

March 30, 2016

### **RusHydro opens bid book for exchange-traded bonds**

PJSC RusHydro (ticker symbol: MOEX, LSE: HYDR; OTCQX: RSHYY) starts accepting bids for exchange-traded bonds of series BO-P04 with mandatory centralized custody. The securities will be placed through an open subscription by collecting bids from investors at a fixed price and coupon rate for the first coupon period in compliance with the exchange-traded bond program of PJSC RusHydro (registration number 4-55038-E-001P-02E of April 09, 2015, assigned by MOEX).

The decision on approval of type and terms of bonds placement was made by the Chairman of the Management Board – General Director of PJSC RusHydro on March 29, 2016 (Resolution No. 202 of March 29, 2016).

Sberbank CIB has been retained as a technical underwriter of placement.

The bids should be submitted to Sberbank CIB, VTB Capital and Gazprombank from 11:00 till 16:00 Moscow time on March 30, 2016.

### **Re: Participation in the placement of exchange-traded bonds under the exchange-traded bonds program.**

#### **TERMS AND DEFINITIONS**

<b>Issuer</b>	Public Joint-Stock Company Federal Hydro-Generation Company – RusHydro
<b>Issuer's Web-Site:</b>	<a href="http://www.e-disclosure.ru/portal/company.aspx?id=8580">http://www.e-disclosure.ru/portal/company.aspx?id=8580</a> <a href="http://www.rushydro.ru">http://www.rushydro.ru</a>
<b>Organizer 1</b>	Closed Joint Stock Company Sberbank CIB
<b>Organizer 2</b>	Joint Stock Company VTB Capital
<b>Organizer 3</b>	Joint Stock Company Gazprombank
<b>Organizers</b>	Organizer 1, Organizer 2, and Organizer 3
<b>Technical Placement Underwriter</b>	Closed Joint Stock Company Sberbank CIB
<b>Program</b>	The identification number assigned by CJSC MICEX to the exchange-traded bonds program — 4-55038-E-001P-02E, the date the identification number was assigned — April 09, 2015. Maximum aggregate par value of bonds that may be placed under the exchange-traded bonds program — as much as two hundred billion (200,000,000,000) RUB. Maximum maturity date of the exchange-traded bonds to be placed under the exchange-traded bonds program — the seven thousand two hundred and eightieth (7,280 <sup>th</sup> ) day from the start date of such exchange-traded bonds placement period under the exchange-traded bonds program at the latest.
<b>Exchange-Traded Bonds</b>	The certificated interest-bearing non-convertible bearer exchange-traded bonds, subject to mandatory deposit, to be placed under the Exchange-Traded Bonds Program in the amount, with the aggregate par value and maturity date as defined in the document (the second portion of the resolution on securities issue) that contains the conditions of each particular issue of bonds under the Program, the document being approved by the Issuer after the Book Closing Time. The aggregate par value of the Exchange-Traded Bonds shall be RUB 15,000,000,000 or more. The maturity date of the Exchange-Traded Bonds shall be the one thousand and ninety-second (1,092 <sup>nd</sup> ) day from the start date of the placement.
<b>Issue Documents</b>	Exchange-Traded Bonds Program, Exchange-Traded Bonds Prospectus and the second portion of the resolution on securities issue
<b>Preliminary start date of the placement:</b>	April 08, 2016

<b>Exchange</b>	Closed Joint Stock Company MICEX
<b>Offer for Purchase</b>	Proposal (Offer) to enter into a preliminary contract on Exchange-Traded Bonds purchase
<b>Principal Contract</b>	Exchange-Traded Bonds Sale and Purchase Contract
<b>Preliminary Contract</b>	Preliminary contract whereunder a prospective buyer and the Issuer shall, on the start date of the Exchange-Traded Bonds placement, sign the Principal Contract.
<b>Book Closing Time</b>	16:00 (Moscow time)
<b>Book Closing Date</b>	March 30, 2016

**IMPORTANT: BEFORE TAKING ANY STEPS, PLEASE REVIEW THE INFORMATION HEREINAFTER CONTAINED.**

This notice applies to the information hereinafter contained and the Issue Documents posted on the Issuer's Web Page (hereinafter collectively referred to as "**the Documents**"); before taking any steps with regard to the Documents, please review this notice thoroughly. By reviewing and taking any steps in connection with the Documents, you agree to be bound by the conditions set forth below, including any amendments thereto that you may receive from us as a result of your reading the Documents

**NEITHER THIS NOTICE, NOR THE DOCUMENTS PRESENTED TO YOU, IS AN OFFER FOR SALE OF ANY SECURITIES, OR IS INTENDED FOR REVIEW OR ACCESS BY ANY INDIVIDUALS RESIDING IN THE UNITED STATES OF AMERICA, AUSTRALIA, CANADA OR JAPAN.**

**THIS NOTICE AND THE DOCUMENTS MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS STIPULATED BELOW, OR OTHERWISE REPRODUCED.**

Neither the Organizers, nor the Issuer shall hereby place an offer for sale of any securities or solicit an offer for purchase of securities from any individuals in any jurisdiction whatsoever. Neither this notice nor the Documents presented to you may be used for or in connection with any notice in any jurisdiction or under any circumstances where such a notice would be deemed unacceptable or illegal. The Issuer shall require from any person to whom the access to this notice and the Documents is granted to read and observe the restrictions mentioned above. The Documents presented to you are for reference only and not an advertisement or an offer for sale of any securities in any country.

Any securities of the Issuer may not be offered or sold in the United States of America absent registration or an applicable exemption therefrom as per the US Securities Act 1933 (as amended). The Issuer's Exchange-Traded Bonds are not registered in the United States of America, and the Issuer does not intend to register any part of the Exchange-Traded Bonds issue or place any securities via public offering in the United States of America.

This notice and the Documents are intended only for: (i) persons outside Great Britain, or (ii) professional investors covered by Art. 19(5) of the Decree (Financial Assistance) of 2005 as part of the UK Financial Services and Financial Markets Act, 2000 (hereinafter, "**the Decree**"), or (iii) legal entities or other entities with major net capital to whom such a notice and the Documents may be legally forwarded and covered by Art. 49(2)(a) - 49(2)(d) of the Decree (hereinafter collectively referred to as "**the Qualified Parties**"). Any securities may be purchased by, and any invitation, offer or agreement for subscription, purchase or otherwise acquisition of the same may be accepted by such Qualified Parties only. Any other party other than the Qualified Party may not act in connection with or otherwise rely on this notice and the Documents or any information contained therein.

Any public offer of securities may be considered properly made merely by forwarding this notice and the Documents in any EC member state that enacted 2003/71/EC Directive (hereinafter, together with any additional procedures of its application in such a member state referred to as "**the Prospectus Directive**") addressed to qualified investors of such a EU member state as defined in the Prospectus Directive.

Neither this notice, nor the Documents shall be an offering prospectus for the purpose of their interpretation as per the Prospectus Directive application procedures and other applicable laws. Neither this notice, the Documents, nor the offering prospectus drafted with regard to the Issuer's securities placement, may be distributed in any country where such distribution would require the compliance with additional requirements or infringe the applicable laws of such a country.

**HOLDING EXCHANGE-TRADED BONDS OR OTHER FINANCIAL INSTRUMENTS IS ALWAYS A RISK.** This notice is for reference only and incorporates very limited details of investing into the Issuer's securities. Before investing, one should make a weighted decision based, inter alia, on a thorough analysis of the Issuer, its affiliates, operations, financial position, sales and income, general state of the Russian economy and other risk factors.

Dear Investor!

We are pleased to invite you to participate in the placement of the Issuer's certificated interest-bearing non-convertible bonds. This is neither a solicitation of an offer to buy nor an offer to sell.

The Program was assigned the identification number 4-55038-E-001P-02E by the CJSC MICEX. The assignment of the identification number to the program does not mean the actual information contained in the issue documents is true and accurate.

The Exchange-Traded Bonds shall be placed by closing the Exchange-Traded Bonds sale and purchase transactions at the Exchange. The placement of the Exchange-Traded Bonds is planned on the Preliminary Start Date of the Placement, however it may occur on any other date. Final Start Date of the Placement shall be set (determined) as per the **Issue Documents**. The Exchange-Traded Bonds may be paid for in cash only.

You may participate in the placement of the Exchange-Traded Bonds by submitting, as prescribed below, the **Offer for Purchase** as per the prescribed form, indicating the maximum total amount in RUB that you are willing and ready to spend for the Exchange-Traded Bonds, minimum coupon rate at which are willing and ready to buy the Exchange-Traded Bonds for the stipulated amount, and also minimum aggregate par value of the Exchange-Traded Bonds at which you are willing and ready to enter into the Preliminary Contract.

The Offer for Purchase is your offer to enter into the Preliminary Contract.

For the purpose of complying with the Exchange-Traded Bonds placement procedures, the Organizers will consider only those Offers for Purchase that were duly executed, signed and sent to the Organizers as stipulated herein.

### **Procedure of Placement and Calculation**

If you decide to participate in the placement of the Exchange-Traded Bonds, please, confirm your acceptance of the terms and conditions of the Exchange-Traded Bonds placement stipulated in the Issue Documents and this notice by sending to the Organizers (by courier, fax, or e-mail) at the address indicated below the Offer for Purchase duly executed and signed by you not later than by the Book Closing Time and the Book Closing Date. The Offer for Purchase forwarded by a legal entity shall be executed on a letterhead paper and bear a seal of such a legal entity. The offer for Purchase may not be revoked after the Book Closing Time and the Book Closing Date.

For the avoidance of doubt, we draw special attention to the fact that the receipt by the Organizers of your Offer for Purchase does not mean it is accepted. Neither the Issuer, nor the Organizers shall assume any obligation or give any representations or guarantees as to whether your Offer for Purchase will be accepted in full or in part.

After the coupon rate for the Exchange-Traded Bonds is determined and before expiry of the Offer for Purchase, the Issuer will decide whether to accept or reject your Offer for Purchase. Only if and when your Offer for Purchase is accepted, the Technical Placement Underwriter will send you (by courier, fax or e-mail) a written notice of acceptance (hereinafter, the **Notice of Acceptance**) of your Offer for Purchase at the address, fax number or e-mail indicated in your Offer for Purchase. Should the Notice of Acceptance be sent by fax or e-mail, it shall be deemed delivered to you at the moment of its dispatch. If the Issuer decides to reject your Offer for Purchase, or refuses to consider the same, or makes any other decision on the same, the Technical Placement Underwriter will not send you any notice thereof, and your Offer for Purchase shall be deemed non-accepted and becomes null and void as from 08.07.2015. Failure to notify you does not mean that your Offer for Purchase is accepted (silence does not mean consent).

**IMPORTANT: THE ACCEPTANCE OF YOUR OFFER FOR PURCHASE MEANS THE CONCLUSION OF THE PRELIMINARY CONTRACT, WHEREUNDER YOU AND THE ISSUER SHALL, ON THE START DATE OF THE EXCHANGE-TRADED BONDS PLACEMENT, SIGN THE PRINCIPAL CONTRACT UNDER THE FOLLOWING CONDITIONS: THE ISSUER SHALL SELL TO YOU, AND YOU SHALL BUY FROM THE ISSUER (OR FROM A COMMISSION AGENT, ATTORNEY OR ANY OTHER AGENT APPOINTED BY THE ISSUER), AND PAY FOR THE EXCHANGE-TRADED BONDS IN THE AMOUNT, AT A PLACEMENT PRICE AND COUPON RATE STIPULATED IN THE NOTICE OF ACCEPTANCE. THE QUANTITY OF EXCHANGE-TRADED BONDS SPECIFIED IN THE NOTICE OF ACCEPTANCE WILL DEPEND ON THE PLACEMENT PRICE, COUPON RATE AND MARKET DEMAND FOR THE EXCHANGE-TRADED BONDS. YOUR OFFER FOR PURCHASE MAY BE ACCEPTED EITHER IN FULL OR IN PART. IF YOUR OFFER FOR PURCHASE IS ACCEPTED IN PART, THE PRELIMINARY CONTRACT SHALL BE DEEMED CONCLUDED ONLY TO THE EXTENT THAT APPLIES TO THE PART OF YOUR OFFER FOR PURCHASE INDICATED IN THE NOTICE OF ACCEPTANCE. THE NOTICE OF ACCEPTANCE SHALL SPECIFY THE QUANTITY OF THE EXCHANGE-TRADED BONDS CALCULATED BASED ON THE PLACEMENT PRICE AND ON THE**

**PORTION OF FUNDS SPECIFIED IN YOUR OFFER FOR PURCHASE AS THE MAXIMUM AMOUNT YOU ARE READY TO SPEND FOR THE EXCHANGE-TRADED BONDS. THE PROCEDURE OF THE PRINCIPAL CONTRACT CONCLUSION (PROCEDURE OF THE EXCHANGE-TRADED BONDS PLACEMENT), START DATE OF THE EXCHANGE-TRADED BONDS PLACEMENT, PLACEMENT PRICE, COUPON RATE FOR THE EXCHANGE-TRADED BONDS AND SETTLEMENT PROCEDURE SHALL BE ESTABLISHED AS PER THE ISSUE DOCUMENTS.**

This notice, the Offer for Purchase, and the Notice of Acceptance shall constitute the Preliminary Contract.

Any and all disputes arising in connection with the Preliminary Contract, its validity, and execution shall be resolved in the Commercial Court of Moscow.

If you accept the aforementioned conditions and conditions of participation in the Exchange-Traded Bonds placement, please send a copy of your Offer for Purchase to Sberbank CIB by fax +7 (495) 258-05-47 or e-mail [debt\\_syndicate@sberbank-cib.ru](mailto:debt_syndicate@sberbank-cib.ru) (with a copy to: [bonds@vtbcapital.com](mailto:bonds@vtbcapital.com), attn: Ilya Buchkovsky, and [Semen.Odintsov@gazprombank.ru](mailto:Semen.Odintsov@gazprombank.ru), attn: Semen Odintsov) along with a hardcopy subsequently sent by courier to the office of Sberbank CIB at: 4 Romanov Side Street, Moscow, 125009 (attn: Maksim Vashlaev, Artur Plaude).

Sincerely yours,  
PJSC RusHydro

Form of Offer to Enter into the Preliminary Contract of the Exchange-Traded Bonds Purchase (Offer for Purchase):

[ON INVESTOR'S LETTERHEAD PAPER (for legal entities)]

Date:

To CJSC Sberbank CIB  
Address: 4 Romanov Side Street, Moscow, 125009  
Fax: +7 (495) 258-05-47  
E-mail: [debt\\_syndicate@sberbank-cib.ru](mailto:debt_syndicate@sberbank-cib.ru)  
Attn: Maksim Vashlaev, Artur Plaude

CC: CJSC VTB Capital  
Fax: (495) 663-46-16  
Attn: Ilya Buchkovsky  
E-mail: [bonds@vtbcapital.com](mailto:bonds@vtbcapital.com)

CC: JSC Gazprombank  
Address: 7 Koroviy Val street, Moscow, 119049  
Attn: Semen Odintsov  
E-mail: [Semen.Odintsov@gazprombank.ru](mailto:Semen.Odintsov@gazprombank.ru)

#### OFFER TO SIGN THE PRELIMINARY SALE AND PURCHASE CONTRACT

We have read the terms and conditions of participation in the placement of certificated interest-bearing non-convertible bearer Exchange-Traded Bonds, BO-P01 series, subject to mandatory deposit, to be placed under the Exchange-Traded Bonds Program (with the identification number 4-55038-E-001P-02E of April 09, 2015 assigned by MOEX.

Having thoroughly analysed the financial, economic, legal, and other risks and consequences of the Exchange-Traded Bonds purchase and holding, we, [*please specify your full name*], [acting as a trustee (*for asset management companies*) ], hereby undertake to sign, on the start date of the Exchange-Traded Bonds placement, but not later than the third (3-rd) banking day from the start date of the placement, principal contracts on purchase of the Exchange-Traded Bonds from CJSC Sberbank CIB that provides services in placing the Exchange-Traded Bonds and acts on

behalf and at the cost of the issuer of the Exchange-Traded Bonds, as per the issue documents under the following conditions:

Maximum total amount that you are ready to spend for the Exchange-Traded Bonds (RUB)*	[please indicate]
Minimum coupon rate at which you are ready to buy the Exchange-Traded Bonds for the stipulated amount	[please indicate]
Minimum aggregate par value of the Exchange-Traded Bonds at which you are ready to buy the Exchange-Traded Bonds for the stipulated amount**	to be indicated at a prospective buyer's option

Please note that the participant of a trading session at MOEX who submits offers for purchase of the Exchange-Traded Bonds on your behalf will be *[please, indicate the name of your broker]* (for buyers acting via brokers).

This offer is valid until April 08, 2016 inclusive. The Preliminary contract signed by accepting this offer and, respectively, the obligations of the parties to sign the principal contract on purchase of the Exchange-Traded Bonds under conditions stipulated by such a preliminary contract shall automatically become null and void if the Exchange-Traded Bonds are not admitted to trading during their placement at CJSC MOEX by April 08, 2016 (inclusive).

If you agree, please send the Notice of Acceptance of this offer at: by courier: [please, specify the address of your office (or permanent residence address for an individual)], by fax: [please specify the fax number of your office (or fax number for an individual)], by e-mail: [please specify e-mail of your designated employee at your office]

Sincerely yours,

\_\_\_\_\_  
Full name  
Title

*\* This amount does not include the expenses on the acquisition of the Exchange-Traded Bonds and calculations.*

*\*\* If the minimum aggregate par value of the Exchange-Traded Bonds to be placed is not specified, for the purpose of this offer, it shall be equal to the maximum amount which the offerer is ready to spend for the Exchange-Traded Bonds.*

### **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.

### **For more information:**

Investor Relations Department

Tel. +7 (800) 333 8000 ext. 1607, 1319, 1304

**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.*