

This announcement is not a solicitation of consent with respect to any Notes (as defined below). The Consent Solicitations (as defined below) are being made solely pursuant to the Consent Solicitation Memorandum (as defined below) and related documents which set forth the complete terms of the Consent Solicitations.

This announcement and any materials relating to the Consent Solicitations (as defined below) do not constitute, and may not be used in connection with, any form of offer or solicitation in any place where such offers or solicitations are not permitted by law, including India.

The distribution of this announcement in certain jurisdictions, including India, may be restricted by law. Persons into whose possession this announcement comes are required to inform themselves about, and to observe, any such restrictions.



REC Limited (formerly known as Rural Electrification Corporation Limited)
(incorporated with limited liability in the Republic of India)

CONSENT SOLICITATIONS IN CONNECTION WITH CERTAIN SENIOR NOTES

20 February 2019 - REC Limited (formerly known as Rural Electrification Corporation Limited) (the “**Issuer**”) wishes to announce it has commenced a consent solicitation exercise in relation to its:

- (a) U.S.\$400,000,000 3.068% Notes due 2020 (ISIN: XS1733878810; Common Code: 173387881) (the “**2020 Notes**”);
- (b) U.S.\$700,000,000 5.250% Notes due 2023 (Rule 144A Registered Global Note – CUSIP: 74947LAA2; ISIN: US74947LAA26; Common Code: 190259978) (Regulation S Registered Global Note – ISIN: XS1902341939; Common Code: 190234193) (the “**2023 Notes**”);
- (c) U.S.\$450,000,000 3.875% Notes due 2027 (ISIN: XS1641477119; Common Code: 164147711) (the “**2027 Notes**”); and
- (d) U.S.\$300,000,000 4.625% Notes due 2028 (ISIN: XS1791439257; Common Code: 179143925) (the “**2028 Notes**”, and together with the 2020 Notes, the 2023 Notes and the 2027 Notes, each referred to as a “**Series**”, together the “**Notes**”),

to seek the approval by Extraordinary Resolution of the holders of each Series of Notes for a waiver of certain rights of the holders of the relevant Series of the Notes, and modification to the Terms and Conditions in respect of the relevant Series of Notes (together, the “**Consent Solicitations**”), each in connection with the sale by the Government of India of its existing shareholding in the Issuer to Power Finance Corporation Limited, as more fully described in the section entitled “*Background to the Proposal – The Proposal*” of the consent solicitation memorandum dated 20 February 2019 (the “**Consent Solicitation Memorandum**”).

Noteholders are advised to read the Consent Solicitation Memorandum carefully and in full for details of, and information on the procedures for participating in, the Consent Solicitations.

Capitalised terms used and not otherwise defined in this announcement have the meanings given in the Consent Solicitation Memorandum.

The Issuer has appointed Barclays Bank PLC, Citigroup Global Markets Limited, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank to act as Solicitation Agents for the Consent Solicitations and D.F. King to act as Information and Tabulation Agent.

All documents in relation to the Consent Solicitations will be posted on the website operated by the Information and Tabulation Agent for purposes of the Consent Solicitations: <https://sites.dfkingltd.com/rec> (the "**Consent Website**").

An indicative timetable for the Consent Solicitations is set out below:

Commencement of the Consent Solicitations:	20 February 2019
Consent Fee Deadline:	5:00 p.m. (CET), 1 March 2019
Voting Deadline:	5:00 p.m. (CET), 8 March 2019
Meeting of the holders of the Notes:	9:00 a.m. (Hong Kong time), 14 March 2019

The initial meeting (in respect of the 2020 Notes) will commence at 9:00 a.m., with subsequent meetings (in respect of each of the 2027 Notes, 2028 Notes and the 2023 Notes), to be held 30 minutes after the relevant preceding Meeting or after the completion of the relevant preceding Meeting (whichever is later)

In the event that there is no quorum at the relevant Meeting, an adjourned Meeting will be held on 29 March 2019.

Announcement of results of the relevant Meeting (or adjourned Meeting, as the case may be):	As soon as reasonably practicable after the relevant Meeting (or adjourned Meeting, as the case may be).
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(Subject to fulfilment of the Consent Conditions) payment of the Consent Fee to relevant holders of the Notes of the relevant Series eligible to receive such fees:	Expected to be no later than the fifth Business Day following the fulfilment of the Consent Conditions and execution of the Amended and Restated Pricing Supplements
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Noteholders are advised to check with any bank, securities broker, Clearing System or other intermediary through which they hold their Notes as to whether such intermediary applies different deadlines for any of the events specified above, and then to adhere to such deadlines if such deadlines are prior to the deadlines set out above. *All of the above dates are subject to earlier deadlines that may be specified by any relevant Clearing System or intermediary.*

The Proposal

The Issuer is a listed central public sector enterprise in the Indian power infrastructure sector, with the Government of India ("GoI") holding 52.85% of its paid-up equity share capital as of 31 January 2019. On 6 December 2018, the Cabinet Committee on Economic Affairs of India, chaired by the Prime Minister Shri Narendra Modi, announced that it has given its in-principle approval for a strategic sale by the GoI of 52.63% equity shareholding in the Issuer to Power Finance Corporation Limited ("PFC"), along with a transfer of management control (the "**Proposed Transfer**").

In connection with the Proposed Transfer, the Issuer proposes to seek consent by an Extraordinary Resolution of the Noteholders to (i) waive any right that the Noteholders may have in connection with the Proposed Transfer to require an early redemption or prepayment of any of the Notes held by such Noteholder by exercising their change of control redemption right or triggering an Event of Default; and (ii) amend the terms and conditions of the Notes to revise the definition of “Change in Control” in respect of the Noteholders’ change of control redemption right and to delete the relevant Event of Default .

A relevant Extraordinary Resolution that is duly passed at the relevant Meeting in respect of each Series of Notes will be deemed effective immediately prior to the Proposed Transfer Completion Event (as defined below), provided that the following conditions are fulfilled:

- (a) the relevant Extraordinary Resolution in respect of each other Series of Notes being duly passed at the relevant Meeting or, as the case may be, adjourned Meeting; and
- (b) receipt of the RBI Approvals in respect of each Series of Notes,

(collectively, the “**Consent Conditions**”).

“**Proposed Transfer Completion Event**” means the issuance of a confirmation by PFC to the Government of India that PFC’s depositary participant account has been credited with the shares that are the subject of the Proposed Transfer.

The Issuer has applied for the RBI Approvals on 11 February 2019. The RBI Approvals may or may not be forthcoming. The Issuer will publish notices on the Consent Website and the website of the relevant Stock Exchange to notify the holders of the Notes once the RBI Approval have been obtained. The RBI Approval is tentatively expected to be received by 13 March 2019.

Consent Fee

Description of the Notes	ISIN	Common Code	CUSIP	Consent Fee
U.S.\$400,000,000 3.068% Notes due 2020	XS1733878810	173387881	-	U.S.\$15 per U.S.\$1,000 principal amount
U.S.\$700,000,000 5.250% Notes due 2023				
(Rule 144A Registered Global Note)	US74947LAA2	190259978	74947LAA2	U.S.\$5 per U.S.\$1,000 principal amount
(Regulation S Registered Global Note)	XS1902341939	190234193	-	
U.S.\$450,000,000 3.875% Notes due 2027	XS1641477119	164147711	-	U.S.\$50 per U.S.\$1,000 principal amount
U.S.\$300,000,000 4.625% Notes due 2028	XS1791439257	179143925	-	U.S.\$30 per U.S.\$1,000 principal amount

Subject to (i) the relevant Meeting being quorate and validly held, (ii) the Extraordinary Resolution in respect of the relevant Series of Notes being passed at the relevant Meeting, (iii) the relevant Amended and Restated Pricing Supplement being executed and (iv) the Extraordinary Resolution in respect of the relevant Series of Notes being effective, the Issuer will pay the Consent Fee on the Consent Fee Payment Date to each Beneficial Owner of the relevant Series of Notes (other than where such Beneficial Owner is a Sanctions Restricted Person) who has delivered, or has arranged to have delivered on its behalf, a valid Consent Instruction in favour of the relevant Extraordinary Resolution which has been received by the Information and Tabulation Agent at or prior to the applicable Consent Fee Deadline and who has not revoked such Consent Instruction in the limited circumstances in which revocation is permitted. The Consent Fee shall be paid on the Consent Fee Payment Date (a) via the relevant Clearing System for payment to an eligible Beneficial Owner’s cash account (or the account through which they hold the Notes) in such Clearing System in respect of the 2020 Notes, 2027 Notes, 2028 Notes and the 2023 Notes (except for the

2023 DTC Notes) or (b) to the relevant DTC Participant for payment to an eligible Beneficial Owner's cash account in respect of the 2023 DTC Notes.

For the avoidance of doubt, Beneficial Owners of the Notes will only be eligible to receive the Consent Fee if they (i) are not a Sanctions Restricted Person and (ii) submit a Consent Instruction in favour of the Extraordinary Resolution which is received by the Information and Tabulation Agent at or prior to the applicable Consent Fee Deadline and which is not subsequently validly revoked in accordance with the terms of the Consent Solicitation Memorandum.

Subject to applicable law and the Meeting Provisions in respect of each Series and subject also as provided in the Consent Solicitation Memorandum, the Issuer may, in its absolute discretion, re-open, extend, decline, waive any condition of and/or amend the relevant Consent Solicitation (including, but not limited to, the amendment of the relevant Consent Fee or extension of the applicable Consent Fee Deadline or the Voting Deadline) in respect of each Series. As described in the Consent Solicitation Memorandum (and subject to the limited exceptions set out therein), the communication of a vote in favour of or against the Extraordinary Resolution or to abstain from voting in respect of each Series by a Beneficial Owner of such Notes via submission of a valid Consent Instruction shall be irrevocable and binding on such Beneficial Owner from the time submitted except in the limited circumstances described therein.

Disclaimer

Please note that Noteholders must read this announcement in conjunction with the Consent Solicitation Memorandum. This announcement and the Consent Solicitation Memorandum contain important information which should be read carefully before any decision is made with respect to the Proposal or the Extraordinary Resolution.

None of the Solicitation Agents, the Information and Tabulation Agent or the Paying Agents expresses any view as to the merits of the Proposal or the Extraordinary Resolution. None of the Solicitation Agents, the Information and Tabulation Agent or the Paying Agents has been involved in negotiating the Proposal or the Extraordinary Resolution or makes any representation that all relevant information has been disclosed to the Noteholders in or pursuant to this announcement or the Consent Solicitation Memorandum. Furthermore, none of the Solicitation Agents, the Information and Tabulation Agent or the Paying Agents makes any assessment of the impact of the Proposal presented to Noteholders in the Consent Solicitation Memorandum on the interests of the Noteholders or makes any recommendations on the Consent Solicitation relating to the Notes or whether agreement to the Proposal should be made. Accordingly, Noteholders who are unsure of the impact of the Proposal and the Extraordinary Resolution should seek their own financial, legal and tax advice.

Noteholders whose Notes are held on their behalf by a broker, dealer, commercial bank, custodian, trust company or accountholder must contact and request such broker, dealer, commercial bank, custodian, trust company or accountholder if it wishes to participate in the Consent Solicitations.

Any materials relating to the Consent Solicitations do not constitute, and may not be used in connection with, any form of offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the Consent Solicitations be made by a licensed broker or dealer and any of the Solicitation Agents, or their respective affiliates, is such a licensed broker or dealer in that jurisdiction, the Consent Solicitations shall be deemed to be made by such Solicitation Agent or affiliate, as the case may be, on behalf of the Issuer in such jurisdiction where it is so licensed and the Consent Solicitations are not being made in any such jurisdiction where the Solicitation Agents or any one of their affiliates is not so licensed.

Noteholders having questions regarding the Consent Solicitation Memorandum may contact the Solicitation Agents at:

Barclays Bank PLC

5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

In Hong Kong: +852 2903 3266

In London: +44 20 3134 8515

U.S. Toll-free: +1 (800) 438-3242

U.S. Collect: +1 (212) 528-6581

Attention: Liability Management Group

Email: liability.management@barclays.com

Citigroup Global Markets Limited

Citigroup Centre
Canada Square
Canary Wharf
London, E14 5LB
United Kingdom

In Hong Kong: +852 2501 2693

In London: +44 20 7986 9000

In New York: +1 212 723 6106

Attention: Liability Management

Email: liabilitymanagement.asia@citi.com

The Hongkong and Shanghai Banking Corporation Limited

Level 17, HSBC Main Building
1 Queen's Road Central
Hong Kong

Attention: Liability Management Group

Tel: +852 2822 4100 / +44 20 7992 6237

Email: liability.management@hsbcib.com

Standard Chartered Bank

8 Marina Boulevard
Level 20, Marina Bay Financial
Centre Tower 1
Singapore 018981

Attention: Liability Management

Tel: +65 6596 8807

Email: liability_management@sc.com

Questions or requests for assistance in connection with voting at the Meetings and/or the delivery of Consent Instructions may be directed to D.F. King as the Information and Tabulation Agent at:

D.F. King

Website: <https://sites.dfkingltd.com/rec>

Email: rec@dfkingltd.com

In London:

125 Wood Street
London EC2V 7AN
United Kingdom
Tel: +44 20 7920 9700

In Hong Kong:

Suite 1601, 16/F, Central Tower
28 Queen's Road Central
Hong Kong
Telephone: +852 3953 7230

In New York:

48 Wall Street – 22nd floor
New York, NY 10005
Attention: Andrew Beck

Toll-Free: +1 (800) 549-6864

Banks and Brokers: +1 (212) 269-5550

By Facsimile: +1 (212) 709-3328

Confirmation: +1 (212) 269-5552


(Authorised Signatory)




(Authorised Signatory)

