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Total electricity generation by power plants of RusHydro group in 1Q 2014 decreased by 0.3%, generation from HPPs/PSPPs increased by 2.7%

JSC RusHydro (ticker symbol: MICEX-RTS, LSE: HYDR; OTCQX: RSHYY) announces its operating results for the 1st quarter of 2014.

Key highlights:

- *Total electricity generation by power plants of RusHydro Group in 1Q 2014 amounted to 31,120 GWh (-0.3%);*
- *In 1Q 2014, total production by HPPs/PSPPs amounted to 22,746 GWh (+2.7%);*
- *In 1Q 2014, total water inflow to reservoirs of the Volga-Kama cascade was 87% higher than long-run average, to the Sayano-Shushenskaya and Kolymskaya hydropower plants reservoirs – the highest on record;*
- *The electricity generation by the plants of RAO ES of East in 1Q 2014 – 8,993 GWh (-7.3%);*
- *The electricity generation by the Boguchanskaya hydropower plant in 1Q 2014 amounted to 1,692 GWh (+112%)*[1]*;*
- *In 2Q 2014 the Company expects a slight decrease in planed electricity generation volumes by hydropower plants due to lower forecasted water inflows to reservoirs of major HPPs of the Group;*
- *In 2014, the Company expects hydro production in line or slightly higher than long-run average levels.*

In the 1st quarter of 2014, total electricity generation by power plants of RusHydro amounted to 31,120 GWh, a 0.3% decrease as compared to the same period of 2013. In the 1st quarter of 2014, hydropower (HPPs) and pumped storage power plants (PSPPs) of RusHydro Group increased electricity generation by 2.7% to 22,746 GWh, output by thermal (TPPs) and geothermal plants located in the Far East of Russia decreased by 7.6% to 9,064 GWh.

Electricity generation by the plants of RusHydro Group, GWh

	1Q'14	**1Q'13**	**chg, %**
Center of Russia	10,079	10,049	0.3%
S. of Russia and N.Caucasus	1,420	1,421	-0.1%
Siberia	5,987	5,823	2.8%
Total for the price zones	**17,486**	**17,293**	**1.1%**
Far East	4,597	4,122	11.5%
RAO ES of the East	8,993	9,705	-7.3%
Armenia	44	84	-48%
TOTAL	**31,120**	**31,204**	**-0.3%**
incl. by HPPs, PSPPs[2]	22,746	22,140	2,7%
incl. by TPPs and other	9,064	8,374	-7,6%
Boguchanskaya HPP	1,692	799	112%

The underlying factors of the production change in January-March of 2014 were:

- higher than average water resources in reservoirs of the hydropower plants of the Far East and Center of Russia as of the beginning of 2014;
- water inflow to reservoirs of the Volga-Kama cascade higher than long-run average;
- higher than normal water inflows to the Sayano-Shushenskaya and Kolymskaya hydropower plants reservoirs;
- decrease in electricity generation by TPPs of the Far East due to warm winter temperatures and increased hydro production in the unified power system of the Far East;
- launch of the first hydro units of the Ust'-Srednekanskaya HPP in the second half of 2013.

Center of Russia

Due to high water levels in the 4th quarter of 2013 water reserves in the reservoirs of the Volga-Kama cascade as of the beginning of 2014 were by 19.5% higher than long-run average, and by 5% lower than last year.

In the 1st quarter of 2014, total water inflow to reservoirs of the Volga-Kama cascade was 1.2-2.6x higher than normal and amounted to 39.8 km^3 as compared to the average of 21.3 km^3.

Total electricity generation by RusHydro's hydropower plants of the Volgo-Kama cascade together with Zagorskaya pumped storage plant in the 1st quarter of 2014 amounted to 10,079 GWh, a 0.3% increase as compared to the same period of 2013.

South of Russia and North Caucasus

Water conditions on the rivers of the South of Russia and North Caucasus in the 1st quarter of 2014 were close to the long-run average.

In the 1st quarter of 2014 water inflow to Krasnodarskiy reservoir on the Kuban' river, Dzaudzhikauskaya and Chirkeyskaya HPPs was close to normal.

The electricity generation by the hydropower plants of the South of Russia and North Caucasus in the 1st quarter of 2014 decreased only by 0.1% to 1,420 GWh.

Siberia

In the 1st quarter of 2014, water inflow to major reservoirs of Siberia was close or slightly higher than long-run average. Water inflow to the Sayano-Shushenskaya hydropower plant reservoir in March was 1.5-2.9x higher than normal, in the 1st quarter – the highest in its history. The Sayano-Shushenskaya hydropower plant operates in a safe mode without releasing water through spillways.

The Boguchanskaya hydropower plant in the 1st quarter of 2014 generated 1,692 GWh as compared to 799 GWh generated in the same period of the previous year. Increase in electricity generation by the Boguchanskaya HPP is attributable to launch of hydro units No. 4, 5 and 6 during 2013 as well as commissioning the plant's power output scheme station – 500 kV power line and substation, and reservoir filling with further increase in HPP's turbines head. In March, the plants reservoir level increased by more than 2 meters reaching 200 m in the end of the quarter (design reservoir level is 208 m).

Total electricity generation by RusHydro's Siberian hydropower plants in the 1st quarter of 2014 increased by 2.8% to 5,987 GWh.

Far East

In the 1st quarter of 2014, water inflow to the Zeyskaya hydropower plant reservoir was by 15% higher than normal, to Bureyskiy reservoir close to normal.

The Zeyskaya and Bureyskaya HPPs have been operating in drawdown mode in order to provide for safety during the spring flood period.

The total electricity generated by hydro and geothermal power plants of the Far East in the 1st quarter increased by 11.5% to 4,597 GWh.

In the 1st quarter of 2014, the generating assets of RAO ES of East, a subsidiary of RusHydro, produced 8,993 GWh of electricity, a 7.3% decrease as compared to the 1st quarter of 2013. A decrease in electricity generation is attributable to warmer air temperatures in January-March as compared to the same period of the previous year and increased levels of hydro generation in the unified power system of the Far East.

In the 1st quarter of 2014, heat output by thermal plants of RAO ES of the East decreased by 4.3% to 13,485 ths.GCal as compared to the same period of 2013.

Armenia

In the 1st quarter of 2014, electricity generation by the Sevan-Hrazdan cascade of hydropower plants in Armenia decreased by 48% to 44 GWh. The power generation by the plants of the cascade is dependent on water inflows of Hrazdan river and water releases from lake Sevan.

Power retail

In the 1st quarter of 2014, total electricity output by RusHydro's four retail companies, operating in Bashkiria, Chuvashia, Ryazan and Krasnoyarsk regions, amounted to 10,631.62 GWh, a 9.6% decrease as compared to the same period of 2013. The decrease is primarily attributable to a 19% reduction of output by Bashkiria power retail company as compared to the 1st quarter of 2013, due to ongoing transfer of a number of major enterprises to independent wholesale electricity purchases within electricity market liberalization.

Water inflows forecast and power generation outlook

According to updated forecast of the Hydrometeorologic Center of Russia (as of April 10, 2014), the following dynamics of water inflows to the major reservoirs is expected in the 2nd quarter of 2014:

- water inflow to the major reservoirs of the Volgo-Kama cascade is expected to be 35-55% lower than normal – 120-146 km^3 as compared to the average of 161 km^3;
- water inflow to the Krasnodarskoe reservoir, the Dzaudzhikauskaya and Chirkeyskaya HPPs is expected to be close long-run average;
- water inflow to the Sayano-Shushenskaya HPP reservoir is expected to be slightly lower or close to the long-run average, water inflow to Novosibirskiy reservoir is expected to be 20% lower than normal;
- water inflow to hydropower plants of the Far East is expected to be slightly higher than long-run average levels (by 1-8%).

In accordance with amended forecast of Hydrometeorologic Center of Russia regarding water inflows to reservoirs of hydropower plants, actual electricity generation volumes by HPPs in the 1st quarter of 2014 as well as with the adjusted schedule of repairs of the main equipment of HPPs, the Company expects hydro generation in 2014 to be in line or slightly higher than long-run average. Electricity generation by thermal plants of RAO ES of East will depend on the dynamics of electricity demand and air temperatures in autumn and winter seasons.

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RusHydro Group operating results for the 1st quarter of 2014 are available on the Company's website at: http://www.eng.rushydro.ru/investors/reports/

[1] The Boguchanskaya hydropower plant is part of the Boguchanskiy Energy and Metals Complex (BEMO), a 50/50 joint venture (JV) between RusHydro and UC RUSAL, and is not part of RusHydro Group. According to RusHydro's shareholding in the JV (50%), the results of the plant are reported in the official financial statements in "Share of results of associates and jointly controlled entities". Operations of the HPP have been put into the press-release for general reference.

[2] Includes generation by HPPs of JSC RusHydro, Kolymskaya HPP and Viluiskie HPPs, part of RAO ES of East group.

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.

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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 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.