

## **EXPLANATORY NOTE**

### **for the issue “Approval of the transactions which are identified as being of interest” of the Extraordinary General Meeting of Shareholders of the Company**

On April 28, 2006 the Board of Directors of JSC RusHydro made a decision to approve participation of JSC RusHydro in companies to be established within the framework of the corporate structure of Boguchansk Energy and Metallurgical Association (BEMA) Project.

On May 31, 2006 the Cooperation Agreement between JSC HydroOGK, JSC RAO UES of Russia, JSC RUSAL, RUSAL Limited and RUSAL Energy Limited was concluded, pursuant to which the parties agreed to complete jointly the financing, including by raising long-term credits, and construction, and also to start operation of Boguchanskaya HPP and the Boguchanskiy Aluminum Smelter.

For the purposes of fulfillment of these arrangements, JSC RusHydro and UC RUSAL held negotiations with the State Corporation “Bank for Development and Foreign Economic Affairs (Vnesheconombank) (hereinafter, “Vnesheconombank”) for raising the project financing for construction of Boguchanskaya HPP and the Boguchanskiy Aluminum Smelter.

The borrowers under the credit facility agreement are CJSC BoAZ and JSC Boguchanskaya HPP.

According to the terms of the financing of BEMA Project, approved by the Supervisory Board of Vnesheconombank on 28.07.2010 and the Board of Directors of JSC RusHydro on 10.09.2010, for securing of fulfillment of loan commitments of JSC Boguchanskaya HPP and CJSC BoAZ the Company is to transfer to pledge the shares of CJSC “Customer of Construction of Boguchanskaya HPP”, CJSC “Arranger of Construction of Boguchanskaya HPP”, CJSC “Arranger of Construction of Boguchanskiy Aluminum Smelter”, CJSC “Customer of Construction of Boguchanskiy Aluminum Smelter” owned by it, promissory notes of OJSC Boguchanskaya HPP and CJSC BoAZ, and act as guarantor under the credit facility agreement between JSC Boguchanskaya HPP and Vnesheconombank.

In accordance with Articles 81 and 83 of the Federal Law “On Joint Stock Companies”, agreements of pledge of shares and promissory notes and the guarantee agreement to be concluded between the Company and Vnesheconombank are the interested party transactions as the member of the Board of Directors A.B. Ballo is also the member of the Management Board of Vnesheconombank.

As of 30.06.2010, the book value of assets of JSC RusHydro amounts to 500,039,489 thousand rubles.

The loan commitment of JSC Boguchanskaya HPP before Vnesheconombank, under which JSC RusHydro acts as guarantor and secures fulfillment of obligations by transfer to pledge of the shares of CJSC “Customer of Construction of Boguchanskaya HPP” (49%), CJSC “Arranger of Construction of Boguchanskaya HPP” (51%), CJSC “Arranger of Construction of Boguchanskiy Aluminum Smelter” (49%), CJSC “Customer of Construction of Boguchanskiy Aluminum Smelter” (51%), and

promissory notes of JSC Boguchanskaya HPP and CJSC BoAZ amounts to over 28 billion rubles which is equivalent to over 2% of the book value of assets of JSC RusHydro.

In accordance with Clause 4 Article 83 of the Federal Law “On Joint Stock Companies”, a decision on approval of the interested party transaction is to be made by the General Meeting of Shareholders by the majority of votes of all shareholders – owners of voting shares not interested in a transaction, if a subject of the transaction or several mutually related transactions is the property, the value of which pursuant to the accounting data of a company amounts to 2 and more percent of the book value of assets pursuant to its accounting data as of the last reporting date.