

A black and white photograph of a wind turbine. The image is dominated by the large, curved blades of the turbine, which are positioned diagonally across the frame. In the foreground, a worker wearing a hard hat and safety gear is perched on top of one of the blades, looking down. The background shows another part of the turbine's nacelle and the sky. The overall composition is clean and industrial.

## INVITATION

to the Annual General Meeting  
of RWE Aktiengesellschaft  
on Wednesday, April 22, 2009

**RWE Aktiengesellschaft**

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**RWE**  
The energy to lead

# RWE AKTIENGESELLSCHAFT ESSEN

International Securities Identification Numbers (ISIN):

DE 0007037129

DE 0007037145

## INVITATION TO THE ANNUAL GENERAL MEETING

Dear Shareholders,

We hereby invite you to attend our Ordinary Annual General Meeting, which shall convene at 10:00 a.m. on Wednesday, April 22, 2009, in the Grugahalle on Norbertstraße 2, 45131 Essen, Germany.

# AGENDA

1. **Presentation of the approved Financial Statements of RWE Aktiengesellschaft and the Group for the financial year ended December 31, 2008, with the combined Review of Operations of RWE Aktiengesellschaft and the Group including the statement by the Executive Board on takeover-related issues, the proposal of the Executive Board for the appropriation of distributable profit, and the Supervisory Board Report for fiscal 2008.**

The aforementioned documents have been made available on the Internet at [www.rwe.com](http://www.rwe.com) and in the offices of RWE Aktiengesellschaft corporate headquarters, which are located on Opernplatz 1, 45128 Essen, Germany. Copies of these documents will be furnished free of charge and immediately upon request from any shareholder.

2. **Appropriation of distributable profit**

The Executive Board and the Supervisory Board propose that RWE Aktiengesellschaft's distributable profit for fiscal 2008 be appropriated as follows:

Payment of a dividend of EUR 4.50 per dividend-bearing share	= EUR	2,388,107,371.50
Profit carryforward	= EUR	20,000,417.75
		<hr/>
Distributable profit	= EUR	2,408,107,789.25

This dividend proposal takes into account the non-dividend-bearing shares held by the corporation as of December 31, 2008. The number of dividend-bearing shares may decline before the Annual General Meeting if further shares are purchased. Accordingly, the number of dividend-bearing shares may rise if treasury stock is sold before the Annual General Meeting. In either of these cases, based on an unchanged dividend per

dividend-bearing share, an adjusted proposal for the appropriation of the distributable profit will be made to the Annual General Meeting, according to which the total amount payable to the shareholders will be reduced by the partial amount that would be payable for the additional shares bought back between January 1, 2009, and the date of the proposal for the appropriation of distributable profit and will be increased by the partial amount that would be payable for treasury stock sold between January 1, 2009, and the date of the proposal for the appropriation of distributable profit. The profit carryforward will rise or fall by these partial amounts.

3. **Approval of the Acts of the Executive Board for fiscal 2008**

The Executive Board and the Supervisory Board propose that the Executive Board be granted approval for its acts in fiscal 2008.

4. **Approval of the Acts of the Supervisory Board for fiscal 2008**

The Executive Board and the Supervisory Board propose that the Supervisory Board be granted approval for its acts in fiscal 2008.

5. **Appointment of the auditors for fiscal 2009**

The Supervisory Board proposes that

PricewaterhouseCoopers Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft,  
Frankfurt am Main,  
Zweigniederlassung Essen,

be appointed auditors for fiscal 2009.

## 6. Appointment of the auditors for the audit-like review of the financial report for the first half of 2009

The Supervisory Board proposes that

PricewaterhouseCoopers Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft,  
Frankfurt am Main,  
Zweigniederlassung Essen,

be appointed auditors for the condensed financial statements and the interim review of operations which are part of the financial report for the first half of 2009.

## 7. Authorisation to implement share buybacks and use treasury stock

The authorisation issued at the 2008 Annual General Meeting to conduct share buybacks expires on October 16, 2009. Therefore, it shall be renewed. The draft resolution contains provisions for the acquisition and subsequent use of treasury stock.

The Executive Board and the Supervisory Board propose that:

a) The company is authorised to buy back up to 10% of its capital stock as of the passage of the resolution by the Annual General Meeting in shares of any kind until October 21, 2010. The buyback may be limited to a single class of shares. At the Executive Board's discretion, the acquisition shall be made (1) on the stock exchange or (2) via a public purchase offer.

(1) If the acquisition is made on the stock exchange, the price per share paid by the company (excluding ancillary purchase costs) may not deviate by more than 10% from the arithmetic mean of the closing bidding price of the type of share in

question on the Xetra trading system (or on a system replacing the Xetra system with comparable functionality) on the Frankfurt Stock Exchange on the last three stock market trading days prior to the purchase.

(2) If the acquisition is arranged as a public purchase offer, the price per share offered and paid by the company (excluding ancillary purchase costs) may not deviate by more than 20% from the arithmetic mean of the closing bidding price of the type of share in question on the Xetra trading system (or on a system replacing the Xetra system with comparable functionality) on the Frankfurt Stock Exchange on the last three stock market trading days prior to the publication of the offer. If the purchase offer is oversubscribed, the purchase may be made based on the ratios of the interests held by the shareholders tendering the shares with respect to each other (share ratios) or based on the ratio of shares tendered (tender ratios). Furthermore, commercial rounding can be carried out to avoid allocation of fractions of shares.

b) In accordance with Sub-Item a) or on the basis of an authorisation granted previously, the Executive Board is authorised to call purchased shares without further approval from the Annual General Meeting. The call can be made without reducing capital by increasing the prorated amount of the remaining shares in the company's capital stock. In such a case, the Executive Board shall be authorised to adjust the number of shares in the Articles of Incorporation.

c) Furthermore, in accordance with Sub-Item a) or on the basis of an authorisation granted previously, the Executive Board is authorised to transfer common shares to third parties in connection with mergers or

acquisitions of companies or of stakes in companies. Shareholder subscription rights are excluded.

- d) Furthermore, the Executive Board is authorised to sell the common shares purchased by exercising the authorisation in accordance with Sub-Item a) or on the basis of an authorisation granted previously, without selling them on the stock market or offering them to all shareholders, as long as they are sold for cash and at a price that is not significantly lower than the price at which common shares with the same entitlements are listed on the stock market at the time of sale. Shareholder subscription rights are excluded. This authorisation is limited to the sale of shares which together account for no more than 10% of the company's capital stock. The upper limit of 10% of the company's capital stock shall be reduced by the prorated amount of the capital stock allocable to shares (1) issued during the term of this authorisation within the scope of a capital increase under exclusion of subscription rights in accordance with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act or (2) must be issued to redeem option or convertible bonds with option or conversion privileges or to fulfil an option or conversion obligation, as long as the option or convertible bonds have been issued during the term of this authorisation under exclusion of subscription rights in accordance with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act.
- e) Furthermore, the Executive Board is authorised to provide common shares purchased in accordance with Sub-Item a) or on the basis of an authorisation granted previously to holders of option or convertible bonds of the company or of a Group company in the sense of Section 18 of the German Stock Corporation Act, which were issued on the basis of authorisations issued by the company's Annual General Meeting on

April 22, 2009, under Items 9 and 10 of the Agenda, in accordance with the option and bond conditions. Shareholder subscription rights are excluded. The share of the capital stock attributable to the common shares transferred on the basis of this authorisation may be no more than 10%, as long as the common shares are used to exercise option or conversion privileges or fulfil option or conversion obligations granted or imposed in accordance with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act. Shares issued or sold in direct or corresponding application of Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act during the term of this authorisation shall be included in this limitation.

- f) Furthermore, in the event of a sale of treasury stock issued on the basis of the authorisations by the company's Annual General Meeting on April 22, 2009, as per Items 9 and 10 of the Agenda through an offer to all shareholders or in the event of a capital increase including shareholder subscription rights, in accordance with Sub-Item a) or an authorisation granted previously, the Executive Board is authorised to issue to the holders of option or convertible bonds of the company or of a Group company in the sense of Section 18 of the German Stock Corporation Act common shares in the company purchased commensurate to the common shares in the company which the holders of the option or convertible bonds would be entitled to subscribe after exercising the option or conversion privilege or fulfilling the option or conversion obligation. Shareholder subscription rights are excluded. Common shares transferred on the basis of this authorisation may not account for more than a prorated 10% of the capital stock. Shares issued or sold in direct or corresponding application of Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act during the term of this authorisation shall be included in this limitation.

- g) All of the aforementioned authorisations for the purchase and use of treasury stock may be exercised by the company or its Group companies in full or in part, once or several times, acting singly or jointly, in the sense of Section 18 of the German Stock Corporation Act or by third parties on its or their account.
- h) The limited authorisation to conduct share buybacks issued by the Annual General Meeting on April 17, 2008, which expires effective October 16, 2009, shall be revoked once the new authorisation has been issued.

**8. Authorisation for the use of derivative financial instruments within the scope of share buybacks**

It shall also be possible to conduct share buybacks using derivative financial instruments.

The Executive Board and the Supervisory Board propose that:

- a) Share buybacks implemented pursuant to the authorisation granted as per Item 7, Sub-Items a) and g) may also be carried out by exercising put and call options. In such events, the option-based transactions must be carried out with a financial institution or with companies whose activities comply with Section 53, Paragraph 1, Sentence 1, or Section 53 b, Paragraph 1, Sentence 1, or Section 7 of the German Banking and Financial Dealings Act (referred to as "financial institutions" hereinafter) as long as, on exercise of the option, said financial institution delivers shares which were purchased in line with the principle of equal treatment. Share buybacks using put and call options are limited to shares accounting for a maximum of 5% of the company's capital when the resolution is adopted by the Annual

General Meeting. The term of the options must end no later than October 21, 2010. The option premium paid or received by the company for exercising the call or put option may not deviate by more than 5% from the theoretical market value of the option in question, determined using generally accepted investment mathematics methods. The purchase price of the shares due on exercise of the option may not deviate by more than 20% from the arithmetic mean of the closing bidding price of the type of share in question on the Xetra trading system (or on a system replacing the Xetra system with comparable functionality) on the Frankfurt Stock Exchange on the last three trading days prior to the conclusion of the option transaction (excluding ancillary purchasing costs, but including the option premium received or paid).

- b) The use of treasury stock purchased on the basis of this authorisation is subject to the provisions in Item 7, Sub-Items b) through g).

**9. Authorisation I for the issuance of option or convertible bonds and for the exclusion of subscription rights to these bonds, formation of conditional capital and amendment to Section 4 of the Articles of Incorporation**

So as to make the company flexible on the capital market, it is to be proposed to the Annual General Meeting that a resolution be adopted to grant an authorisation to issue option or convertible bonds and to form conditional capital for the issuance of common shares and the exercise of option or conversion privileges or the fulfilment of option or conversion obligations.

- a) **Authorisation I for the issuance of option or convertible bonds and for the exclusion of subscription rights to these bonds**

The Executive Board and the Supervisory Board propose that:

The Executive Board is authorised, subject to Supervisory Board approval, to issue option or convertible bonds in the name of the bearer (collectively referred to as “debenture bonds” hereinafter) either once or several times to a total nominal amount of up to 6,000,000,000 euros and to grant or impose on holders of option bonds option privileges or obligations and to grant or impose on holders of convertible bonds conversion privileges or obligations relating to the company’s common shares in the name of the bearer accounting for a prorated 143,975,680 of the company’s capital stock once the conditions of the option bond and convertible bond have been determined. As the aforementioned total nominal amount of up to 6,000,000,000 euros includes debenture bonds with option and conversion privileges or option or conversion obligations issued on the basis of the authorisation granted by the Annual General meeting April 22, 2009, under Item 10 (authorisation II), the total nominal amount can only be taken advantage of once when exercising authorisations I and II.

The option and convertible bonds may be issued in euros or – as long as limited to the corresponding value in euros – in the legal currency of an OECD country. They can also be issued by a Group company in the sense of Section 18 of the German Stock Corporation Act, in which the company holds a direct or indirect stake of at least 90%. In such an event, subject to Supervisory Board approval, the Executive Board is authorised to guarantee said debenture bond on behalf of the company and to grant, or impose on, its holders option or conversion privileges or obligations with respect to shares in the company in the name of the bearer.

Shareholders shall be granted a legal subscription right through the custodial holding of the debenture bonds by a financial institution or a consortium of financial institutions obliged to offer them to shareholders for subscription. If debenture bonds are issued by a Group company in the sense of Section 18 of the German Stock Corporation Act, in which the company directly or indirectly holds a stake of at least 90%, the company is obliged to grant the company’s shareholders the legal subscription right pursuant to the preceding sentence.

However, subject to Supervisory Board approval, the Executive Board is authorised to exempt fractional amounts resulting from the subscription rate from shareholder subscription rights so as to ensure that individuals previously entitled to option or conversion privileges or who were previously imposed option or conversion obligations are granted subscription rights commensurate to what they would be entitled to on exercise of the option or conversion privilege or on fulfilling the option or conversion obligation as shareholder.

Furthermore, subject to Supervisory Board approval, the Executive Board is authorised to fully exclude shareholder subscription rights to debenture bonds issued in exchange for cash, which are issued with option or conversion privileges or with option or conversion obligations if, having carried out a statutory audit, the Executive Board reaches the conclusion that the issue price of the debenture bonds is not significantly below their theoretical market value determined using generally accepted methods – above all investment mathematics methods. This authorisation to exclude subscription rights applies to debenture bonds issued with option or conversion privileges or obligations, with an option or conversion privilege or obligation with respect to common

shares accounting for a prorated share of the capital stock that in total may not exceed 10% of the capital stock – be it when said authorisation becomes effective or – if this value is lower – when said authorisation is exercised. The aforementioned 10% limit encompasses

- > common shares issued from authorised capital under exclusion of subscription rights in accordance with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act during the term of said authorisation;
- > common shares purchased on the basis of an authorisation granted by the Annual General Meeting to conduct share buybacks in accordance with Section 71, Paragraph 1, Item 8 of the German Stock Corporation Act and sold under exclusion of subscription rights during the term of said authorisation in accordance with Section 71, Paragraph 1, Item 8, Sentence 5 in conjunction with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act;
- > common shares issued through the exercise or fulfilment of option or conversion privileges or obligations attached to debenture bonds with option or conversion privileges or obligations issued or imposed in accordance with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act on the basis of an authorisation granted by the Annual General Meeting on April 22, 2009, under Item 10 of the Agenda;
- > common shares issued during the term of said authorisation within the scope of a capital increase through contributions in kind under exclusion of subscription rights as long as the shares to be issued under exclusion of subscription rights

would not account for more than 20% of the company's capital stock.

In the event of an issuance of option bonds, one or several purchase options are attached to each fractional debenture bond, entitling the holder to subscribe to common shares in the company in the name of the bearer under option conditions that shall be specified in more detail by the Executive Board. Option bonds denominated in euros issued by the company may be attached to option conditions under which the option price can also be covered through a transfer of fractional debenture bonds or through an additional cash payment. The prorated amount of the capital stock allocable to the common shares procurable for each fractional debenture bond may not exceed the nominal amount of the fractional debenture bond. In the event of fractions of shares, it is permissible – in adherence to the option and/or bond conditions – to arrange for the fractions to be summed up until they equal whole common shares, which can then be subscribed.

In the event of an issuance of convertible bonds, the holders are entitled to convert their debenture bonds in accordance with the convertible bond conditions established by the Executive Board to common shares in the company in the name of the bearer. The conversion ratio is obtained by dividing the nominal amount or the lower issuance amount of a fractional debenture bond by the conversion price determined for a common share in the company and can be rounded up or down to a whole figure; furthermore, an additional cash payment and the combination or compensation for fractional amounts that are not convertible can be determined.

### Option or conversion price

In the event of an issuance of debenture bonds granting option or conversion privileges or imposing option or conversion obligations, the option or conversion price is determined pursuant to the rules set forth in Section 4, Paragraph (3a) of the company's Articles of Incorporation of the version printed under Item 9 b) (1) of the Agenda.

### Bond conditions

The option or conversion price of debenture bonds with attached option or conversion privileges or obligations can be adjusted according to the particulars of the debenture bond to maintain their value irrespective of Section 9, Paragraph 1 of the German Stock Corporation Act in the event of an economic dilution of the value of the option or conversion privileges or obligations unless such adjustment is otherwise provided for by the law. Furthermore, the debenture bond conditions may contain a provision for the adjustment of the option or conversion privileges or obligations applicable in the event of a reduction in capital or another extraordinary measure or event (e.g. unusually high dividends or a change of control). In the event of a change of control, the option or conversion price may be adjusted as is customary in the market.

The bond conditions may contain a provision entitling the company to make a cash payment instead of issuing common shares in the event of a conversion or exercise of an option privilege, said cash payment in lieu of the common shares corresponding to the simple imputed average of the share price on the ten stock market trading days after the announcement of the conversion or exercise of the option. The referenced share price on the stock market trading day in

question is the volume weighted average quotation of the company's common shares on the Xetra trading system (or on a system replacing the Xetra system with comparable functionality) on the Frankfurt Stock Exchange. In the event of the company announcing the exercise of its right to make a cash payment after the conversion or exercise of the option, the ten stock market trading days start three stock market trading days after the company's announcement of a cash payment. Bond conditions can also envisage that – at the company's discretion – the option or convertible bond may be converted into existing common shares in the company or into shares of another listed company instead of into new common shares from conditional capital, or that the option privilege or option obligation may be exercised or fulfilled through the delivery of such shares.

The conditions of the debenture bonds may also envisage a conversion obligation or an option obligation at the end of the term (or at another point in time) or the company's right to fully or partially replace the cash payment due with common shares in the company or shares in another listed company granted to the creditors of the debenture bond at the final maturity of the debenture bonds to which the conversion or option privilege is attached (this also encompasses maturity due to cancellation).

The prorated share of capital stock allocable to the common shares in the company to be issued as a result of the conversion or exercise of the option privilege may not exceed the nominal value of the debenture bonds. Section 9, Paragraph 1 in conjunction with Section 199, Paragraph 2 of the German Stock Corporation Act must be complied with.

Subject to Supervisory Board approval, the Executive Board is authorised to determine the further details

of the issuance and terms of the debenture bonds, with due regard to the interest rate, issue price, maturity and denomination, provisions to protect them from dilution as well as the option or conversion period, or to agree them with the committees of the Group company issuing the option or convertible bond.

#### b) Formation of conditional capital I

The Executive Board and the Supervisory Board propose the formation of conditional capital I with the following particulars and an amendment to the Articles of Incorporation for this purpose:

##### (1) Formation of new conditional capital I and amendment to Article 4 of the Articles of Incorporation

In Article 4 of the Articles of Incorporation (capital stock), existing Paragraph (4) shall become Paragraph (5) and existing Paragraph (3) shall become Paragraph (4), and a new Paragraph (3a) shall be inserted:

“(3a) The capital stock shall be conditionally increased by up to EUR 143,975,680, divided into up to 56,240,500 common shares in the name of the bearer (conditional capital I). The conditional capital increase shall only be performed to the extent that the holders of option or conversion privileges or of convertible bonds obliging them to perform a conversion or exercise an option, issued or guaranteed by the company or a Group company in the sense of Section 18 of the German Stock Corporation Act, in which the company directly or indirectly holds a stake of at least 90 %, on the basis of authorisation I adopted by the April 22, 2009, Annual General

Meeting under Item 9 of the Agenda, make use of their option or conversion privileges or, insofar as they are obliged to perform a conversion or exercise an option, fulfil their obligation to convert or to exercise an option, or insofar as the company exercises its discretionary power to fully or partially replace the cash payment due with common shares in the company in the name of the bearer. The conditional capital increase shall not be carried out if cash compensation is paid or if common treasury stock or shares in another listed company are used for servicing purposes. New common shares shall be issued at the option or conversion prices stipulated in this authorisation:

> In the event of an issuance of debenture bonds conferring option privileges, but excluding option obligations, the option price shall correspond to 125% of the volume weighted average price of the common shares in the company quoted on the Xetra trading system (or on a system replacing the Xetra system with comparable functionality) on the Frankfurt Stock Exchange in the period between the adoption of the resolution on the utilisation of authorisation I by the Executive Board and the establishment of the price of the debenture bonds by the banks underwriting the issuance or – in the event of a grant of subscription rights – 125% of the volume weighted average price of the common shares in the company quoted on the Xetra trading system (or on a system replacing the Xetra system with comparable functionality) on the Frankfurt Stock Exchange on the fifth day prior to expiry of the subscription period (the average share price used as a basis shall alternatively be referred to as the “reference quotation” hereinafter).

- > In the event of an issuance of debenture bonds granting conversion privileges, but not imposing a conversion obligation, the conversion prices shall correspond to 125 % of the reference quotation.
- > In the event of an issuance of debenture bonds imposing a conversion or option obligation, the conversion or option price when the debenture bond matures or in the event of a takeover bid shall correspond to the following sum:
  - If the simple arithmetic average of the share price quoted on the last twenty stock market trading days prior to the second trading day before the debenture bonds mature (in the event of a takeover bid, before the conversion date or the option date) ("average quotation")
    - > is lower than or equal to the reference quotation; it shall be the reference quotation;
    - > is higher than the reference quotation and lower than 118 % of the reference quotation its shall be the average quotation;
    - > is higher or equal to 118 % of the reference quotation, it shall be 118 % of the reference quotation.

The above-referenced share price on the stock market trading day in question shall be the volume weighted average quotation of the company's common shares on the Xetra trading system (or on a system replacing the Xetra system with comparable functionality) on the Frankfurt Stock Exchange.

- Irrespective of the preceding provisions, it shall equal 118 % of the reference quotation, if holders of convertible bonds make use of an existing conversion or option privilege before the conversion or option obligation enters into force.
- Irrespective of the preceding provisions, it shall equal the reference quotation, if, in the event of a takeover bid, holders of convertible bonds make use of an existing conversion or option privilege before the conversion or option obligation enters into force.
- Irrespective of the preceding provisions, it shall equal the reference quotation if, with the Supervisory Board's approval, the Executive Board orders an early conversion in adherence to the conditions attached to the debenture bonds to prevent direct, severe damage to the company or to avoid a significant deterioration in the public credit rating issued for the company by a recognised rating agency.

The new common shares shall bear profit entitlements from the beginning of the fiscal year in which they are issued as a result of the exercise of option or conversion privileges or the fulfilment of option or conversion obligations. The Executive Board shall be authorised, subject to the consent of the Supervisory Board, to determine further details of implementing conditional capital increases."

## (2) Authorisation to amend the Articles of Incorporation

The Supervisory Board is authorised to amend the wording of Article 4, Paragraph (3a) of the

Articles of Incorporation to reflect the issuance of pre-emptive shares and to make any other related amendments to the Articles of Incorporation which only affect the wording. The same applies in the event that the authorisation to issue option or convertible bonds has not been exercised on expiry of the authorisation period and in the event that the conditional capital has not been used on expiry of the periods during which option or conversion privileges can be exercised or conversion or option obligations can be fulfilled.

**10. Authorisation II to issue option or convertible bonds and to exclude subscription rights to said bonds, formation of conditional capital and amendment to Article 4 of the Articles of Incorporation**

By way of legal precaution, contrary to common practice so far, the authorisation proposed under Item 9 of the Agenda envisages a precisely calculable option or conversion price for the exercise of the authorisation. In order to put the Executive and Supervisory Boards in a position to make the best possible use of the financial instruments rendered possible by the authorisation to cover the company's financing needs, it is envisaged that a further authorisation be adopted, which enables the establishment of a precisely determined higher option or conversion price, said authorisation being identical with the exception of the necessary adjustments. The total volume of the debenture bonds that can be issued on the basis of the two authorisations shall be limited to a total nominal amount of 6,000,000,000 euros so that the total nominal amount can be taken advantage of just once by exercising authorisation I and authorisation II.

**a) Authorisation II to issue option or convertible bonds and to exclude subscription rights to these bonds**

The Executive Board and the Supervisory Board propose that the following resolutions be passed:

Subject to Supervisory Board approval, the Executive Board shall be authorised to issue option or convertible bonds in the name of the bearer (collectively referred to as "debenture bonds") to a total nominal amount of up to 6,000,000,000 euros and to grant or impose on the holders of option bonds option privileges or obligations and to grant or impose on the holders of convertible bonds conversion privileges or obligations pertaining to common shares in the company in the name of the bearer accounting for a prorated portion of up to 143,975,680 euros of the capital stock in accordance with the option or conversion conditions. The aforementioned total nominal amount of up to 6,000,000,000 euros shall include debenture bonds with option or conversion privileges or option or conversion obligations issued on the basis of the authorisation granted under Item 9 of the Agenda (authorisation I) by the April 22, 2009, Annual General Meeting so that the total nominal amount can be used on the basis of authorisations I and II just once.

In addition to euros, the option and convertible bonds may be issued – limited to the corresponding counter value in euros – in the legal currency of an OECD country. They may also be issued by a Group company in the sense of Section 18 of the German Stock Corporation Act, in which the company directly or indirectly holds a stake of at least 90%. In such an event, subject to Supervisory Board approval, the Executive Board shall be authorised to guarantee these debenture bonds on behalf of the company and to grant or impose on their holders option or conversion privileges or obligations with respect to common shares in the company in the name of the bearer.

Shareholders shall be given legal subscription rights through the transfer of the debenture bonds to a financial institution or a consortium of financial institutions which shall be obliged to offer them to the shareholders for subscription. If debenture bonds are issued by a Group company in the sense of Section 18 of the German Stock Corporation Act, in which the company directly or indirectly holds a stake of at least 90 %, the company shall be obliged to grant the company's shareholders legal subscription rights in accordance with the preceding sentence.

However, subject to Supervisory Board approval, the Executive Board is authorised to exclude fractional amounts resulting from the subscription ratio from the shareholder subscription rights as necessary in order to grant those who were entitled to option or conversion privileges granted previously or on whom option or conversion obligations were imposed previously subscription rights of a scope to which they would be entitled as shareholders after exercising the option or conversion privilege or fulfilling the option or conversion obligation.

Furthermore, subject to Supervisory Board approval, the Executive Board is authorised to fully exclude shareholder subscription rights to debenture bonds issued in exchange for cash, which are issued with option or conversion privileges or with option or conversion obligations if, having carried out a statutory audit, the Executive Board reaches the conclusion that the issue price of the debenture bonds is not significantly below their theoretical market value determined using generally accepted methods – above all investment mathematics methods. This authorisation to exclude subscription rights applies to debenture bonds issued with option or conversion privileges or obligations, with an option or conversion privilege or obligation with respect to common

shares accounting for a prorated share of the capital stock that in total may not exceed 10 % of the capital stock – be it when said authorisation becomes effective or – if this value is lower – when said authorisation is exercised. The aforementioned 10 % limit encompasses

- > common shares issued from authorised capital under exclusion of subscription rights in accordance with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act during the term of said authorisation;
- > common shares purchased on the basis of an authorisation granted by the Annual General Meeting to conduct share buybacks in accordance with Section 71, Paragraph 1, Item 8 of the German Stock Corporation Act and sold under exclusion of subscription rights during the term of said authorisation in accordance with Section 71, Paragraph 1, Item 8, Sentence 5 in conjunction with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act;
- > common shares issued through the exercise or fulfilment of option or conversion privileges or obligations due to debenture bonds with option or conversion privileges or obligations issued in accordance with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act on the basis of an authorisation granted by the Annual General Meeting on April 22, 2009, under Item 10 of the Agenda;
- > common shares issued during the term of said authorisation within the scope of a capital increase through contributions in kind under exclusion of subscription rights as long as the shares to be issued under exclusion of subscription rights

would not account for more than 20% of the company's capital stock.

In the event of an issuance of option bonds, one or several purchase options are attached to each fractional debenture bond, entitling the holder to subscribe to common shares in the company in the name of the bearer under option conditions that shall be specified in more detail by the Executive Board. Option bonds denominated in euros issued by the company may be attached to option conditions under which the option price can also be covered through a transfer of fractional debenture bonds or through an additional cash payment. The prorated amount of the capital stock allocable to the common shares procurable for each fractional debenture bond may not exceed the nominal amount of the fractional debenture bond. In the event of fractions of shares, it is permissible – in adherence to the option and/or bond conditions – to arrange for the fractions to be summed up until they equal whole common shares, which can then be subscribed.

In the event of an issuance of convertible bonds, the holders are entitled to convert their debenture bonds in accordance with the convertible bond conditions established by the Executive Board to common shares in the company in the name of the bearer. The conversion ratio is obtained by dividing the nominal amount or the lower issuance amount of a fractional debenture bond by the conversion price determined for a common share in the company and can be rounded up or down to a whole figure; furthermore, an additional cash payment and the combination or compensation for fractional amounts that are not convertible can be determined.

### **Option or conversion price**

In the event of an issuance of debenture bonds granting option or conversion privileges or imposing option or conversion obligations, the option or conversion price is determined pursuant to the rules set forth in Section 4, Paragraph (3b) of the company's Articles of Incorporation of the version printed under Item 10 b) (1) of the Agenda.

### **Bond conditions**

The option or conversion price of debenture bonds with attached option or conversion privileges or obligations can be adjusted according to the particulars of the debenture bond to maintain their value irrespective of Section 9, Paragraph 1 of the German Stock Corporation Act in the event of an economic dilution of the value of the option or conversion privileges or obligations unless such adjustment is otherwise provided for by the law. Furthermore, the debenture bond conditions may contain a provision for the adjustment of the option or conversion privileges or obligations applicable in the event of a reduction in capital or another extraordinary measure or event (e.g. unusually high dividends or a change of control). In the event of a change of control, the option or conversion price may be adjusted as is customary in the market.

The bond conditions may contain a provision entitling the company to make a cash payment instead of issuing common shares in the event of a conversion or the exercise of an option privilege, said cash payment in lieu of the common shares corresponding to the simple imputed average of the share price on the ten stock market trading days after the announcement of the conversion or the exercise of the option. The reference share price on the stock market trading

day in question is the volume weighted average quotation of common shares in the company on the Xetra trading system (or on a system replacing the Xetra system with comparable functionality) on the Frankfurt Stock Exchange. In the event that the company announces the exercise of its right to make a cash payment after a conversion or exercising an option, the ten stock market trading days shall begin three stock market trading days after the company announcing that it will make a cash payment. Bond conditions can also envisage that – at the company’s discretion – the option or convertible bond may be converted into existing common shares in the company or into shares of another listed company instead of into new common shares from conditional capital, or that the option privilege or option obligation may be exercised or fulfilled through the delivery of such shares.

The conditions of the debenture bonds may also envisage a conversion obligation or an option obligation at the end of the term (or at another point in time) or the company’s right to fully or partially replace the cash payment due with common shares in the company or shares in another listed company granted to the holders of the debenture bonds at the final maturity of the debenture bonds to which the conversion or option privilege is attached (this also encompasses maturity due to cancellation).

The prorated share of capital stock allocable to the common shares in the company to be issued as a result of the conversion or exercise of the option privilege may not exceed the nominal value of the debenture bonds. Section 9, Paragraph 1 in conjunction with Section 199, Paragraph 2 of the German Stock Corporation Act must be complied with.

Subject to Supervisory Board approval, the Executive Board is authorised to determine the further details of the issuance and terms of the debenture bonds, with due regard to the interest rate, issue price, maturity and denomination, provisions to protect them from dilution as well as the option or conversion period, or to agree them with the committees of the Group company issuing the option or convertible bond.

#### **b) Formation of conditional capital II**

The Executive Board and the Supervisory Board propose the formation of conditional capital II with the following particulars and an amendment to the Articles of Incorporation for this purpose:

##### **(1) Formation of new conditional capital II and amendment to Article 4 of the Articles of Incorporation**

In Article 4 of the Articles of Incorporation (capital stock), pursuant to the resolution regarding Item 9 of the Agenda, existing Paragraph (4) shall become Paragraph (5) and existing Paragraph (3) shall become Paragraph (4), and a new Paragraph (3b) shall be inserted henceforth:

“(3b) The capital stock shall be conditionally increased by up to EUR 143,975,680, divided into up to 56,240,500 common shares in the name of the bearer (conditional capital II). The conditional capital increase shall only be performed to the extent that the holders of option or conversion privileges or of convertible bonds obliging them to perform a conversion or exercise an option, issued or guaranteed by the company or a Group company in the sense of Section 18 of the German Stock Corporation Act, in which the

company directly or indirectly holds a stake of at least 90%, on the basis of authorisation II adopted by the April 22, 2009, Annual General Meeting under Item 10 of the Agenda, make use of their option or conversion privileges or, insofar as they are obliged to perform a conversion or exercise an option, fulfil their obligation to convert or to exercise an option, or insofar as RWE AG exercises its discretionary power to fully or partially replace the cash payment due with common shares in the company in the name of the bearer. The conditional capital increase shall not be carried out if cash compensation is paid or if common treasury stock or shares in another listed company are used for servicing purposes. New common shares shall be issued at the option or conversion prices stipulated in this authorisation:

- > In the event of an issuance of debenture bonds conferring option privileges, but excluding option obligations, the option price shall correspond to 135% of the volume weighted average price of the common shares in the company quoted on the Xetra trading system (or on a system replacing the Xetra system with comparable functionality) on the Frankfurt Stock Exchange in the period between the adoption of the resolution on the utilisation of authorisation II by the Executive Board and the establishment of the price of the debenture bonds by the banks underwriting the issuance or – in the event of a grant of subscription rights – 135% of the volume weighted average price of the common shares in the company quoted on the Xetra trading system (or on a system replacing the Xetra system with comparable functionality) on the Frankfurt Stock Exchange on the fifth day prior to expiry of the subscrip-

tion period (the average share price used as a basis shall alternatively be referred to as the “reference quotation” hereinafter).

- > In the event of an issuance of debenture bonds granting conversion privileges, but not imposing a conversion obligation, the conversion prices shall correspond to 135% of the reference quotation.
- > In the event of an issuance of debenture bonds imposing a conversion or option obligation, the conversion or option price when the debenture bond matures or in the event of a takeover bid shall correspond to the following sum:
  - If the simple arithmetic average of the share price quoted on the last twenty stock market trading days prior to the second trading day before the debenture bonds mature (in the event of a takeover bid, before the conversion date or the option date) (“average quotation”)
    - > is lower than or equal to the reference quotation, it shall be the reference quotation;
    - > is higher than the reference quotation and lower than 120% of the reference quotation, it shall be the average quotation;
    - > is higher or equal to 120% of the reference quotation, it shall be 120% of the reference quotation.

The above-referenced share price on the stock market trading day in question shall be the volume weighted average quotation

of the company's common shares on the Xetra trading system (or on a system replacing the Xetra system with comparable functionality) on the Frankfurt Stock Exchange.

- Irrespective of the preceding provisions, it shall equal 120% of the reference quotation, if holders of convertible bonds make use of an existing conversion or option privilege before the conversion or option obligation enters into force.
- Irrespective of the preceding provisions, it shall equal the reference quotation, if, in the event of a takeover bid, holders of convertible bonds make use of an existing conversion or option privilege before the conversion or option obligation enters into force.
- Irrespective of the preceding provisions, it shall equal the reference quotation if, with the Supervisory Board's approval, the Executive Board orders an early conversion in adherence to the conditions attached to the debenture bonds to prevent direct, severe damage to the company or to avoid a significant deterioration in the public credit rating issued for the company by a recognised rating agency.

The new common shares shall bear profit entitlements from the beginning of the fiscal year in which they are issued as a result of the exercise of option or conversion privileges or the fulfilment of option or conversion obligations. The Executive Board shall be authorised, subject to the consent of the Supervisory Board, to determine further details of implementing conditional capital increases."

## (2) Authorisation to amend the Articles of Incorporation

The Supervisory Board is authorised to amend the wording of Article 4, Paragraph (3b) of the Articles of Incorporation to reflect the issuance of pre-emptive shares and to make any other related amendments to the Articles of Incorporation which only affect the wording. The same applies in the event that the authorisation to issue option or convertible bonds has not been exercised on expiry of the authorisation period and in the event that the conditional capital has not been used on expiry of the periods during which option or conversion privileges can be exercised or conversion or option obligations can be fulfilled.

## 11. Amendment to Article 15, Paragraph (3) of the Articles of Incorporation (Attendance at the Annual General Meeting) and Article 17, Paragraph (2) of the Articles of Incorporation (Chairing the Annual General Meeting)

Pursuant the government draft of the German law on the implementation of the shareholder rights directive (ARUG) dated November 5, 2008, the Articles of Incorporation may allow a video and audio broadcast of the Annual General Meeting or authorise the Executive Board to do so. This may render a broadcast of the Annual General Meeting on the basis of a decision reached by the chairman of the meeting, as currently envisaged by the Articles of Incorporation of RWE Aktiengesellschaft, inadmissible under certain circumstances in the future.

The provisions of the ARUG are expected to come into force in the autumn of 2009, which would be before the next Ordinary General Meeting. So as to ensure a reliable legal basis for the broadcast of the Annual

General Meeting via the Internet, the Articles of Incorporation shall already be amended accordingly. However, the Executive Board will file for an entry of the associated amendment to the Articles of Incorporation in the Commercial Register only once the ARUG has entered into force.

In order to ensure the requisite amount of flexibility, as before, the broadcast of the Annual General Meeting shall not be determined in the Articles of Incorporation; the pertinent discretionary powers shall instead be delegated to the Executive Board.

The Executive Board and the Supervisory Board propose that:

Article 17, Paragraph (2), Sentence (2) of the Articles of Incorporation be deleted. Article 15, Paragraph (3) of the Articles of Incorporation, which authorises the company to allow for the attendance at the Annual General Meeting via electronic and other media, shall be replaced by the following provisions:

“The Executive Board may allow attendance at the Annual General Meeting via electronic media insofar as legally permissible. The Executive Board shall decide whether the Annual General Meeting is transmitted as a video and audio broadcast.”

The Executive Board is instructed not to file for an entry of these amendments to the Articles of Incorporation in the Commercial Register until Section 118 of the German Stock Corporation Act has been amended in line with the government’s draft version of the ARUG of November 5, 2008.

## 12. Amendment to Article 16, Paragraph (3) of the Articles of Incorporation (Adoption of a resolution)

Shareholder voting rights can also be exercised by proxies. Proxy voting shall be simplified by an amendment to the Articles of Incorporation. In the future, text form shall suffice instead of written form. The current legal situation already allows this to be determined in articles of incorporation. After the government draft, text form will also suffice pursuant to the ARUG.

The Executive Board and the Supervisory Board propose that:

Article 16, Paragraph (3) of the Articles of Incorporation, which governs the exercise of voting rights by proxy, shall be rephrased as follows:

“Voting rights may be exercised by proxy. Authorisations must be given in text form unless otherwise facilitated by the law.”

## Report of the Executive Board to the Annual General Meeting on Item 7

We propose to the Annual General Meeting that the company continue to be authorised to buy back shares of all types. The authorisation issued by the 2008 Annual General Meeting, which expires effective October 16, 2009, shall be revoked once the new authorisation has entered into force.

Besides making acquisitions on the stock exchange, the company should also be enabled to conduct share buybacks via a public purchase offer submitted to all of the holders of shares of the class in question. This will afford the company greater flexibility. The principle of equal treatment set forth in German stock corporation law must be taken into account. If a public purchase offer is oversubscribed, the allocation may be made based on the ratios of the interests held by the shareholders tendering the shares with respect to each other (share ratios) or based on the ratio of shares tendered (tender ratios). Commercial rounding shall be used to avoid

arithmetic fractions of shares. Therefore, it is permissible to round the number of shares to be purchased from tendering shareholders in order to ensure the purchase of whole shares.

Section 71, Paragraph 1, Item 8, Sentence 4 of the German Stock Corporation Act allows the Executive Board to sell shares bought back on the basis of the preceding authorisations on the stock exchange. It is also proposed that the Annual General Meeting authorise the Executive Board to call shares bought back on the basis of this or previously granted authorisations without further approval from the Annual General Meeting. The proposed authorisation envisions the Executive Board also calling shares without decreasing the company's capital, in accordance with Section 237, Paragraph 3, Item 3 of the German Stock Corporation Act. In cases where shares are called without decreasing the company's capital, the prorated amount of the other shares in the company's capital stock increases. In such cases, the Executive Board shall be authorised to amend the Articles of Incorporation to reflect the change in the number of shares.

Furthermore, the company seeks to be allowed to offer common shares in the company bought back on the basis of this or previously granted authorisations under exclusion of subscription rights as compensation in the event of a merger or the acquisition of a company or of a stake in a company. Treasury stock is an important acquisition currency. It can represent an attractive financing option for the company. Sellers often ask for treasury stock as compensation. If given the corresponding authorisation, the company will be able to rapidly and flexibly complete acquisitions paid for in shares either in full or in part. Most importantly, it will be able to do so without seeking approval from the Annual General Meeting, which is often impossible due to time constraints. Moreover, the usage of treasury stock as acquisition currency benefits existing shareholders in that their voting rights are not diluted compared to the situation before the company bought back its own shares. At present, there are no plans to make acquisitions in exchange for treasury stock.

The company is also to be put in a position in compliance with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act to sell its own common shares under exclusion of shareholder subscription rights without selling them on the stock exchange or by making an offer to shareholders in exchange for cash. The primary object is to enable the company to issue shares in the company at short notice. The proposed authorisation thus helps secure that the company has a sufficient amount of equity over the long term. The prerequisite is that the exercise price is not significantly lower than the price of the common shares in the company with the same entitlements on the stock market at the time of sale. This shall be deemed the case if the sales price is no more than 5% lower than the arithmetic mean of the closing bidding price of the type of common share in the company in question already quoted on the Xetra trading system on the last five stock market trading days prior to the binding agreement reached with the buyer. In the event of a discount over the price of the shares on the stock market at the time of the sale based on prevailing market conditions, the Executive Board will make sure that the discount is as small as possible. The sum accounted for by the common shares which are up for sale is limited to 10% of the company's capital stock. Shares otherwise issued under exclusion of subscription rights during the term of this authorisation in line or in accordance with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act will be deducted from this upper limit. Due to the limit imposed on the number of common shares and the obligation to ensure that the sales price of the new common shares mirrors that of the price of common shares on the stock market as closely as possible, the shareholders are afforded suitable protection from a dilution of their shares. At the same time, this ensures that the compensation sought by the company is reasonable.

We propose to the Annual General Meeting of April 22, 2009, under Items 9 and 10 of the Agenda to authorise the Executive Board, subject to Supervisory Board approval, to

issue option or convertible bonds. It may be expedient to enable the exercise of resulting rights to subscribe common shares not through a capital increase, but through common shares in the company either in full or in part. Therefore, a corresponding use of common shares bought back on the basis of this or previously granted authorisations under exclusion of subscription rights is envisaged. The Executive Board will carefully weigh the interests of the company against those of the shareholders before deciding whether to provide common shares in the company or to use the conditional capital.

If common shares in the company are sold through an offer to all shareholders, it shall be possible to grant holders of option or convertible bonds issued by the Annual General Meeting of April 22, 2009, on the basis of Item 9 or 10 of the Agenda, the right to subscribe shares in the company commensurate to the subscription rights they would have obtained after exercising the option or conversion privileges or fulfilling the option or conversion obligation. The advantage of excluding shareholder subscription rights in this context is that the option or conversion price for option or convertible bonds already issued does not have to be reduced in order to provide protection from dilution. As a result, when option or conversion privileges are exercised or when option or conversion obligations are fulfilled in such a case, the company obtains more funds. Common shares transferred on the basis of this authorisation may not account for more than a prorated 10% of the capital stock. Shares issued or sold in direct or corresponding application of Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act during the term of this authorisation shall be included in this limitation. The Executive Board will use its best judgment decide whether to exercise the proposed authorisation and use shares bought back.

The Executive Board will report on the exercise of the authorisation at the Annual General Meeting following such exercise.

### **Report of the Executive Board to the Annual General Meeting on Item 8**

The authorisation envisages that derivatives can be used in put or call options, or a combination of the two, when carrying out share buybacks. Item 8 of the Agenda thus extends Item 7 of the Agenda simply by the possibility of conducting share buybacks by exercising put or call options or a combination of the two, and does not constitute an additional or independent authorisation to implement share buybacks; this means that all of the conditions governing share buybacks under Item 7 of the Agenda remain in effect, i.e. the timing provisions. The size of the share buybacks carried out in this manner is further limited to 5% of the company's capital stock within the scope of a general authorisation under Item 8. This alternative affords the company the possibility to optimally structure share buybacks.

When selling a put option, the company grants the buyer of the put option the right to sell to the company shares in the company at a price determined by the put option (exercise price). In the event that the put option is exercised, as seller, the company is obligated to purchase the number of shares set forth by the put option at the exercise price. In compensation, the company receives an option premium when the put option is sold.

The advantage of using put options from the company's perspective is that the exercise price can be determined on the day on which the option is concluded. However, the cash and cash equivalents are not paid until the exercise date. If the option is not exercised, because the share price exceeds the exercise price on the exercise date, the company may not purchase any of its own shares using this procedure. However, it keeps the option premium it received on the day the option was concluded.

When purchasing a call option, the company is granted the right – in exchange for paying an option premium – to sell a

number of shares at a pre-determined price (exercise price) from the seller of the option. It makes economic sense for the company to exercise a call option when the company's share price exceeds the exercise price at the exercise date, since it can then purchase the shares from the seller at the lower exercise price. By purchasing call options, the company can hedge rising share prices and is only obligated to purchase the number of shares it actually needs at a later point in time.

The aforementioned option transactions are to be carried out with a financial institution. This enables the head office to conclude option transactions at short notice – unlike when making offers for the purchase of the option to all shareholders. Due to the determination of the option premium as described above and the more limited allowable exercise price set forth in the resolution, shareholders are not put at an economic disadvantage when the company carries out share buybacks by exercising put or call options. Since the company pays a fair market price, shareholders who do not participate in the option transaction do not lose any value. The shareholders are thus in the position they would be if the share buyback were conducted on the stock exchange, in which case not all shareholders would actually be able to sell shares to the company. Furthermore, when exercising call options, one must comply with the provisions set forth by the resolution, which mandate that on exercise of the option, only shares previously purchased in line with the principle of equal treatment may be delivered.

The conditions set out in Item 7, Sub-Items a) to g) of the Agenda apply analogously to the use of shares bought back by exercising put or call options. They are described in further detail in the Executive Board Report on Item 7 of the Agenda.

#### **Report of the Executive Board to the Annual General Meeting on Items 9 and 10**

The proposed authorisations for the issuance of option or convertible bonds ("debenture bonds") to a total nominal amount of up to 6,000,000,000 euros and for the creation of the associated conditional capital to the amount of up to 143,975,680 euros in each case aim to expand the company's financing options described in more detail further on and to offer the Executive Board flexible and short-term financing in the interests of the company especially in the event of favourable capital market conditions, subject to Supervisory Board approval.

The reason for there being two authorisations for the issuance of debenture bonds and the formation of conditional capital are several recent court rulings forbidding – contrary to previous common practice – the establishment of a minimum issuance amount for a convertible bond backed by conditional capital. Instead, the rulings envisage the establishment of a specific conversion or option price or a formula for calculating these prices. This significantly reduces flexibility and limits the latitude for reacting to market developments when issuing the bond following the grant of the authorisation, which may date as far back as five years under certain circumstances. Through the grant of two authorisations, the company is afforded the opportunity to opt for the authorisation that best suits the prevailing market conditions when the bond is issued, in order to secure the more favourable financing conditions.

The two authorisations are independent of each other and are being put to the ballot separately. However, the volume of these two authorisations is limited in that the debenture bonds issued on the basis of these two authorisations may have a combined total nominal value of no more than 6,000,000,000 euros.

## 1. Authorisation I and conditional capital I (Item 9 of the Agenda)

The shareholders are on principle entitled to the legal right to subscribe debenture bonds bearing option or conversion privileges or option or conversion obligations (Section 221, Paragraph 4 in conjunction with Section 186, Paragraph 1 of the German Stock Corporation Act). To facilitate processing, use shall be made of the possibility to issue the debenture bonds to a financial institution or a consortium of financial institutions obliged to offer the debenture bonds to the shareholders in accordance with their subscription rights (indirect subscription right in the sense of Section 186, Paragraph 5 of the German Stock Corporation Act).

The exclusion of the subscription right for fractional sums enables the exercise of the requested authorisation to result in round sums. This facilitates the processing of shareholder subscription rights. The advantage of excluding subscription rights to the benefit of the holders of conversion or option privileges or obligations already granted or imposed is that the conversion or option price for the previously issued conversion or option privileges or obligations does not have to be reduced, resulting in the receipt of a higher amount of funds. Therefore, the exclusion of subscription rights is in the interest of the company and its shareholders in both cases.

Furthermore, subject to Supervisory Board approval, the Executive Board is authorised to fully exclude shareholder subscription rights if the issuance of the debenture bonds associated with the option or conversion privileges or obligations is carried out at a price that is not significantly lower than the market value of said debenture bonds. This affords the company the possibility of taking advantage of favourable market situations at very short notice and rapidly and of estab-

lishing conditions in line with the market to achieve improved terms when determining the interest rate and the issue price of the debenture bonds. It would be impossible to establish conditions in line with the market and make an easy placement if the subscription rights were preserved. Section 186, Paragraph 2 of the German Stock Corporation Act permits the publication of the subscription price (and therefore of the conditions of the debenture bonds) until the third-last day of the subscription period. But in light of the volatility of stock markets often observed, a market risk can exist for several days, resulting in guarantee discounts when determining the bond conditions, in turn resulting in conditions not in line with the market. In addition, the uncertainty surrounding the exercise of a granted subscription right (subscription behaviour) jeopardises successful placement with third parties or causes associated costs to rise. Furthermore, when granting a subscription right, the company cannot react quickly to favourable or unfavourable market conditions due to the duration of the subscription period. Instead, the company is exposed to declining share prices during the subscription period, which can force the company to raise equity to its disadvantage.

Pursuant to Section 221, Paragraph 4, Sentence 2 of the German Stock Corporation Act, the provision in Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act shall be applicable in the event of a full exclusion of subscription rights. Based on the resolution, the limit placed on the exclusion of subscription rights of 19% of the capital stock established therein must be complied with. The authorisation resolution contains a provision which also ensures that the 10% limit is not exceeded even in the event of a reduction in capital, since the authorisation to exclude subscription rights expressly mandates that 10% of the capital stock may not be exceeded, neither when it comes into effect, nor – if this figure is lower – at the

time of the exercise of said authorisation. New shares issued from authorised capital under exclusion of subscription rights in accordance with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act during the term of said authorisation are also included in the aforementioned 10 % limit, as are shares purchased under exclusion of subscription rights on the basis of an authorisation granted by the Annual General Meeting to conduct share buybacks in accordance with Section 71, Paragraph 1, Item 8 of the German Stock Corporation Act and sold under exclusion of subscription rights in accordance with Section 71, Paragraph 1, Item 8, Sentence 5 in conjunction with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act as well as shares issued through the exercise of option or conversion privileges or the fulfilment of option or conversion obligations attached to debenture bonds free of subscription rights bearing option or conversion privileges or obligations on the basis of the authorisation granted by the April 22, 2009 Annual General Meeting during the term of said authorisation under Item 9 of the Agenda. It also includes common shares in the company issued during the term of said authorisation within the scope of a capital increase through contributions in kind under exclusion of subscription rights as long as the shares to be issued under exclusion of subscription rights would not account for more than 20 % of the company's capital stock.

Furthermore, pursuant to Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act, the issue price may not be substantially lower than the price quoted on the stock market. The objective is to ensure that the shares' value does not dilute significantly in economic terms. One can determine whether such a dilutive effect occurs when debenture bonds bearing option or conversion privileges or obligations are issued by comparing the hypothetical price of the

debenture bonds on the stock market calculated using generally accepted investment mathematics methods with the issue price. If, subsequent to a statutory audit, this issue price is only marginally lower than the hypothetical stock market price at the time of the issuance of the debenture bond, according to the purpose of the provision in Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act, it is permissible to exclude subscription rights due to the immaterial discount. Therefore, the resolution envisages that, before issuing debenture bonds bearing option or conversion privileges or obligations, after a statutory audit, the Executive Board must reach the conclusion that the envisioned issue price does not result in a material dilution because the issue price is not significantly lower than the hypothetical market value determined using generally accepted investment mathematics methods. The imputed market value of a subscription right would thus drop to nearly zero, which means that the shareholders would not be put at a material economic disadvantage by the exclusion of subscription rights. Independent of this audit by the Executive Board, it is ensured that conditions will be established in line with the market, thus avoiding a substantial dilution of value in the event of a bookbuilding process. This type of procedure involves offering debenture bonds at a fixed issue price; however, certain of the debenture bond conditions (e.g. interest rate and possible term) are established on the basis of purchase bids submitted by investors, which means that the total value of the debenture bonds is determined in line with the market. All of this prevents a material dilution of the shares' value through the exclusion of subscription rights.

Furthermore, the shareholders can maintain their share of the company's capital stock even after exercising conversion or option privileges or fulfilling option or conversion obligations at all times by purchasing

shares on the stock market. Conversely, the authorisation to exclude subscription rights enables the company to establish conditions in line with the market, provides it with the utmost in security when placing the bonds with third parties, and puts it in a position to take advantage of favourable market situations at short notice.

**2. Authorisation II and conditional capital II  
(Item 10 of the Agenda)**

With the exception of the provisions for determining the conversion or option price and necessary amendments resulting from the adoption of the resolution to grant two authorisations, the authorisation regarding conditional capital proposed under Item 10 of the Agenda is identical to the authorisation regarding conditional capital proposed under Item 9 of the Agenda. Therefore, in order to avoid repetition, we refer to the statements made concerning Item 9 of the Agenda in this report. They also apply analogously as rationale for the fact that the possible exclusion of subscription rights in connection with the issuance of debenture bonds is equally as justified in accordance with Item 10 of the Agenda as it is under Item 9 of the Agenda.

## SHAREHOLDER MOTIONS

All shareholder motions and candidate proposals on specific items on the agenda are to be addressed to

RWE Aktiengesellschaft  
Recht/Organangelegenheiten Konzern  
Opernplatz 1  
45128 Essen  
(fax: +49 201 12-15743)

or per e-mail to:  
hv2009.gegengantraege@rwe.com

We will publish motions and electoral proposals made by shareholders that must be made accessible and are submitted to one of the two aforementioned addresses by the end of the day on April 7, 2009, on the Web at [www.rwe.com](http://www.rwe.com).

## ATTENDANCE AT THE ANNUAL GENERAL MEETING

Accordingly, entitled to attend the Annual General Meeting or exercise voting rights are shareholders who send their registration to attend the Annual General Meeting to one of the following addresses no later than April 15, 2009,

in Germany:

RWE Aktiengesellschaft  
c/o Dresdner Bank AG  
WASHV dwpbank AG  
Wildunger Straße 14  
60487 Frankfurt am Main  
Germany  
(fax: + 49 69 5099-1110)  
E-mail: hv-eintrittskarten@dwpbank.de

in Switzerland:

RWE Aktiengesellschaft  
c/o Credit Suisse  
Generalversammlungen UWAC 3  
Postfach, 8070 Zürich  
Switzerland

or

RWE Aktiengesellschaft  
c/o UBS AG  
Global Wealth Management & Business Banking  
Operations/Wertschriften Services  
Emissionen/Generalversammlungen  
Badenerstraße 574c,  
Postfach, 8098 Zürich  
Switzerland

and furnish proof of their share ownership in the company through a custodian credit institution or custodian financial service institution, reflecting that they were shareholders of the company at the beginning of the day on April 1, 2009, i.e. at 0:00 hours on April 1, 2009. Analogously to the registration, proof of share ownership in the company must be received at one of the addresses listed above no later than

April 15, 2009. The registration and proof of share ownership must be in writing in German or English.

Shareholders who request an admission ticket for the Annual General Meeting from a custodian credit institution on time do not need to do anything else. In such cases, registration and proof of share ownership are handled by the custodian credit institution.

The company's capital stock is divided among 562,405,000 shares. Of these, 523,405,000 are common shares granting 523,405,000 voting rights, and 39,000,000 are preferred shares without voting rights.

## PROXY VOTING

Shareholders who are unable to attend the Annual General Meeting in person may exercise their voting rights by proxy. As a rule, the authorisation must be given in writing. However, when proxy authorisations are given to credit institutions, institutions or companies of equal status, (Section 135, Paragraph 12 and Section 125, Paragraph 5 of the German Stock Corporation Act) or individuals in the sense of Section 135, Paragraph 9 of the German Stock Corporation Act – especially shareholder associations – it shall suffice if the proxy has the letter of authority on his or her person so that it can be verified. Such letters of authority must be complete and may only contain statements relating to the exercise of voting rights.

Furthermore, once again, we are affording our shareholders the opportunity to be represented during votes by a proxy nominated by the company. This proxy must be given authorisation and instructions for the exercise of the voting rights. The proxy is obligated to vote in accordance with the instructions received.

Prior to the Annual General Meeting, authorisation and instructions on the exercise of voting rights may be submitted to the proxy nominated by the company in writing using the appropriate form. Details of this procedure are described in a brochure that can be obtained by shareholders from their custodian credit institution and can be downloaded from the Internet from [www.rwe.com](http://www.rwe.com).

Registrations and proof of share ownership must be submitted before the appropriate deadline according to the aforementioned provisions even for proxy voting.

**Essen, March 10, 2009**

Sincerely yours,

**RWE Aktiengesellschaft**  
**The Executive Board**

The invitation to the Annual General Meeting was announced in the March 10, 2009, issue of the electronic Bundesanzeiger (Federal Gazette – [www.ebundesanzeiger.de](http://www.ebundesanzeiger.de)). The invitation and the documents, which can be viewed at the company's headquarters from the convocation of the AGM onwards, will be available on the Internet at [www.rwe.com](http://www.rwe.com) as well.