

**October 30, 2014**

**Results of the Board of Directors on October 28, 2014**

JSC RusHydro (ticker symbol: MOEX, LSE: HYDR; OTCQX: RSHYY) announces that the Company's Board of Directors held a meeting in absentia on October 28, 2014.

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The Board of Directors commissioned RusHydro's representatives in the governing body of CJSC Yakutskaya TPP-2 to approve an agreement for long-term service of four gas-turbine power units of the Yakutskaya TPP-2 (1st stage) between CJSC Yakutskaya TPP-2 and consortium of GE Energy Europe B.V. and GE Rus LLC, qualified as major transaction.

Parties of the Agreement:

Customer - Yakutskaya TPP-2, CJSC;

Contractor – a consortium consisting of GE Energy Europe B.V., a corporation organized and existing under the laws of the Netherlands, and GE Rus LLC (a company organized and existing under the laws of the Russian Federation);

Subject matter of the Agreement:

The Contractor shall, pursuant to the Customer's order, perform works for service maintenance of four sets of gas-turbine power units of Yakutskaya TPP-2 (1st stage) of LM6000PF DF type manufactured by GE PACKAGED POWER, INC. (hereinafter the Equipment) and the Customer shall accept and pay for the results of the following works performed by the Contractor:

1) Scheduled maintenance in relation to each unit of the Equipment serviced, meaning periodical inspections of the Equipment, testing, repair and/or replacement of the Equipment's details or components clearly limited for each unit of the Equipment with performance of:

- 1.1. boroscopic examination and inspection of the Equipment every 4,000 working hours but at least once a year;
- 1.2. two repairs of hot section module and combustion chamber;
- 1.3. two capital repairs of gas turbine;
- 1.4. adjustment of combustion chamber of gas turbine;
- 1.5. renovation of guide bushes of compressor's turning vanes (to be performed according to the condition, every 12,500 hours);
- 1.6. minor inspection of generator (to be performed after 25,000 running hours);
- 1.7. major inspection of generator (to be performed after 50,000 running hours);
- 1.8. yearly maintenance of reducer as well as during repairs of hot section and capital repair of gas turbine;

2) Unscheduled maintenance of the Equipment required for elimination of the consequences of failure of any component of the Equipment during operation or correction of an anomaly in such a component;

3) Additional works meaning provision of spare parts and performance of works in the following circumstances:

3.1 to assess the condition, take required measures and eliminate defects and other impacts on the Equipment resulting from an excluded event (violation of permissible errors or improper operation of the Equipment, use of non-original spare parts, or the presence of extraneous substances in the Equipment);

3.2 to perform commercially available conversions, modifications and improvements as well as other works on the Equipment services, mutually agreed between the Customer and the Contractor;

3.3 to eliminate the defects covered by the supply warranty under Equipment Supply Agreement No. 425476 dated December 26, 2013;

3.4 maintenance of reducer in addition to the scheduled maintenance scope;

3.5 supply of replacement parts, if spare part or system of the Equipment serviced has become or is becoming outdated;

3.6 provision of additional replacement for hot section and/or performance of capital repair;

3.7 performance of repair works for gas turbine caused by using of excluded parts;

3.8 performance of works under service bulletins.

Price of the Agreement:

1) Price of scheduled maintenance:

The price of scheduled maintenance for the entire period of the Agreement for one set of the Equipment is USD 20,065,215 net of VAT.

The price of scheduled maintenance for the entire period of the Agreement for four sets of the Equipment is USD 80,260,860 net of VAT.

The price of scheduled maintenance shall be increased annually, beginning from January 1, 2016, by the largest value of the following figures: three (3) percent or the sum of three relative annual indices divided by three (3): labor index, industrial commodities index, metal index (calculated by the Labor Department and Bureau of Labor Statistics of the USA) pursuant to Appendix to the Agreement "Determination of Changes in the General Price Index (GPI)".

2) Price of the unscheduled maintenance:

The Customer shall pay for the unscheduled maintenance in accordance with the hourly rates and rates for materials and works applicable at the moment of such unscheduled maintenance.

3) Price of the additional works:

The Customer shall pay for the additional works in accordance with the hourly rates and rates for materials and works applicable at the moment of such additional works.

Term of the Agreement:

The Agreement becomes effective upon its signing and shall terminate upon occurrence of any of the following events:

- on the date when each unit of the Equipment reaches the completion date (on the date when such unit of the Equipment reaches the latest hour of 150,000 operation hours from the date of commencement of the maintenance or completion of the second capital repair for all units of the Equipment),

- expiration of 20 years from the date of commencement of the maintenance of the Equipment".

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The Board of Directors approved an agreement between RusHydro and Administration of Talakan settlement located in Amur region on gratuitous transfer of property. According to the agreement RusHydro transfers to municipal property of Talakan settlement non-residential facility located near the Company's Bureyskaya HPP.

Book (remaining) value of the non-residential facility as of August 1, 2014 amounts to RUB 8,993,572.50.

Book (remaining) value of property as of August 1, 2014 amounts to RUB 98,690.56.

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The Board of Directors approved a sale and purchase agreement between RusHydro and FSK UES, qualified as interested party transaction, and determined the price of property transferred under this agreement in the amount of RUB 200,557,296.98, including VAT (18 %) amounting to RUB 30,593,485.98.

According to the agreement FSK UES will transfer to RusHydro project documentation and shunt reactor to RusHydro through December 15, 2014.

The Agreement is effective from the date of its signing and is valid until the Parties fully perform their obligations.

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The Board of Directors approved a lease agreement between RusHydro and FSK UES, qualified as interested party transaction, and determined the price of the agreement in the amount of RUB 1,645,935.28, including VAT (18 %) amounting to RUB 251,074.89.

According to the agreement RusHydro conveys parts of hydropower facilities for a temporarily possession and use of FSK UES in order to place 220 kV and 500 kV power transmission lines towers. Monthly lease payment amounts to RUB 149,630.48, including VAT at 18 % amounting to RUB 22,824.99.

The Agreement is effective from the date of its signing and is valid through March 31, 2015. The Parties have agreed that the Agreement shall apply to relations that arose from May 1, 2014.

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The Board of Directors approved an agreement between RusHydro and Lenhydroproject, qualified as interested party transaction, and determined the price of the agreement in the amount of RUB 478,646,700.46, including VAT (18 %) amounting to RUB 73,013,903.46.

The agreement provides for development of project documentation for comprehensive reconstruction of HPPs of RusHydro's Dagestan branch.

Start of works: August 04, 2014.

Works completion: September 30, 2018.

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The Board of Directors approved a rental agreement between RusHydro and SO UES, qualified as interested party transaction, and determined the price of the agreement in the amount of RUB 24,034.34, including VAT at 18 % amounting to RUB 3,666.30.

According to the agreement RusHydro conveys a part of a building located on the territory of the Zhigulevskaya HPP for a temporarily possession and use SO UES. Monthly lease payment amounts to RUB 2,184.94, including VAT (18 %) amounting to RUB 333.30.

The agreement is effective as of the date of its signing and is valid through July 31, 2015, and in terms of payment – until the parties fully fulfill their obligations. The parties agreed that terms of the Agreement apply to relations between the Parties established from September 1, 2014.

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The Board of Directors approved a sale and purchase agreement of share in share capital of VolgaHydro LLC between RusHydro and Voith Hydro GmbH & Co. KG.

According to the agreement RusHydro sells to Voith Hydro GmbH & Co. KG a 10.0000008% share with par value of RUB 12,112,063 in share capital of VolgaHydro LLC. As a result RusHydro's share in share capital of VolgaHydro LLC will decrease from 50.0000008% to 40%.

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The Board of Directors approved an agreement on gratuitous transfer of property between RusHydro and the Ministry of the state property management of the Republic of Dagestan.

According to the agreement RusHydro transfers to the Ministry of the state property management of the Republic of Dagestan a 12,210 m length road located in Untsukul'sky region of the Republic of Dagestan.

Book (remaining) value of property amounts to RUB 1,898,565,599.23.

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The Board of Directors approved amendments and additions to the list of non-core assets of RusHydro approved by the Board on February 17, 2014.

The Board of Directors approved sell of 100% stake in JSC ESCO UES, included in the list of non-core assets of RusHydro, at a price determined by the independent appraiser, which cannot be lower than the current market price. The Board also commissioned the executive bodies of the Company to send this resolution to the Federal Property Management Agency to prepare the relevant guidelines for the state representatives in the Board of Directors of the Company to vote for termination of the Company's participation in JSC ESCO UES.

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The Board of Directors approved changes in organizational structure of JSC RusHydro.

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The Board of Directors determined that the Management Board of RusHydro should consist of 5 members.

The Board of Directors terminated powers of the following members of the Management Board: Sergey Tsoy, Yuri Gorbenko, Sergey Abrashin, Sergey Tolstoguzov, Stanislav Savin, Evgeny Gorev, Vladimir Pekhtin, Rakhmetulla Alzhanov, Konstantin Bessmertny and Sergey Voskresensky effective October 30, 2014.

The Board of Directors appointed Vladimir Tokarev, General Director of JSC RusHydro MC, to a position of a member of the Management Board of RusHydro and commissioned Evgeny Dod to sign the labor agreement with Mr. Tokarev.

The Board of Directors also approved combining positions of member of the Management Board of RusHydro and General Director of JSC RusHydro MC by Vladimir Tokarev.

## **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.*