Board of Directors.

The Board of Directors elected Victor Kudryavy, Adviser to CEO of Eurocement Group, as Chairman of the Reliability, Energy Efficiency and Innovations Committee of the Board of Directors.

The Board of Directors approved early resignation of Mikhail Mantrov, member of the Management Board of RusHydro, effective October 8, 2015, and decreased the number of the Management Board members from 6 to 5.

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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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.

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