
Results of the Board of Directors Meeting on April 3, 2018

PJSC RusHydro (ticker symbol: MOEX, LSE: HYDR; OTCQX: RSHYY) announces that the Company's Board of Directors held a meeting on April 3, 2018.

The Board of Directors approved the Consolidated Business Plan (including the Consolidated Investment Program) of RusHydro Group for 2018–2022 (Schedule No. 1 to the Minutes).

The Board of Directors postponed consideration of the item on the approval of the Target Figures for the Annual KPIs of RusHydro Management Board Members for 2018 and the Target Figures for the KPIs of the 2nd Cycle Long-Term Motivation Program of RusHydro for 2018–2020 to a regular meeting of the Board of Directors of the Company.

The Board of Directors approved participation of RusHydro in the Tayshetskiy Aluminum Smelter (the "TaAS") Construction Project subject to the conditions previously determined by the Board of Directors of the Company (Minutes No. 257 dated September 1, 2017).

The Board of Directors determined the following additional conditions of the Company's participation in the TaAS Project:

1. The limit of RusHydro's liability for sponsorship obligations assumed as part of the project financing of the TaAS Project shall not exceed 7.5% (USD 60 million) of the cost of completion of the TaAS.

2. The cost of RusHydro's entry into the TaAS Project (the "Entry Cost") shall not exceed USD 319.5 million (the stake of RusHydro in the Project shall be 50%); the cost of a 50% stake in the authorized capital of RUSAL Tayshet LLC (the "Joint Venture") shall not exceed USD 169.5 million, which shall be confirmed on the basis of an independent appraiser's report, and shall be paid as follows:

– UC RUSAL shall accept, as a partial payment, 42.75% of shares of JSC Irkutsk Electric Grid Company ("JSC IEGC"), owned by RusHydro, at a value of USD 150 million.

– Payment by installment in the amount of USD 19.5 million (for 3 years after the TaAS has reached design capacity (the "Reaching Design Capacity"), payment by installment shall be provided free of charge; subsequently, interest shall be charged at the average weighted interest rate as part of the Project Financing of the TaAS Project).

The remaining part of the Entry Cost (USD 150 million) shall be paid through repayment by the Joint Venture of the debt to UC RUSAL Group companies under the loan agreement at the expense of cash flow after reaching design capacity.

3. If Design Capacity is not reached by January 1, 2035, the Parties shall jointly implement the procedure for RusHydro's exit from the Project without deterioration of the financial situation of the Company.

4. If RusHydro does not resolve to expand the design capacity of the TaAS (within a year after reaching design capacity, but not later than December 31, 2024), the Entry Cost shall reduce by USD 50 million through:

– A decrease in the cost of the 50% stake in the Joint Venture by USD 19.5 million. In this case, RusHydro's obligations to UC RUSAL to pay for the stake in the specified amount shall be terminated.

– Implementation of the procedure for reducing the Joint Venture's debt to the UC RUSAL Group companies by USD 61 million without deterioration of the conditions of RusHydro's participation and the financial position of the Joint Venture and without increasing the stake of UC RUSAL in the Joint Venture (taking into account the need to transfer to UC RUSAL the facilities and rights that were defined based on due diligence as facilities and rights necessary for the implementation of the TaAS Project).

5. The possibility of increasing the amount of Project Financing of the TaAS (subject to approval of such resolution by creditor banks) to improve the financial sustainability of the Project and ensure the possibility of changing the nomenclature of finished products, which could result in higher profitability, subject to confirmation by independent auditors of the improvement of the economic efficiency of the TaAS Project through the implementation of these measures. At the same time, the limit of RusHydro's liability for the sponsorship obligations assumed as part of the project financing of the TaAS Project shall not exceed the limit specified in Clause 2.1 of this resolution (USD 60 million).

6. No restrictions for the exercise of the RusHydro's right to alienate the stake (part of the stake) in the authorized capital of the Joint Venture after the repayment by the Joint Venture of the debt on the loan raised as part of the Project Financing of the construction of the first start-up facilities of the TaAS; the Parties reserve the preemptive right to repurchase stakes.

7. The expediency of granting privileges and advantages to the Joint Venture in connection with its conclusion of a special investment contract in accordance with Federal Law No. 488-FZ, dated December 31, 2014, "On Industrial Policy in the Russian Federation" (SPIC).

8. Protection of RusHydro against the risks and negative effects of the implementation of the TaAS Project arising from the activities of the Joint Venture and/or actions of its participants with respect to the Joint Venture committed before the closing date of the acquisition of the stake (including, but not limited to, tax risks, claims of suppliers of equipment, failure to comply with mandatory requirements of state bodies, etc.) by including provisions in the legally binding documentation on compensation by UC RUSAL for RusHydro's losses or property losses suffered as a result of the materialization of such risks.

9. Transfer of facilities (equipment) that are not related to the TaAS Project from the balance sheet of the Joint Venture without deterioration of its financial position (taking into account the possible expansion of the design capacity of the TaAS).

10. Provision of guarantees and obligations for financing the additional capital costs of the TaAS Project (overrun of the cost of completion of the TaAS by more than 15%) by making a contribution to the property of the Joint Venture or using another procedure to be agreed upon by RusHydro and UC RUSAL that does not lead to the deterioration of the financial situation of the Joint Venture or to an increase in UC RUSAL's stake in the Joint Venture.

11. A resolution documented in a legally binding form that the acquisition of RusHydro's stake in the Joint Venture envisions the abandonment by the Parties of the joint completion of the Boguchanskiy Aluminum Smelter to the declared design capacity (construction of the third and fourth start-up facilities).

12. Provision of a conclusion on the economic efficiency of the Project based on the results of sensitivity analysis to the Board of Directors of the Company.

After the fulfillment of the conditions of participation in the TaAS Project stipulated by this resolution and the resolution of the Board of Directors of the Company dated August 30, 2017 (Minutes No. 257 dated September 1, 2017), and after reconciliation of draft legally binding documentation with UC RUSAL, to authorize the Management Board of the Company to ensure the submission of the documentation to the Federal Property Management Agency in order to obtain the necessary decisions of state authorities (including the consent of the Government of the Russian Federation to the alienation of shares of JSC IEGC and a directive to representatives of the Russian Federation in the Board of Directors of the Company) for the purpose of subsequent submission of the matter of the Company's participation in RUSAL Tayshet LLC and the matter of termination of the Company's participation in JSC IEGC for consideration to the Board of Directors of the Company.

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 39.0 GW, heat capacity – 18.2 thousand GCal/h.

Russian Federation owns 60.6% 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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