



RWE Aktiengesellschaft
(Essen, Federal Republic of Germany)

EUR [●] Subordinated Fixed to Floating Rate Notes

RWE Aktiengesellschaft ("RWE" or the "Issuer") will issue EUR [●] aggregate principal amount (the "Aggregate Principal Amount") of Subordinated Fixed to Floating Rate Notes (the "Subordinated Notes") on 28 September 2010 (the "Issue Date") at an issue price of [●] per cent. of their Aggregate Principal Amount (the "Issue Price").

The Subordinated Notes will bear interest (referred to in the Terms and Conditions as "Remuneration") from and including the Issue Date to (but excluding) 28 September 2015 at a rate of [●] per cent. *per annum*, payable annually in arrear on 28 September in each year, commencing on 28 September 2011. Thereafter, unless previously redeemed, the Subordinated Notes, from and including 28 September 2015 to (but excluding) 28 September 2020 will bear Remuneration at a rate *per annum* which shall be [●] per cent. above the 5 year Swap Rate (as defined in § 4(2) of the Terms and Conditions of the Subordinated Notes (the "Terms and Conditions")) determined two Business Days prior to the beginning of the first Reset Remuneration Period (as defined in § 4(2) of the Terms and Conditions), payable annually in arrear on 28 September in each year, commencing on 28 September 2016, and thereafter at the 12 months EURIBOR rate, plus a margin of [●] per cent. *per annum*, payable annually in arrear on 28 September in each year, commencing 28 September 2021. Upon the occurrence of a Downgrade (as defined in § 4(4) of the Terms and Conditions) following a Change of Control (as defined in § 5(8) of the Terms and Conditions), the rate of remuneration payable on the Subordinated Notes may be increased by 5.00 per cent. *per annum* above the otherwise prevailing rate (as set out in § 4(4) of the Terms and Conditions).

The Issuer is entitled to defer payments of Remuneration on any Remuneration Payment Date (as defined in the Terms and Conditions) under certain circumstances (as set out in § 4(5) of the Terms and Conditions). The Issuer may pay such Deferred Remuneration Payments (in whole but not in part) at any time upon due notice (as set out in § 4(6)(a) of the Terms and Conditions) and it shall pay such Deferred Remuneration Payments (in whole, but not in part) under certain other circumstances (as set out in § 4(6)(b) of the Terms and Conditions). Such Deferred Remuneration Payments will not bear interest themselves.

The Subordinated Notes do not have a final maturity date. They are redeemable in whole but not in part at the option of the Issuer at their Aggregate Principal Amount plus any Remuneration accrued and any Deferred Remuneration Payments on 28 September 2015 and 28 September 2020 and thereafter on any Floating Remuneration Payment Date. The Issuer may also redeem the Subordinated Notes in whole but not in part at any time upon the occurrence of a Gross-up Event, an Accounting Event, a Tax Event, a Rating Agency Event (each as defined in § 5(3) of the Terms and Conditions) or a Change of Control (as defined in § 5(8) of the Terms and Conditions), (i) in the case of a Gross-up Event at their Aggregate Principal Amount plus any Remuneration accrued to but excluding the redemption date and any Deferred Remuneration Payments (as set out in § 5(2) of the Terms and Conditions), (ii) in the case of an Accounting Event, a Tax Event or a Change of Control at the greater of their Early Redemption Amount (as defined in § 5(4) of the Terms and Conditions) and the Aggregate Principal Amount plus any Remuneration accrued to but excluding the redemption date, in each case plus any Deferred Remuneration Payments, if such redemption occurs prior to 28 September 2020 or at their Aggregate Principal Amount plus any Remuneration accrued to but excluding the redemption date and any Deferred Remuneration Payments if such redemption occurs on or after 28 September 2020 (as set out in § 5(2) of the Terms and Conditions), or (iii) in the case of a Rating Agency Event at 101 per cent. of their Aggregate Principal Amount plus any Remuneration accrued to but excluding the redemption date and any Deferred Remuneration Payments (as set out in § 5(2) of the Terms and Conditions). The Subordinated Notes are also subject to early redemption in the case of minimal outstanding aggregate principal amount (as defined in § 5(7) of the Terms and Conditions).

In the case of (i) the winding-up, dissolution or liquidation of the Issuer, the obligations of the Issuer under the Subordinated Notes, and (ii) the insolvency of the Issuer or composition or other proceedings for the avoidance of insolvency of the Issuer, the rights of the Holders towards the Issuer, shall be subordinated to the claims of all unsubordinated and subordinated creditors of the Issuer (as set out in § 3 of the Terms and Conditions).

Application has been made to the Luxembourg *Commission de Surveillance du Secteur Financier* (the "Commission"), which is the Luxembourg competent authority for the purpose of Directive 2003/71/EC (the "Prospectus Directive"), for its approval of this Prospectus. This Prospectus constitutes a prospectus within the meaning of Article 5.3 of the Prospectus Directive and will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website of RWE Group (www.rwe.com). Application has been made to list the Subordinated Notes on the official list of the Luxembourg Stock Exchange and to admit to trading on the regulated market "Bourse de Luxembourg", which is a regulated market for the purposes of the Market in Financial Instruments Directive 2004/39/EC (the "Regulated Market"). It is further intended that application will be made for the Subordinated Notes to be admitted to trading on the regulated market of the Frankfurt Stock Exchange. The Subordinated Notes will be issued in bearer form in denominations of EUR 1,000.

The Issuer has requested the Commission in its capacity as competent authority under the Luxembourg act relating to prospectuses for securities (*Loi relative aux prospectus pour valeurs mobilières*) (the "Luxembourg Act"), which implements the Prospectus Directive into Luxembourg law, to provide the competent authorities in the Federal Republic of Germany, The Netherlands, the Republic of Austria and the Kingdom of Spain with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Luxembourg Act (each a "Notification").

The Subordinated Notes have been assigned the following securities codes: ISIN XS0542298012, Common Code 054229801, WKN A1EWR0.

The issue price and aggregate principal amount, the fixed rate of remuneration, the issue proceeds and the Issue Date, in the case it is postponed, will be included in the Pricing Notice (as defined in "Subscription, Offer and Sale of the Subordinated Notes") which will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) on the pricing date which is expected to be on or about 21 September 2010.

Joint Bookrunners / Joint Lead Managers / Joint Structuring Advisors

Deutsche Bank

Morgan Stanley

Joint Bookrunners / Joint Lead Managers

BNP PARIBAS

Goldman Sachs International

The Royal Bank of Scotland

RESPONSIBILITY STATEMENT

RWE Aktiengesellschaft ("**RWE**" or the "**Issuer**", together with its consolidated group companies, the "**RWE Group**") with its registered office in Essen, Federal Republic of Germany, accept responsibility for the information given in this Prospectus.

The Issuer hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus for which it is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Issuer further confirms that: (i) this Prospectus contains all information with respect to the Issuer and RWE Group as well as to the Subordinated Notes which is material in the context of the issue and offering of the Subordinated Notes, including all information which according to the particular nature of the Issuer and of the Subordinated Notes is necessary to enable investors and their investment advisors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and RWE Group and of the rights attached to the Subordinated Notes; (ii) the statements contained in this Prospectus relating to the Issuer, RWE Group and the Subordinated Notes are in every material particular true and accurate and not misleading; (iii) any opinions and intentions expressed herein are honestly held and based on reasonable assumptions (iv) there are no other facts in relation to the Issuer, RWE Group and the Subordinated Notes the omission of which would, in the context of the issue and offering of the Subordinated Notes, make any statement in the Prospectus misleading in any material respect; and (v) reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

NOTICE

This Prospectus should be read and understood in conjunction with any supplement(s) and each of the documents incorporated herein by reference.

No person is authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer or the managers set forth on the cover page (each a "**Manager**" and together, the "**Managers**"). None of the Managers has independently verified the Prospectus and none of them assumes any responsibility for the accuracy of the information and statements contained in this Prospectus and no representations express or implied are made by the Managers or their affiliates as to the accuracy and completeness of the information and statements herein. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the financial situation of the Issuer or RWE Group since the date of this Prospectus, or, as the case may be, the date on which this Prospectus has been most recently supplemented, or that the information herein is correct at any time since the date of this Prospectus or, as the case may be, the date on which this Prospectus has been most recently supplemented.

Neither the Managers nor any other person mentioned in this Prospectus, except for the Issuer, is responsible for the information contained in this Prospectus or any other document incorporated herein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons makes any representation or warranty or accepts any responsibility as to the accuracy and completeness of the information contained in any of these documents. The Managers have not independently verified any such information and accept no responsibility for the accuracy thereof.

Each investor contemplating purchasing any Subordinated Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer. This Prospectus does not constitute an offer of Subordinated Notes or an invitation by or on behalf of the Issuer or the Managers to purchase any Subordinated Notes. Neither this Prospectus nor any other information supplied in connection with the Subordinated Notes should be considered as a recommendation by the Issuer or the Managers to a recipient hereof and thereof that such recipient should purchase any Subordinated Notes.

The distribution of this Prospectus and the offering, sale and delivery of Subordinated Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus come are required to inform themselves about and observe any such restrictions. For a description of the restrictions applicable in the European Economic Area in general, the United States of America and the United

Kingdom see "*Selling Restrictions*". In particular, the Subordinated Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, and are subject to tax law requirements of the United States of America; subject to certain exceptions, Subordinated Notes may not be offered, sold or delivered within the United States of America or to U.S. persons.

The language of the Prospectus is English. Any part of this Prospectus in the German language constitutes a translation. The English version shall prevail over any part of this Prospectus translated into the German language except for the Terms and Conditions of the Subordinated Notes in respect of which the German text shall be controlling and legally binding.

This Prospectus may only be used for the purpose for which it has been published.

This Prospectus may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

This Prospectus do not constitute an offer or an invitation to subscribe for or purchase any Subordinated Notes.

In connection with the issue of the Subordinated Notes, Deutsche Bank AG, London Branch as the stabilising manager (the "Stabilisation Manager") (or persons acting on its behalf) may over-allot Subordinated Notes or effect transactions with a view to supporting the price of the Subordinated Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on its behalf) will undertake stabilisation action. Any stabilisation action may begin at any time after the adequate public disclosure of the terms of the offer of the Subordinated Notes and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date of the Subordinated Notes and 60 days after the date of the allotment of the Subordinated Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or person(s) acting on its behalf) in accordance with all applicable laws and rules.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as "*anticipate*", "*believe*", "*could*", "*estimate*", "*expect*", "*intend*", "*may*", "*plan*", "*predict*", "*project*", "*will*" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding RWE Group's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this Prospectus are based on current estimates and assumptions that the Issuer make to the best of their present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including RWE Group's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. RWE Group's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the following sections of this Prospectus: "*Summary*", "*Risk Factors*" and "*RWE Aktiengesellschaft and RWE Group*". These sections include more detailed descriptions of factors that might have an impact on RWE Group's business and the markets in which it operates.

In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur. In addition, neither the Issuer nor the Managers assume any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

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SUMMARY

*The following constitutes the summary (the "**Summary**") of the essential characteristics and risks associated with the Issuer and the Subordinated Notes. This Summary should be read as an introduction to this Prospectus. Any decision by an investor to invest in the Subordinated Notes should be based on consideration of this Prospectus as a whole, including any supplement thereto and the documents incorporated by reference. Where a claim relating to the information contained in this Prospectus, any supplements thereto and the documents incorporated by reference is brought before a court, the plaintiff investor might, under the national legislation of such court, have to bear the costs of translating the Prospectus, any supplement thereto and the documents incorporated by reference before the legal proceedings are initiated. Civil liability attaches to the Issuer who has tabled this Summary including any translation thereof, and applied for its notification, but only if this Summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.*

The following Summary does not purport to be complete and is taken from and qualified in its entirety by the remainder of this Prospectus.

Words and expressions defined in other parts of the Prospectus and not otherwise defined in this Summary shall have the same meanings in this Summary.

SUMMARY REGARDING THE SUBORDINATED NOTES

Issuer	RWE Aktiengesellschaft
Joint Bookrunners/ Joint Lead Managers/ Joint Structuring Advisors	Deutsche Bank AG, London Branch Morgan Stanley & Co. International plc
Joint Bookrunners/ Joint Lead Managers	BNP PARIBAS Goldman Sachs International The Royal Bank of Scotland plc
Principal Paying Agent	Deutsche Bank Aktiengesellschaft
Determination of Aggregate Principal Amount and Issue Price, etc.	The issue price and aggregate principal amount, the fixed rate of remuneration, the issue proceeds and the issue date, in the case it is postponed due to the market conditions, will be included in the Pricing Notice (as defined in " <i>Subscription, Offer and Sale of the Subordinated Notes</i> ") which will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) on or prior to the issue date of the Subordinated Notes.
Aggregate Principal Amount	EUR [●]
Issue Price	[●] per cent.
Issue Date	28 September 2010 Subject to market conditions, the issue date may be postponed up to two weeks. Prospective investors will be informed of such postponement in the manner described in the section " <i>Subscription, Offer and Sale of the Subordinated Notes</i> ".
Principal Amount	The Subordinated Notes will be issued in a denomination of EUR 1,000 each.
Form of the Subordinated Notes	The Subordinated Notes are in bearer form and will initially be represented by one temporary global note without interest coupons which will be deposited with Deutsche Bank Aktiengesellschaft as common depository for the Clearing Systems (as set out below). The temporary global note will be exchangeable for a permanent global note without interest coupons not earlier than 40 and not later than 180 days after the issue of the temporary global note upon certification as to non-U.S. beneficial ownership of the

Subordinated Notes. Payments of Remuneration on Subordinated Notes represented by a temporary global note will only be made against presentation of such certifications. No definitive notes or interest coupons will be issued.

Status

Except as otherwise provided below, the obligations of the Issuer under the Subordinated Notes constitute direct, unsecured and subordinated obligations of the Issuer and, in the event of the winding-up, dissolution or liquidation of the Issuer, rank (i) senior only to the Issuer's share capital, (ii) *pari passu* among themselves and *pari passu* with any Parity Securities and, (iii) junior to all present and future other obligations of the Issuer, whether subordinated or unsubordinated, except as otherwise provided by mandatory provisions of law or as expressly provided for by the terms of the relevant instrument.

The rights of the Holders towards the Issuer under the Subordinated Notes constitute direct, unsecured and subordinated rights and, in the event of the insolvency of the Issuer, composition or other proceedings for the avoidance of insolvency of the Issuer, rank (i) senior only to the Issuer's share capital, (ii) *pari passu* among themselves and *pari passu* with any Parity Securities and, (iii) junior to all present and future other obligations of the Issuer, whether subordinated or unsubordinated, except as otherwise provided by mandatory provisions of law or as expressly provided for by the terms of the relevant instrument.

In the case of (i) the winding-up, dissolution or liquidation of the Issuer, the obligations of the Issuer under the Subordinated Notes, and (ii) the insolvency of the Issuer or composition or other proceedings for the avoidance of insolvency of the Issuer, the rights of the Holders towards the Issuer, shall be subordinated to the claims of all unsubordinated and subordinated creditors of the Issuer so that in any such case no amounts shall be payable in respect of the Subordinated Notes until the claims of all unsubordinated and subordinated creditors of the Issuer shall have first been satisfied in full.

"**Parity Securities**" means (i) any securities or other instruments issued by the Issuer and claims towards the Issuer which are expressed to rank *pari passu* with the Issuer's obligations under the Subordinated Notes or (ii) securities or other instruments issued by a Subsidiary, where such securities or instruments have the benefit of a guarantee or keep well agreement by the Issuer, and the obligations under such guarantee or keep well agreement rank *pari passu* with the Issuer's obligations under the Subordinated Notes.

"**Subsidiary**" means any majority-owned subsidiary of the Issuer.

Prohibition of set-off

No Holder may set-off any claims arising under the Subordinated Notes against any claims that the Issuer may have against it. The Issuer may not set-off any claims it may have against the Holders against any of its obligations under the Subordinated Notes.

Remuneration

From (and including) the Issue Date to (but excluding) 28 September 2015, the Subordinated Notes entitle the Holders to Remuneration at a rate of [●] per cent. *per annum*, payable annually in arrear on 28 September of each year, commencing on 28 September 2011.

Thereafter, unless previously redeemed, the Subordinated Notes, from and including 28 September 2015 to (but excluding) 28 September 2020 entitle the Holders to Remuneration at a rate *per annum* which shall be [●] per cent. *per annum* above the 5 year Swap Rate determined two Business Days prior to the beginning of the first Reset Remuneration Period, payable annually in arrear on 28 September in each year, and, from and including 28 September 2020 to but excluding the redemption date, entitle the Holders

to Remuneration at the 12 months EURIBOR rate determined two Business Days prior to the beginning of the relevant Floating Remuneration Period, plus a margin of **【●】** per cent. *per annum*, payable annually in arrear on 28 September in each year.

If a Change of Control has occurred and the Issuer has elected not to redeem the Subordinated Notes as described below, the Prevailing Rate will be increased by 5.00 per cent. *per annum* from (and including) the Business Day falling 120 days after a Downgrade which occurs as a result of a Change of Control within the Change of Control Period.

Deferral of Remuneration

To the extent, a Remuneration Payment Date is not a Compulsory Remuneration Payment Date accrued Remuneration shall only be due and payable on a Remuneration Payment Date if the Issuer so elects. Any Remuneration not paid due to such an election of the Issuer shall constitute **"Deferred Remuneration Payments"**. Deferred Remuneration Payments shall not bear interest themselves.

A **"Compulsory Remuneration Payment Date"** shall be deemed to have occurred on any Remuneration Payment Date, if any of the following events has occurred within a period of six months preceding such date (each a **"Compulsory Payment Event"**):

- (a) the date on which the shareholders of the Issuer have resolved at the annual general meeting on the proposal by the executive board (*Vorstand*) of the Issuer to pay a dividend on any class of shares of the Issuer (other than a dividend, distribution or payment which is made in the form of ordinary shares or preference shares of the Issuer (the **"Shares of the Issuer"**)); or
- (b) the Issuer redeems share capital or the Issuer or any of its Subsidiaries repurchases or otherwise acquires any of the outstanding Shares of the Issuer (other than (i) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants, (ii) as a result of the exchange or conversion of one class of shares for another class, or (iii) in the case the Issuer receives Shares as consideration for a sale of assets to third parties).

Payment of Deferred Remuneration Payments

Outstanding Deferred Remuneration Payments may be paid (in whole but not in part) at any time and shall be paid (in whole but not in part) by the Issuer on a Compulsory Payment Date or immediately thereafter. A **"Compulsory Payment Date"** will be deemed to have occurred upon any of the following events:

- (a) a Compulsory Payment Event;
- (b) a Remuneration Payment Date in relation to which the Issuer elects to pay a scheduled Remuneration on the Subordinated Notes;
- (c) the due date for the whole redemption of the Subordinated Notes; or
- (d) the date on which the general meeting of shareholders resolves the voluntary winding-up of the Issuer or an order is made for the winding-up, dissolution or liquidation of the Issuer (in each case other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring while solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer).

Maturity

The Subordinated Notes are perpetual notes in respect of which there is no final maturity date by which the Issuer would be under the obligation to redeem the Subordinated Notes.

Early Redemption at the option of the Issuer and Upon Occurrence of a

The Issuer may call and redeem the Subordinated Notes (in whole but not in part) on 28 September 2015 and on 28 September 2020 or on any Floating Remuneration Payment Date thereafter at their Aggregate Principal Amount

Special Event

plus Remuneration accrued to (but excluding) the Redemption Date and any Deferred Remuneration Payments.

If either a Gross-up Event, an Accounting Event, a Tax Event or a Rating Agency Event (each as set out in detail in § 5(3) of the Terms and Conditions) occurs, the Issuer may call and redeem the Subordinated Notes (in whole but not in part) provided that in the case of an event described in alternative (a) of the definition of Rating Agency Event according to § 5(3) of the Terms and Conditions any redemption taking effect prior to 28 September 2015 will be subject to the principal amount of Subordinated Notes so redeemed not exceeding the net cash proceeds raised during the Refinancing Period from the sale or issue of Replacement Capital Financing Instruments.

If the Subordinated Notes are called upon the occurrence of a Gross-up Event, the Subordinated Notes will be redeemed at their Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments.

If the Subordinated Notes are called upon the occurrence of an Accounting Event or a Tax Event the Subordinated Notes will be redeemed (i) at their Early Redemption Amount plus any Deferred Remuneration Payments if such redemption occurs prior to 28 September 2020, or (ii) at their Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments if such redemption occurs on or after 28 September 2020.

If the Subordinated Notes are called upon the occurrence of a Rating Agency Event, the Subordinated Notes will be redeemed at 101 per cent. of their Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments.

The "**Early Redemption Amount**" amounts to the greater of (i) the Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date, and (ii) the Make-Whole Amount of the Subordinated Notes.

The "**Make-Whole Amount**" shall be equal to the sum of the Present Values on the Redemption Date of (i) the Aggregate Principal Amount of the Subordinated Notes and (ii) the remaining scheduled Remuneration on the Subordinated Notes to but excluding 28 September 2015 or 28 September 2020, in the case such redemption occurs on or after 28 September 2015 but before 28 September 2020.

Early Redemption for reasons of a Change of Control

In the event that any person or group, acting in concert, has gained Control (as defined below) over the Issuer (a "**Change of Control**"), the Issuer may at any time within the Change of Control Period (as defined below) call and redeem the Notes (in whole but not in part) provided that if before any such redemption is made a Downgrade occurs as a result of the Change of Control within the Change of Control Period, the Issuer must not redeem the Subordinated Notes on a Business Day earlier than 120 days after the occurrence of such Downgrade. The redemption of Subordinated Notes for reasons of a Change of Control shall be at (i) at their Early Redemption Amount plus any Deferred Remuneration Payments if such redemption occurs prior to 28 September 2020, or (ii) at their Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments if such redemption occurs on or after 28 September 2020.

"**Control**" means any direct or indirect legal or beneficial ownership or any direct or indirect legal or beneficial entitlement (as described in § 30 German Securities Acquisition and Takeover Act (*Wertpapierübernahmegesetz*) of, in the aggregate, more than 50 per cent. of the voting rights in a

shareholder's meeting of the Issuer.

The "**Change of Control Period**" shall commence on the date of the Change of Control, and shall end 180 days thereafter.

Early Redemption in the case of Minimal Outstanding Aggregate Principal Amount

In the event that the Issuer and/or any Subsidiary has, severally or jointly, purchased Notes equal to or in excess of 80 per cent. of the Aggregate Principal Amount of the Notes initially issued the Issuer may call and redeem the remaining Subordinated Notes (in whole but not in part) (i) at their Early Redemption Amount plus any Deferred Remuneration Payments if such redemption occurs prior to 28 September 2020, or (ii) at their outstanding Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments if such redemption occurs on or after 28 September 2020.

Replacement Intention

In the event of an early redemption on or prior to 28 September 2015, the Issuer intends, guided by but not exceeding the terms and conditions of the Replacement Capital Covenant (as set out below) taking effect as of the Business Day following 28 September 2015, that, to the extent that the Subordinated Notes provide the Issuer with equity credit for rating purposes at the time of such a redemption, it will repay the Aggregate Principal Amount of the Subordinated Notes upon such redemption with amounts which correspond to the net proceeds received by the Issuer or any of the Subsidiaries from the sale or issuance, during the 360-day period prior to the date of such redemption, by it or any Subsidiary to third party purchasers, other than a group entity, of securities for which the Issuer will receive equity credit, at the time of sale or issuance, that is equal to or greater than the equity credit attributed to the Subordinated Notes at the time of their issuance.

Replacement Capital Covenant

At or around the time of issuance of the Subordinated Notes, the Issuer will undertake for the benefit of holders, from time to time, of designated series of debt securities ranking senior to the Subordinated Notes, that the Issuer (subject to certain exemptions) will not redeem or repurchase, and to procure that Subsidiaries will not purchase the Subordinated Notes from the Business Day following 28 September 2015 to, and including, 28 September 2040, unless the Issuer or one or more of its group entities, which have the purpose to raise financing for the Issuer and other group entities, has sold or issued shares or certain equity-like instruments during a period of 360 days prior to the date of that redemption or purchase. This undertaking may prevent the Issuer from redeeming or repurchasing the Subordinated Notes even in circumstances where such redemption or repurchase would be in the interest of the Issuer and the Holders.

Events of Default

The Terms and Conditions of the Subordinated Notes do not contain an Events of Default Clause.

Withholding Tax and Additional Amounts

All amounts payable in respect of the Subordinated Notes shall be made by the Issuer without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction by or on behalf of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. In such event, the Issuer will, subject to the exceptions set out in the Terms and Conditions, pay such Additional Amounts as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction.

Negative Pledge

The Terms and Conditions of the Subordinated Notes do not contain a Negative Pledge Clause.

Clearing System	Clearstream Banking S.A., Luxembourg and Euroclear Bank SA/NV.
Governing Law	The Subordinated Notes will be governed by German law.
Jurisdiction	Non-exclusive place of jurisdiction for any legal proceedings arising under the Subordinated Notes is Frankfurt am Main.
Listing and Admission to Trading	Application has been made to list the Subordinated Notes on the official list of and to admit to trading on the regulated market of the Luxembourg Stock Exchange. It is further intended that application will be made for the Subordinated Notes to be admitted to trading on the regulated market of the Frankfurt Stock Exchange.

SUMMARY REGARDING RWE AKTIENGESELLSCHAFT AND RWE GROUP

RWE is the parent company of a group of businesses primarily engaged in the generation, transmission, distribution and sale of energy in the Federal Republic of Germany ("**Germany**"), the United Kingdom ("**UK**"), The Netherlands, Belgium and some parts of Central Eastern and South Eastern Europe and in the exploration and production of oil and gas in Europe and North Africa. In addition, RWE Group is active in the sale of water (and treatment of wastewater) in Germany and Central Eastern Europe. Furthermore, RWE Group runs one of the largest trading operations for energy and energy related products in Europe.

RWE Group intends to widen the geographic scope of its business into South-Eastern Europe, including Turkey.

RWE is incorporated in Germany and has its seat in Essen, Germany. It was founded in 1898 as Rheinisch-Westfälisches Elektrizitätswerk Aktiengesellschaft and merged with VEW Aktiengesellschaft in 2000.

Share buyback

As of 30 June 2010, RWE holds 28,846,473 common shares as treasury stock. Pursuant to a resolution passed by the Annual General Meeting on 22 April 2010, RWE was authorised to purchase shares of any class in RWE totalling up to 10 per cent. of RWE's share capital until 21 October 2011. Share buybacks may also be conducted by exercising put or call options.

Organisational structure

RWE Group is organised in a series of divisions with RWE as the parent company. RWE provides centralised business services to RWE Group – including the provision of finance, legal services, and accounting, controlling and general business services.

Acquisition of Essent N.V.

The acquisition of Essent N.V. was completed on 30 September 2009. Essent's waste management and distribution network operations have been carved out of the transaction. Its 50 per cent. stake in the EPZ joint venture, operator of the Borssele nuclear power station, will remain under ownership of Essent's former shareholders until respective proceedings have been concluded. The integration of Essent's acquired operations is expected to be completed until the end of 2010.

Divestment of North American water activities

After the initial public offering of the United States water utility American Water in April 2008, RWE divested its remaining shares in the company in 2009.

Trend information

Except as disclosed in this Prospectus, there has been no material adverse change in the prospects of RWE since 31 December 2009.

General economic environment and economic trends

The economic recovery generally observed since the middle of last year has continued in 2010. The recent rise in order intake caused production activity to increase in industrialised countries. Growth is also supported by state stimulus programmes and expansionary monetary policy. Growth in the Eurozone was weaker, as the upturn in this region was weakened by the national finance crises faced by several member states.

The economy's recovery might become stronger this year. However, the revitalising effects of the stimulus packages may gradually fade. Based on an evaluation of RWE Group, global economic output in 2010 might be more than 3.5 per cent. higher year on year. RWE Group considers it possible that in the Eurozone, it will grow by a little more than 1 per cent. RWE Group expects that the economy's recovery might have a positive impact on demand for energy and gas in RWE Group's core markets.

Allocation Act for Emission Trading from 2008 to 2012

The legal framework for the allocation of emission allowances in the second CO₂ trading period, which runs from 2008 to 2012, was established in 2007.

At present, RWE Group believes that free certificate allocations between 2009 and 2012 will cover about 60 per cent. of its carbon dioxide emissions in Germany. In the UK, RWE Group's second core market, RWE Group anticipates that it will receive free certificates for approximately 70 per cent of its carbon dioxide emissions.

Climate-protection package for the period from 2013 to 2020

In December 2008, the European Parliament approved an "*Energy and Climate Package*". It includes guidelines for emissions trading after 2012 and the expansion of the renewable generation base. According to the emissions trading directive, generators will stop receiving free emissions allowances from the government from 2013. The necessity to purchase by auction emissions allowances from 2013 onwards will affect the results of RWE Group.

Change in German energy policy

The change in the country's administration in the autumn of 2009 brought some movement into German energy policy. In its coalition agreement of 26 October 2009 the incumbent parties (CDU/CSU and FDP) set out their political programme, including such important topics as climate protection and security of supply, and in this regard the intention to extend lifetimes of nuclear power plants. On 5 September 2010, the German chancellor and the involved ministries agreed on an extension of nuclear lifetime. The average lifetime is planned to be extended by 12 years. In parallel, the government and the four German nuclear power plant operators reached – subject to certain conditions – an agreement in principle on payments by the operators into a newly created public renewable energy fund. A part of these amounts would have to be borne by RWE Group and could significantly impact its earning power. On 7 June 2010, the German government decided to introduce a nuclear fuel tax as part of a comprehensive austerity package. Such levy would significantly impact RWE Group's earning power.

Copenhagen World Climate Conference

The UN Climate Conference in Copenhagen took a disappointing course in December 2009. In view of this no immediate effects on RWE Group are expected to result from this conference. The roughly 190 countries participating were unable to reach an agreement to succeed Kyoto encompassing global conditions for climate protection after 2012. The main concluding document, the "*Copenhagen Accord*", is not legally binding. However, it does include a minimal consensus establishing the concrete goal of limiting global warming to less than two degrees centigrade compared to pre-industrial levels.

UK government committed to low-carbon energy system

In July 2009, the UK government published a White Paper on the energy sector, establishing a policy framework for delivering the UK's legislated CO₂ reduction target of 18 per cent. by 2020, compared to 2008 levels, while ensuring security of supply. Following the election in May 2010, a coalition government of the Conservative and Liberal Democrat parties was formed. In its coalition agreement the newly elected government confirmed its commitment to a low-carbon energy system. In addition, an Energy Bill is expected to be introduced in autumn to improve energy efficiency in British homes and businesses, to

promote low carbon energy production, and to improve security of energy supplies. Since the concrete implementation remains unclear to date, it is impossible to evaluate the effects on RWE Group.

Third Single Energy Market Package creates independent transmission system operators without interfering with ownership

On 15 July 2009, the EU Council of Ministers and the European Parliament agreed on the Third Single Energy Market Package designed to continue the development of a single market for electricity and gas. The main issue was how to structure ownership relationships between the transmission system operators ("TSO") and their parent companies in a way that ensures non-discriminatory third-party access and provides incentives for necessary investments in networks. The adopted guideline envisages network companies remaining within their respective groups, while increasing their independence substantially. By setting up Amprion GmbH as a TSO widely independent from RWE, RWE Group has already put key elements of the unbundling rules into practice.

Management and Supervisory Bodies, Board Practices

RWE's governance bodies include its Supervisory Board and its Executive Board.

None of the members of the Supervisory Board or the Executive Board of RWE have any material conflicts of interests between any duties to RWE and their private interests or other duties.

RWE has established an Audit Committee that deals with issues relating to financial reporting, risk management and compliance and prepares Supervisory Board resolutions on the annual financial statements and the arrangements with the auditor of the financial statements (with due regard to the audit assignment, the determination of the audit's focal points and the agreement on fees). It also debates major events at companies affiliated with RWE and the addition of new or relinquishment of existing business fields that are directly assigned to RWE.

Major shareholders

As of December 2009, RWE was owned by the following (groups of) shareholders¹:

RW Energie-Beteiligungsgesellschaft mbH & Co. KG	16 per cent.
BlackRock, Inc.	4 per cent.
Other institutional shareholders	60 per cent.
Private shareholders	14 per cent.
Own shares	5 per cent.
Employee shareholders	1 per cent.

¹ Percentages reflect shares in the subscribed capital.

Source: Shareholder identification and notifications of shareholdings in accordance with the German Securities Trading Act (*WpHG*).

Legal and arbitration proceedings

Except as disclosed in this Prospectus, there are no, nor have there been any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this Prospectus a significant effect on the financial position of RWE.

Significant change in financial or trading position

Except as disclosed in the Prospectus, there has been no significant change in the financial or trading position of RWE Group since 30 June 2010.

SUMMARY REGARDING THE RISK FACTORS

Summary of Risk Factors regarding the Subordinated Notes

An investment in the Subordinated Notes involves certain risks associated with the characteristics of the Subordinated Notes which could lead to substantial losses for Holders when selling their Subordinated

Notes or with regard to receiving payments of remuneration under the Subordinated Notes. These risks include the following:

- Subordinated Notes may not be a suitable investment for all investors.
- Payments of Remuneration under the Subordinated Notes may under certain circumstances be deferred at the election of the Issuer.
- The Subordinated Notes are perpetual securities. Holders have no right to call the Subordinated Notes for their redemption.
- The Subordinated Notes are subject to certain redemption risks.
- Claims under the Subordinated Notes are subordinated. In any insolvency proceedings of the Issuer, the Holders may recover proportionally less than holders of unsubordinated and other subordinated liabilities of the Issuer and the remedies for Holders in the insolvency proceedings of the Issuer may be limited.
- There is no limitation on the Issuer to incur additional indebtedness ranking senior or *pari passu* with the Subordinated Notes.
- Despite a notice of early redemption of the Subordinated Notes for reason of a Change of Control, the Issuer might not be able to redeem the Subordinated Notes after the compliance with an undertaking to effect a tender offer for the benefit of the holders of qualifying securities.
- The Issuer's right to redeem the Subordinated Notes prior to the Redemption Date is subject to compliance by the Issuer with the replacement capital covenant.
- An active trading market for the Subordinated Notes may not develop.
- Fixed rate securities have a market risk.
- Floating rate securities may suffer a decline in interest rate.
- The credit rating of the Subordinated Notes may not reflect all associated risks.

Summary of Risk Factors regarding RWE Aktiengesellschaft and RWE Group

At present, there are no identifiable risks that could jeopardise the continued operation of RWE or RWE Group. However, there are a number of businesses or operational factors that can affect RWE Group's operations by having either a positive or a negative impact on revenue and results. These include:

Changes in the general economic climate

Economic trends in RWE Group's core markets can affect the degree of capacity utilisation and can have a negative impact on results. The markets in which RWE Group is primarily active are among the most politically and economically stable in the world. But, even here, RWE Group is exposed to substantial risks, such as European trading of CO₂ emission allowances, legal issues concerning the approval of power plant new builds, and especially the use of nuclear energy in Germany.

In addition to energy policy, the economy's development has lasting effects on RWE Group's earning power. The economy's recovery witnessed since the middle of 2009 might become stronger this year. However, the revitalising effects of the stimulus packages will gradually fade. If the economic situation were to deteriorate unexpectedly, it would probably cause demand for RWE Group's main products, electricity and gas, to drop and prices to fall accordingly. There is a danger of RWE Group's earnings power being curtailed for years.

Ratings

On 4 November 2009, Moody's revised its long term senior unsecured debt rating on RWE to "A2" from "A1" whereas the "Prime-1" short term debt rating and the "negative outlook" on RWE were affirmed. Since 13 January 2009, Standard & Poor's has assigned RWE's long term senior unsecured debt rating with "A" with "negative outlook" and the short term rating with "A-1". Downgrades may cause increased interest costs for RWE or even jeopardise further bond issuances. The price of the outstanding bonds may deteriorate following a downgrade.

Changes in the price of commodities and products

RWE Group's electricity and gas businesses face the price and sales risks resulting from the liberalisation of Europe's electricity and gas markets. Results achieved in the electricity business are significantly influenced by the development of market prices of electricity and fossil fuels as well as by the development of the price of CO2 certificates. Additional risks arise from RWE Group's oil and gas production operations and due to the fact that some of RWE Group's gas purchases are based on long-term agreements linked to the price of oil.

Operating risks

RWE Group operates technologically complex and interconnected production plants with attendant risk of loss of generation and supply and environmental risks and therefore revenue.

Risks associated with corporate strategy

When a company is acquired, problems can arise in connection with the integration of employees, processes and technologies.

Changes in prices in the finance sector

Within the scope of its operations, RWE Group is also exposed to interest-rate, currency, credit, and share-price fluctuation risks. Risks also arise from changes in the value of securities.

Liquidity risk

Risks arise in the process of ensuring sufficient liquidity is available to meet RWE Group's financial obligations on a timely basis.

Credit risks

RWE Group is subject to credit risks due to the fact that trading partners, customers, banks or other counterparties possibly will not fulfil their contractual obligations, which applies especially in the current economic crisis.

Regulatory risks

RWE Group's exposure to the constant change in the political, legal and social environment in which it does business can be expected to have an impact on earnings. Earnings risks also exist in the electricity and gas grid businesses as a result of regulatory interventions. Risks arise from the European emissions trading systems because of fossil power plants operations. In Germany, risks also arise from the monitoring of anti-competitive pricing practices, the legal framework of which became stricter at the end of 2007. And the incentive-based regulation of RWE Group's German electricity and gas network companies in effect since 2009 is also associated with earnings risks.

Increased government take

On 7 June 2010, the German government decided to introduce a nuclear fuel tax, which would have substantial negative effects on RWE Group's earnings, finance and investment planning. On 5 September 2010, the government and the four German nuclear power plant operators reached – subject to certain conditions – an agreement in principle on payments by the operators into a newly created public renewable energy fund. A part of these amounts would have to be borne by RWE Group and could significantly impact its earning power. Further governmental interventions like increased royalties or additional taxes could curtail earnings in different scopes of activities in Germany and abroad.

IT risks

RWE Group is exposed to IT risks during the development of IT solutions designed to support business processes.

Competition for qualified staff

RWE Group companies compete with other companies for the best talent in an increasingly contested market. This involves risks, especially in light of the ambitious organic earning growth targets.

Legal risks

RWE Group companies are involved in litigation and arbitration proceedings connected with their operations.

GERMAN TRANSLATION OF THE SUMMARY

Der folgende Abschnitt stellt die Zusammenfassung (die "**Zusammenfassung**") der wesentlichen Merkmale und Risiken der Nachrangigen Schuldverschreibungen dar. Die Zusammenfassung ist als Einleitung zum Prospekt zu verstehen. Der Anleger sollte jede Entscheidung zur Anlage in die Nachrangigen Schuldverschreibungen auf die Prüfung des gesamten Prospekts, einschließlich der durch Verweis einbezogenen Dokumente und etwaiger Nachträge stützen. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in einem Prospekt, durch Verweis einbezogenen Dokumenten und etwaiger Nachträge enthaltenen Informationen geltend gemacht werden, könnte der klagende Anleger in Anwendung einzelstaatlicher Rechtsvorschriften die Kosten für die Übersetzung des Prospekts, der durch Verweis einbezogenen Dokumente und etwaiger Nachträge vor Prozessbeginn zu tragen haben. Die Emittentin, die die Zusammenfassung einschließlich einer Übersetzung davon vorgelegt hat und deren Notifizierung beantragt hat, kann haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit anderen Teilen des Prospekts gelesen wird.

Die nachstehende Zusammenfassung ist keine vollständige Darstellung. Sie ist im Zusammenhang mit dem Prospekt zu lesen.

Begriffe und Ausdrücke, die in anderen Teilen dieses Prospekts definiert wurden und denen keine andere Definition in der Zusammenfassung zugewiesen wurde, haben dieselbe Bedeutung in der Zusammenfassung.

ZUSAMMENFASSUNG IN BEZUG AUF DIE NACHRANGIGEN SCHULDVERSCHREIBUNGEN

Emittentin	RWE Aktiengesellschaft
Joint Bookrunners/ Joint Lead Managers/ Joint Structuring Advisors	Deutsche Bank AG, London Branch Morgan Stanley & Co. International plc
Joint Bookrunners/ Joint Lead Managers	BNP PARIBAS Goldman Sachs International The Royal Bank of Scotland plc
Hauptzahlstelle	Deutsche Bank Aktiengesellschaft
Bestimmung des Gesamtnennbetrags und des Ausgabe- preises u.a.	Der endgültige Ausgabepreis und Gesamtnennbetrag, der feste Vergütungssatz und der Tag der Begebung im Fall, dass er wegen der Marktbedingungen verschoben wurde, werden in der Pricing Notice enthalten sein (definiert nachfolgend in " <i>Subscription, Offer and Sale of the Subordinated Notes</i> "), die auf der Internetseite der Luxemburger Wertpapierbörse (www.bourse.lu) am oder vor dem Tag der Begebung der Schuldverschreibungen veröffentlicht wird.
Gesamtnennbetrag	EUR [●]
Ausgabepreis	[●] per cent.
Ausgabetag	28. September 2010 Vorbehaltlich der Marktbedingungen kann der Tag der Begebung bis zu zwei Wochen verschoben werden. Potentielle Investoren werden von einer solchen Verschiebung wie im Abschnitt " <i>Subscription, Offer and Sale of the Subordinated Notes</i> " beschrieben informiert.
Nennbetrag	Die Nachrangigen Schuldverschreibungen werden im Nennbetrag von je EUR 1.000 begeben.
Form der Nachrangigen Schuldverschreibungen	Die Nachrangigen Schuldverschreibungen Inhaberpapiere und werden anfänglich durch eine vorläufige Globalurkunde ohne Zinsscheine verbrieft, die von der Deutsche Bank Aktiengesellschaft, als gemeinsamer Verwahrstelle für das Clearingsystem (wie nachstehend beschrieben)

verwahrt wird. Die vorläufige Globalurkunde wird nicht früher als 40 und nicht später als 180 Kalendertage nach der Ausgabe der vorläufigen Globalurkunde und nach Vorlage von Bescheinigungen über das Nichtbestehen von US-amerikanischem wirtschaftlichen Eigentum an den Nachrangigen Schuldverschreibungen gegen eine Dauerglobalurkunde ohne Zinsscheine ausgetauscht. Vergütungszahlungen auf Nachrangige Schuldverschreibungen, die durch eine vorläufige Globalurkunde verbrieft sind, werden erst nach Vorlage solcher Bescheinigungen geleistet. Einzelurkunden oder Zinsscheine werden nicht ausgegeben.

Status

Soweit nachstehend nichts anderes bestimmt ist, begründen die Schuldverschreibungen direkte, nicht besicherte, nachrangige Verbindlichkeiten der Emittentin, die im Fall der Abwicklung, Auflösung oder Liquidation der Emittentin (i) nur den Aktien der Emittentin im Rang vorgehen, (ii) untereinander und mit jedem Gleichrangigen Wertpapier im Rang gleich stehen (iii) allen anderen bestehenden und zukünftigen Verbindlichkeiten der Emittentin, ob nachrangig oder nicht nachrangig, im Rang nachgehen, soweit zwingende gesetzliche Vorschriften nichts anderes vorschreiben bzw. die Bedingungen des betreffenden Instruments ausdrücklich etwas anderes vorsehen.

Die Rechte der Anleihegläubiger aus den Nachrangigen Schuldverschreibungen gegenüber der Emittentin begründen direkte, nicht besicherte und nachrangige Rechte gegenüber der Emittentin, die im Fall der Insolvenz der Emittentin, eines Vergleichs oder eines anderen der Abwendung der Insolvenz der Emittentin dienenden Verfahrens (i) nur den Aktien der Emittentin im Rang vorgehen, (ii) untereinander und mit jedem Gleichrangigen Wertpapier im Rang gleich stehen (iii) allen anderen bestehenden und zukünftigen Verbindlichkeiten der Emittentin, ob nachrangig oder nicht nachrangig, im Rang nachgehen, soweit zwingende gesetzliche Vorschriften nichts anderes vorschreiben bzw. die Bedingungen des betreffenden Instruments ausdrücklich etwas anderes vorsehen.

Im Fall der (i) Abwicklung, Auflösung oder Liquidation der Emittentin gehen die Verbindlichkeiten der Emittentin aus den Nachrangigen Schuldverschreibungen, und im Fall (ii) der Insolvenz der Emittentin oder eines Vergleichs oder eines anderen der Abwendung der Insolvenz der Emittentin dienenden Verfahrens gehen die Rechte der Anleihegläubiger gegenüber der Emittentin, im Rang den Ansprüchen aller nicht nachrangigen und nachrangigen Gläubiger nach, so dass Zahlungen auf die Nachrangigen Schuldverschreibungen solange nicht erfolgen, wie die Ansprüche aller nicht nachrangigen und nachrangigen Gläubiger gegen die Emittentin nicht zuvor vollständig erfüllt sind.

"Gleichrangige Wertpapiere" bezeichnet (i) jedes von der Emittentin begebene Wertpapier oder andere Instrument, und gegen sie gerichtete Forderungen die gleichrangig im Verhältnis zu den Verbindlichkeiten der Emittentin unter den Nachrangigen Schuldverschreibungen sind, oder (ii) jedes von einer Tochtergesellschaft begebene Wertpapier oder andere Instrument, das durch die Emittentin garantiert wird oder von einer Patronatserklärung der Emittentin profitiert, bei dem die Verbindlichkeiten der Emittentin aus der maßgeblichen Garantie oder Patronatserklärung gleichrangig im Verhältnis zu den Verbindlichkeiten der Emittentin aus den Nachrangigen Schuldverschreibungen sind.

"Tochtergesellschaft" meint jede mehrheitliche Tochtergesellschaft der Emittentin.

Aufrechnungsverbot

Die Anleihegläubiger sind nicht berechtigt, Forderungen aus den Nachrangigen Schuldverschreibungen gegen mögliche Forderungen der Emittentin aufzurechnen. Die Emittentin ist nicht berechtigt, Forderungen gegenüber Anleihegläubigern gegen Verpflichtungen aus den Nachrangigen

Schuldverschreibungen aufzurechnen.

Vergütung

Vom Ausgabetag (einschließlich) bis zum 28. September 2015 (ausschließlich) berechnen die Nachrangigen Schuldverschreibungen die Anleihegläubiger zu einer Vergütung von **[•]% per annum**. Die Vergütung ist jährlich nachträglich am 28. September eines jeden Jahres, erstmals am 28. September 2011 fällig.

Soweit nicht vorzeitig zurückgezahlt berechnen die Nachrangigen Schuldverschreibungen danach, vom 28. September 2015 (einschließlich) bis zum 28. September 2020 (ausschließlich) zu einer Vergütung von **[•]% per annum** über dem zwei Geschäftstage vor dem Beginn des ersten Reset-Vergütungszeitraums festgestellten 5 Jahres Swapsatz und vom 28. September 2020 (einschließlich) bis zum Rückzahlungstag (ausschließlich) zu einer Vergütung in Höhe des 12-Monats EURIBOR Satzes, zuzüglich einer Marge **[•]% per annum**. Die Vergütung ist jeweils jährlich nachträglich am 28. September eines jeden Jahres fällig.

Falls ein Kontrollwechsel eintritt und die Emittentin die Nachrangigen Schuldverschreibungen nicht wie nachfolgend beschrieben zurückzahlt, erhöht sich der jeweils Anwendbare Vergütungssatz um 5,00% *per annum* ab (und einschließlich) dem 120 Tage nach einer Ratingherabstufung, die in Folge eines Kontrollwechsels innerhalb des Kontrollwechselzeitraums vorgenommen wird, folgenden Geschäftstag.

Vergütungsaufschub

Soweit es sich bei einem Vergütungszahlungstag nicht um einen Obligatorischen Vergütungszahlungstag handelt, sind aufgelaufene Vergütungen nur dann fällig und zahlbar, wenn sich die Emittentin für eine solche Zahlung entscheidet. Die aufgrund einer derartigen Entscheidung der Emittentin nicht gezahlte Vergütung stellt "**Vergütungsrückstände**" dar. Vergütungsrückstände werden nicht verzinst.

Als "**Obligatorischer Vergütungszahlungstag**" gilt jeder Vergütungszahlungstag, sobald während der einem solchen Tag vorausgehenden sechs Monate eines der folgenden Ereignisse eintritt (jeweils ein "**Obligatorisches Zahlungsereignis**"):

- (a) der Tag, an dem die Aktionäre der Emittentin über den Vorschlag des Vorstands der Emittentin, eine Dividende auf eine beliebige Aktiengattung der Emittentin (mit Ausnahme einer Dividende, Ausschüttung oder Zahlung, die in Form von Stamm- oder Vorzugsaktien der Emittentin (die "**Aktien der Emittentin**") vorgenommen wird) zu zahlen, in der ordentlichen Hauptversammlung beschlossen haben; oder
- (b) die Emittentin zahlt einen Teil ihres Aktienkapitals zurück oder die Emittentin oder eine ihrer Tochtergesellschaften kaufen ausstehende Aktien der Emittentin zurück oder erwerben diese anderweitig (ausgenommen (i) in Verbindung mit einem Mitarbeiterbeteiligungsprogramm oder einer ähnlichen Maßnahme zu Gunsten von Arbeitnehmern, leitenden Angestellten, Führungskräften oder Beratern, (ii) als Ergebnis eines Umtauschs oder einer Wandlung einer Aktiengattung in eine andere oder (iii) falls die Emittentin Aktien als Entgelt für einen Verkauf von Vermögenswerten an Dritte erhält).

Nachzahlung von Vergütungsrückständen

Die Emittentin kann ausstehende Vergütungsrückstände jederzeit (insgesamt, jedoch nicht teilweise) zahlen. Ausstehende Vergütungsrückstände werden (insgesamt, jedoch nicht teilweise) an einem Obligatorischen Zahlungstag fällig und sind durch die Emittentin an dem Tag oder unverzüglich danach zu zahlen. Als "**Obligatorischer Zahlungstag**" gilt der Tag, an dem das früheste der folgenden Ereignisse eintritt:

- (a) ein Obligatorisches Zahlungsereignis;

- (b) ein Vergütungszahlungstag, bezüglich dessen die Emittentin von ihrem Wahlrecht, die Zahlung einer vorgesehenen Vergütung auf die Nachrangigen Schuldverschreibungen vorzunehmen, Gebrauch macht;
- (c) der Tag, an dem die Nachrangigen Schuldverschreibungen insgesamt zur Rückzahlung fällig sind; oder
- (d) der Tag, an dem die Hauptversammlung die freiwillige Auflösung der Emittentin beschließt oder an dem eine Verfügung zur Auflösung, Abwicklung oder Liquidation der Emittentin ergeht (sofern dies nicht für die Zwecke oder als Folge eines Zusammenschlusses, einer Umstrukturierung oder Sanierung geschieht, während die Emittentin noch zahlungsfähig ist und die fortführende Gesellschaft im Wesentlichen alle Vermögenswerte und Verpflichtungen der Emittentin übernimmt).

Laufzeit

Die Nachrangigen Schuldverschreibungen sind unbefristete Wertpapiere ohne Endfälligkeitstag an dem die Emittentin verpflichtet wäre, die Nachrangigen Schuldverschreibungen zurückzuzahlen.

Vorzeitige Rückzahlung nach Wahl der Emittentin und bei Eintritt eines Spezialereignisses

Die Emittentin kann die Nachrangigen Schuldverschreibungen (insgesamt, jedoch nicht teilweise) am 28. September 2015 und am 28. September 2020 oder anschließend an einem Variablen Vergütungszahlungstag zu ihrem Gesamtnennbetrag zuzüglich bis zum jeweiligen Rückzahlungstag (ausschließlich) aufgelaufenen Vergütung und etwaiger Vergütungsrückstände kündigen und zurückzahlen.

Bei Eintritt eines Quellensteuerereignisses, eines Rechnungslegungsereignisses, eines Steuerereignisses oder eines Ratingagenturereignisses (jeweils wie in § 5(3) der Anleihebedingungen im Einzelnen dargelegt) ist die Emittentin berechtigt, die Nachrangigen Schuldverschreibungen zu kündigen und (insgesamt, jedoch nicht teilweise) zurückzuzahlen, vorausgesetzt dass, im Fall eines in Alternative (a) der Definition von Ratingagenturereignis gemäß § 5(3) der Anleihebedingungen beschriebenen Ereignisses bei einer vor dem 28. September 2015 erfolgenden Rückzahlung der zurück zu zahlende Nennbetrag der Nachrangigen Schuldverschreibungen den während der Refinanzierungsperiode aus dem Verkauf oder der Emission von Ersetzungskapitalfinanzierungsinstrumenten erzielten Nettobarerlös nicht überschreitet.

Bei Eintritt eines Quellensteuer-Ereignisses, werden die Nachrangigen Schuldverschreibungen zum Gesamtnennbetrag nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaiger Vergütungsrückstände zurückgezahlt.

Erfolgt die Kündigung aufgrund eines Rechnungslegungsereignisses oder eines Steuerereignisses werden die Nachrangigen Schuldverschreibungen (i) zum Vorzeitigen Rückzahlungsbetrag nebst etwaiger Vergütungsrückstände, soweit eine solche Rückzahlung vor dem 28. September 2020 erfolgt, zurückgezahlt, bzw. (ii) zum Gesamtnennbetrag nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaiger Vergütungsrückstände, soweit eine solche Rückzahlung an oder nach dem 28. September 2020 erfolgt.

Bei Eintritt eines Ratingagenturereignisses, werden die Nachrangigen Schuldverschreibungen zu 101% ihres Gesamtnennbetrag nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaiger Vergütungsrückstände zurückgezahlt.

Der **"Vorzeitige Rückzahlungsbetrag"** entspricht (i) dem Gesamtnennbetrag der Nachrangigen Schuldverschreibungen zuzüglich Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, oder, (ii) falls höher, dem Modifizierten Ausgleichsbetrag der Nachrangigen Schuldverschreibungen.

Der "**Modifizierte Ausgleichsbetrag**" entspricht der Summe der auf den Rückzahlungstag bezogenen Abgezinsten Werte (i) des Gesamtnennbetrages der Nachrangigen Schuldverschreibungen und (ii) der bis zum 28. September 2015 (ausschließlich) bzw., falls die Rückzahlung am oder nach dem 28. September 2015 und vor dem 28. September 2020 erfolgt, der bis zum 28. September 2020 (ausschließlich) verbleibenden vorgesehenen Vergütungen auf die Nachrangigen Schuldverschreibungen.

**Vorzeitige Rückzahlung
aufgrund
Kontrollwechsels**

In dem Fall, dass eine Person oder mehrere Personen, die gemeinsam handeln, die Kontrolle (wie nachstehend definiert) über die Emittentin erlangt haben (ein "**Kontrollwechsel**"), ist die Emittentin innerhalb des Kontrollwechselzeitraums (wie nachstehend definiert) jederzeit berechtigt, die Nachrangigen Schuldverschreibungen (insgesamt, jedoch nicht teilweise) zu kündigen und zurück zu zahlen, vorausgesetzt, dass wenn vor einer solchen Rückzahlung eine Ratingherabstufung in Folge des Kontrollwechsels innerhalb des Kontrollwechselzeitraums eintritt, die Emittentin die Nachrangigen Schuldverschreibungen nicht vor einem Geschäftstag zurückzahlen darf, der 120 Tage nach dem Eintritt einer solchen Ratingherabstufung folgt. Eine Rückzahlung der Nachrangigen Schuldverschreibungen aufgrund Kontrollwechsels erfolgt zu einem Betrag (i) der dem Vorzeitigen Rückzahlungsbetrag sowie etwaiger Vergütungsrückstände, soweit eine solche Rückzahlung vor dem 28. September 2020 erfolgt, entspricht, bzw. (ii) dem Gesamtnennbetrag nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaiger Vergütungsrückstände entspricht, soweit eine solche Rückzahlung am oder nach dem 28. September 2020 erfolgt.

"**Kontrolle**" bezeichnet das unmittelbare oder mittelbare rechtliche oder wirtschaftliche Eigentum in jedweder Form bzw. die unmittelbare oder mittelbare rechtliche oder wirtschaftliche Verfügungsbefugnis in jedweder Form (wie in § 30 Wertpapierübernahmegesetz beschrieben) an insgesamt mehr als 50% der Stimmrechte in der Hauptversammlung der Emittentin.

Der "**Kontrollwechselzeitraum**" beginnt am Tag des Kontrollwechsels und endet 180 Tage danach.

**Vorzeitige Rückzahlung
bei geringem
ausstehenden
Gesamtnennbetrag**

Falls die Emittentin und/oder eine Tochtergesellschaft allein oder gemeinsam Nachrangige Schuldverschreibungen im Volumen von 80% oder mehr des ursprünglich begebenen Gesamtnennbetrages der Nachrangigen Schuldverschreibungen erworben hat, kann die Emittentin die verbleibenden Nachrangigen Schuldverschreibungen (insgesamt, jedoch nicht teilweise) kündigen und zu einem Betrag zurückzahlen, der (i) dem Vorzeitigen Rückzahlungsbetrag sowie etwaiger Vergütungsrückstände entspricht, soweit eine solche Rückzahlung vor dem 28. September 2020 erfolgt, bzw. (ii) den ausstehenden Gesamtnennbetrag nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaiger Vergütungsrückstände entspricht, soweit eine solche Rückzahlung am oder nach dem 28. September 2020 erfolgt.

Ersetzungsabsicht

Für den Fall einer vorzeitigen Rückzahlung der Nachrangigen Schuldverschreibungen am oder vor dem 28. September 2015 beabsichtigt die Emittentin, nach dem Vorbild und im Umfang entsprechend der nachstehend beschriebenen, vom unmittelbar auf den 28. September 2015 folgenden Geschäftstag geltenden Verpflichtung und sofern die Nachrangigen Schuldverschreibungen zum Zeitpunkt einer solchen Rückzahlung eine Eigenkapitalanrechnung für Ratingagentur Zwecke ermöglichen, den Gesamtnennbetrag der Nachrangigen Schuldverschreibungen mit Beträgen zurückzuzahlen, die der Höhe nach den Nettoerlösen aus dem Verkauf oder der Ausgabe von Wertpapieren durch die Emittentin oder eine Tochtergesellschaft an Dritte (ausgenommen Konzerngesellschaften) entsprechen, die der Emittentin oder der

Tochtergesellschaft im Zeitraum von 360 Tagen vor einem solchen Rückzahlungstag zufließen, und die Emittentin zum Zeitpunkt des Verkaufs bzw. der Ausgabe für diese Wertpapiere eine Eigenkapitalanrechnung erhält, die mindestens so hoch ist wie die Eigenkapitalanrechnung, die die Nachrangigen Schuldverschreibungen zum Zeitpunkt ihrer Begebung aufgewiesen haben.

Kapitalersetzungsverpflichtung	Am oder um den Ausgabetag der Nachrangigen Schuldverschreibungen wird sich die Emittentin (vorbehaltlich bestimmter Ausnahmen) zu Gunsten der jeweiligen Gläubiger einer festgelegten Kategorie von Schuldtiteln, die gegenüber den Nachrangigen Schuldverschreibungen vorrangig sind, dazu verpflichten, vom Geschäftstag nach dem 28. September 2015 und bis zum 28. September 2040 (einschließlich), keine Nachrangigen Schuldverschreibungen zurückzuzahlen oder zurückzukaufen und keiner Tochtergesellschaft zu gestatten, Nachrangige Schuldverschreibungen zu kaufen, wenn nicht die Emittentin oder eine ihrer Konzerngesellschaften, welche die Aufgabe haben, Finanzierungsmittel zur Finanzierung der Emittentin und anderer Konzerngesellschaften aufzunehmen, innerhalb von 360 Tagen vor einer solchen Rückzahlung oder eines solchen Kaufs Aktien oder bestimmte eigenkapitalähnliche Finanzinstrumente verkauft oder ausgegeben hat. Diese Verpflichtung kann die Emittentin selbst in solchen Situationen davon abhalten, die Nachrangigen Schuldverschreibungen zurückzuzahlen oder zurückzukaufen, in denen eine Rückzahlung oder ein Rückkauf im Interesse der Emittentin und der Anleihegläubiger läge.
Kündigungsgründe	Die Anleihebedingungen werden keine Bestimmung über Kündigungsgründe aufgrund Nichterfüllung (<i>Events of Default</i>) enthalten.
Clearingsystem	Clearstream Banking S.A., Luxembourg und Euroclear Bank SA/NV.
Anwendbares Recht	Für die Nachrangigen Schuldverschreibungen gilt deutsches Recht.
Gerichtsstand	Nicht-ausschließlicher Gerichtsstand ist Frankfurt am Main.
Notierung und Zulassung zum Handel	Die Zulassung der Nachrangigen Schuldverschreibungen zur Notierung auf der offiziellen Liste und zum Handel am regulierten Markt der Luxemburger Wertpapierbörse wurde beantragt. Weiterhin ist beabsichtigt, die Zulassung der Nachrangigen Schuldverschreibungen zum Handel am regulierten Markt der Frankfurter Wertpapierbörse zu beantragen.

ZUSAMMENFASSUNG IN BEZUG AUF RWE AKTIENGESELLSCHAFT UND DEN RWE-KONZERN

RWE ist die Muttergesellschaft einer Gruppe von Unternehmen, die vor allem im Bereich der Erzeugung, Übertragung, Verteilung und des Vertriebs von Energie in der Bundesrepublik Deutschland ("**Deutschland**"), dem Vereinigten Königreich ("**UK**"), den Niederlanden, Belgien und einigen Regionen Zentralost- und Südosteuropas, sowie in der Exploration und Produktion von Erdgas und Erdöl in Europa und Nordafrika, tätig sind. Zusätzlich ist der RWE-Konzern im Vertrieb von Wasser (sowie Abwasseraufbereitung) in Deutschland, Mittel- und Osteuropa aktiv. Außerdem zählt der RWE-Konzern zu den großen Händlern von Energie und energienahen Rohstoffen in Europa.

Der RWE-Konzern beabsichtigt eine Ausweitung des geographischen Rahmens für die Geschäftstätigkeit und hat hierfür eine Reihe neuer Zielmärkte definiert. So beobachtet der RWE-Konzern die Privatisierungsschritte in Südosteuropa einschließlich der Türkei.

RWE ist im Handelsregister in Deutschland eingetragen und hat seinen Sitz in Essen, Deutschland. Das Unternehmen wurde 1898 als Rheinisch-Westfälisches Elektrizitätswerk Aktiengesellschaft gegründet und fusionierte im Jahr 2000 mit der VEW Aktiengesellschaft.

Aktienrückkaufprogramme

Zum 30. Juni 2010 hielt RWE 28.846.473 Stammaktien im Eigenbestand. Durch Beschluss der Hauptversammlung vom 22. April 2010 wurde die Gesellschaft ermächtigt, bis zum 21. Oktober 2011 Aktien der Gesellschaft, gleich welcher Gattung, im Umfang von bis zu 10% des Grundkapitals zu erwerben. Der Erwerb eigener Aktien darf auch unter Einsatz von Put- oder Call-Optionen durchgeführt werden.

Organisationsstruktur

Der RWE-Konzern gliedert sich in eine Reihe von Unternehmensbereichen mit RWE als Muttergesellschaft. RWE stellt für den RWE-Konzern zentrale Dienstleistungen bereit, u.a. in den Bereichen Finanzen, Recht, Rechnungswesen, Controlling sowie allgemeine Unternehmensdienstleistungen.

Erwerb der Essent N.V.

Am 30. September 2009 konnte der Erwerb der Essent N.V. abgeschlossen werden. Das Entsorgungs- und das Verteilnetzgeschäft von Essent waren nicht Gegenstand der Transaktion. Die 50%-Beteiligung am EPZ Joint-Venture, Betreiber des Kernkraftwerk Borssele, verbleibt bis zum Abschluss gerichtlicher Verfahren bei den früheren Eigentümern von Essent. Der Abschluss der Integration der akquirierten Essent Unternehmensbereiche wird für Ende 2010 erwartet.

Verkauf der nordamerikanischen Wasseraktivitäten

Nach dem Börsengang des US-Wasserversorgers American Water im April 2008 konnte im Geschäftsjahr 2009 auch den Restbestand der Anteile an dem Unternehmen verkauft werden.

Ausblick

Soweit nicht in diesem Prospekt aufgeführt, hat sich der Geschäftsausblick des RWE-Konzerns seit dem 31. Dezember 2009 nicht signifikant negativ verändert.

Allgemeines wirtschaftliches Umfeld und wirtschaftlicher Ausblick

Die seit Mitte letzten Jahres allgemein beobachtete konjunkturelle Erholung hat sich bislang 2010 fortgesetzt. In den Industrieländern führten die gestiegenen Auftragseingänge zu erhöhter Produktionstätigkeit. Auch staatliche Konjunkturprogramme und eine expansive Geldpolitik stützen das Wachstum. Hier wurde der Aufschwung durch die Krise der Staatsfinanzen einiger Mitgliedstaaten abgeschwächt.

Die seit Mitte 2009 zu beobachtende wirtschaftliche Erholung könnte sich im laufenden Jahr weiter festigen. Möglicherweise werden die belebenden Effekte der Konjunkturprogramme aber allmählich auslaufen. Nach Einschätzung des RWE-Konzerns könnte die globale Wirtschaftsleistung 2010 um mehr als 3,5% über dem Vorjahresniveau liegen. Für den Euro-Raum hält der RWE-Konzern ein Plus von etwas über 1% für möglich. Eine wirtschaftliche Erholung könnte einen positiven Effekt auf die Nachfrage nach Strom und Gas in Kernmärkten des RWE-Konzerns haben.

Zuteilungsgesetz für deutschen Emissionshandel 2008 bis 2012

Der gesetzliche Rahmen für die Zuteilung von Emissionsrechten in der zweiten CO₂-Handelsperiode von 2008 bis 2012 wurde im Jahr 2007 beschlossen. Der RWE-Konzern geht davon aus, dass die kostenlose Vergabe von Zertifikaten zwischen 2008 und 2012 rund 60% der Kohlendioxid-Emissionen des RWE-Konzerns in Deutschland abdecken wird. Für den zweiten Kernmarkt Großbritannien wird der RWE-Konzern voraussichtlich kostenfreie Zertifikate für rund 70% seiner Kohlendioxid Emissionen erhalten.

Klimaschutzpaket für den Zeitraum 2013 bis 2020

Im Dezember 2008 hat das Europäische Parlament ein "Energie- und Klimapaket" verabschiedet. Es umfasst u.a. Richtlinien für den Emissionshandel nach 2012 und für den Ausbau erneuerbarer Energien. Die Richtlinie zum Emissionshandel sieht vor, dass Energieversorger ab 2013 keine kostenfreien Emissionsrechte mehr vom Staat erhalten. Die Zertifikate für diese Unternehmen sollen in vollem Umfang

versteigert werden. Die Notwendigkeit ab 2013 Emissionsrechte ersteigern zu müssen, wird Auswirkungen auf die Gewinne des RWE-Konzerns haben.

Änderung der deutschen Energiepolitik

Durch den Regierungswechsel im Herbst 2009 ist Bewegung in die deutsche Energiepolitik gekommen. In ihrem Koalitionsvertrag vom 26. Oktober 2009 haben die Regierungsparteien CDU/CSU und FDP ihr politisches Programm umrissen, das auch wichtige Themen wie Klimaschutz und Versorgungssicherheit einschließlich der Verlängerung der Laufzeiten der Kernkraftwerke umfasst. Am 5. September 2010 hat sich die deutsche Bundeskanzlerin mit den zuständigen Ministern auf eine Verlängerung der Laufzeiten der Kernkraftwerke geeinigt. Die durchschnittliche Laufzeitverlängerung beträgt 12 Jahre. Gleichzeitig haben die Regierung und die vier deutschen Kernkraftwerksbetreiber eine grundsätzliche Einigung - unter gewissen Bedingungen - in Bezug auf Zahlungen der Betreiber an ein Sondervermögen des Bundes zur Förderung erneuerbarer Energien erzielt. Ein Teil dieser Zahlungen wäre vom RWE-Konzern zu tragen und könnte seine Ertragskraft wesentlich beeinträchtigen.

Am 7. Juni 2010 hat die Bundesregierung im Rahmen eines umfassenden Sparpakets die Einführung einer Steuer auf Kernbrennstoffe beschlossen. Eine solche Abgabe würde die Ertragskraft des RWE-Konzerns erheblich schmälern.

Weltklimakonferenz in Kopenhagen

Einen enttäuschenden Verlauf hat die UN-Klimakonferenz im Dezember 2009 in Kopenhagen genommen. Insofern werden keine konkreten Auswirkungen dieser Konferenz für den RWE-Konzern erwartet. Die rund 190 teilnehmenden Staaten konnten sich nicht auf ein Kyoto-Nachfolgeabkommen einigen, das die weltweiten Rahmenbedingungen für den Klimaschutz nach 2012 umfasst. Das zentrale Abschlussdokument, der "*Copenhagen Accord*", ist rechtlich nicht bindend. Als Minimalkonsens enthält er allerdings erstmals das konkrete Ziel einer Begrenzung der Erderwärmung auf weniger als zwei Grad Celsius im Vergleich zum vorindustriellen Niveau.

Britische Regierung verpflichtet sich zu einem CO₂-armen Energiesystem

Die britische Regierung hat im Juli 2009 ein Weißbuch zum Energiesektor veröffentlicht, in dem sie die politischen Grundsätze formuliert, die zur Erreichung des gesetzlich festgelegten britischen Ziels zur Reduktion der CO₂-Emissionen um 18% bis 2020 gegenüber 2008 führen sollen. Nach den Wahlen im Mai 2010 wurde eine Koalition aus konservativen und liberal-demokratischen Parteien gebildet. In ihrer Koalitionsvereinbarung hat sich die neu gewählte Regierung zu einem CO₂-armen Energiesystem verpflichtet. Desweiteren wird erwartet, dass im Herbst ein Gesetzentwurf vorgestellt wird, der darauf zielt Energieeffizienz britischer Haushalte und Geschäftsbetriebe zu verbessern, CO₂-arme Energieerzeugung voranzutreiben und die Versorgungssicherheit zu verbessern. Da derzeit Unklarheit bezüglich der konkreten Umsetzung besteht, können die Auswirkungen für den RWE-Konzern nicht abgeschätzt werden.

Drittes Energiebinnenmarktpaket schafft unabhängige Übertragungsnetzbetreiber ohne Eingriff in das Eigentum.

Am 15. Juli 2009 einigten sich der EU-Ministerrat und das Europäische Parlament auf das Dritte EU-Energiebinnenmarktpaket, mit dem die Entwicklung eines Binnenmarktes für Strom und Gas weitergeführt werden soll. Im Mittelpunkt stand die Frage, wie die eigentumsrechtliche Beziehung zwischen dem Übertragungsnetzbetreiber und seinem Mutterkonzern gestaltet werden muss, damit ein diskriminierungsfreier Netzzugang sichergestellt ist und Anreize für die notwendigen Netzinvestitionen gesetzt werden. Die nun beschlossene Richtlinie sieht einen Verbleib der Netzgesellschaft im Konzernverbund vor, stärkt aber deren Unabhängigkeit erheblich. Der RWE-Konzern hat mit der Schaffung des von RWE weitgehend unabhängigen Übertragungsnetzbetreibers Amprion GmbH bereits Schlüsselemente dieser Entflechtungsregeln umgesetzt.

Unternehmensführung und Aufsichtsgremien, Organe

Die Führungsgremien von RWE umfassen den Aufsichtsrat und den Vorstand.

Bei keinem der Mitglieder des Aufsichtsrats und des Vorstands von RWE bestehen irgendwelche nennenswerten Interessenkonflikte zwischen ihren Pflichten und Aufgaben für RWE und ihren privaten Interessen oder sonstigen Verpflichtungen.

RWE hat einen Prüfungsausschuss eingerichtet, der sich mit Fragen der Rechnungslegung, des Risikomanagements und der Compliance befasst und die Beschlüsse des Aufsichtsrats über den Jahresabschluss und die Vereinbarungen mit dem Abschlussprüfer vorbereitet (insbesondere den Prüfungsauftrag, die Festlegung von Prüfungsschwerpunkten der Prüfung und die Honorarvereinbarung). Er berät zudem über wesentliche Ereignisse bei mit RWE verbundenen Unternehmen sowie die Aufnahme von neuen oder die Aufgabe von bestehenden Geschäftsfeldern, die unmittelbar RWE zugeordnet sind.

Hauptanteilseigner

Im Dezember 2009 waren die folgenden (Gruppen von) Anteilseigner(n) Eigentümer von RWE¹:

RW Energie-Beteiligungsgesellschaft mbH & Co. KG	16%
BlackRock, Inc.	4%
sonstige Institutionelle Aktionäre	60%
Privataktionäre	14%
Eigene Aktien	5%
Belegschaftsaktionäre	1%

¹ Die Prozentangaben beziehen sich auf den Anteil am gezeichneten Kapital.

Quellen: Aktionärsstrukturhebung und Mitteilung nach dem deutschen Wertpapierhandelsgesetz (WpHG)

Gerichts- und Schiedsverfahren

Über die Offenlegungen in diesem Prospekt hinaus gibt es keine staatlicherseits betriebenen Verfahren bzw. Gerichts- oder Schiedsverfahren (einschl. schwebender oder angedrohter Verfahren, von denen die Emittentin Kenntnis hat), noch hat es derartige Verfahren gegeben, die sich in den 12 Monaten vor der Veröffentlichung dieses Prospekts auf die Finanzposition von RWE signifikant ausgewirkt haben oder noch auswirken könnten.

Signifikante Veränderungen in der Finanz- bzw. Handelsposition

Soweit nicht in diesem Prospekt aufgeführt, hat es seit dem 30. Juni 2010 keine signifikanten Änderungen der Finanz- bzw. Handelsposition des RWE-Konzerns gegeben.

ZUSAMMENFASSUNG DER RISIKOFAKTOREN

Zusammenfassung der Risikofaktoren in Bezug auf die Wertpapiere

Eine Investition in die Nachrangigen Schuldverschreibungen bringt bestimmte, mit den Eigenschaften der Nachrangigen Schuldverschreibungen verbundene Risiken mit sich, durch die den Anleihegläubigern erhebliche Verluste beim Verkauf ihrer Nachrangigen Schuldverschreibungen oder im Hinblick auf den Erhalt von Vergütungszahlungen auf die Nachrangigen Schuldverschreibungen entstehen können. Hierzu gehören die folgenden Risiken:

- Die Nachrangigen Schuldverschreibungen können eine nicht für alle Investoren geeignete Anlage sein.
- Unter bestimmten Umständen können Vergütungszahlungen auf die Nachrangigen Schuldverschreibungen nach Wahl der Emittentin aufgeschoben werden.
- Die Nachrangigen Schuldverschreibungen sind unbefristete Wertpapiere ohne Kündigungsrecht der Anleihegläubiger.
- Die Emittentin kann die Schuldverschreibungen unter bestimmten Umständen zurückzahlen.
- Ansprüche aus den Nachrangigen Schuldverschreibungen sind nachrangig. In einem Insolvenzverfahren der Emittentin können Anleihegläubiger der Nachrangigen Schuldverschreibungen proportional weniger Ausgleich erhalten als Anleihegläubiger nicht nachrangiger oder anderer

nachrangiger Verbindlichkeiten der Emittentin. Rechtsmittel der Anleihegläubiger im Insolvenzverfahren können begrenzt sein.

- Die Emittentin unterliegt keiner Beschränkung hinsichtlich der Aufnahme weiterer, gegenüber den Nachrangigen Schuldverschreibungen vorrangiger oder mit diesen gleichrangiger Verbindlichkeiten.
- Trotz einer Kündigung zur vorzeitigen Rückzahlung der Nachrangigen Schuldverschreibungen aufgrund Kontrollwechsels könnte die Emittentin nach Erfüllung einer Verpflichtung gegenüber den Gläubigern qualifizierter Wertpapiere, ihnen den Rückkauf dieser Wertpapiere anzubieten, nicht in der Lage sein, die Nachrangigen Schuldverschreibungen zurückzuzahlen.
- Das Recht der Emittentin auf Rückzahlung der Nachrangigen Schuldverschreibungen vor dem Rückzahlungstag steht unter der Bedingung der Einhaltung der Kapitalerstattungsverpflichtung.
- Für die Schuldverschreibungen wird möglicherweise kein aktiver Sekundärmarkt entstehen.
- Festverzinsliche Wertpapiere sind einem Marktrisiko ausgesetzt.
- Bei variabel verzinslichen Wertpapieren fällt möglicherweise der Zinssatz.
- Das Kreditrating (*credit rating*) der Nachrangigen Schuldverschreibungen spiegelt gegebenenfalls nicht alle damit verbundenen Risiken wider.

Zusammenfassung der Risikofaktoren in Bezug auf RWE Aktiengesellschaft und den RWE Konzern

Zur Zeit sind keine Risiken erkennbar welche den Fortbestand der RWE oder des RWE Konzerns gefährden könnten. Dennoch gibt es eine Reihe von Betriebs- oder Unternehmensfaktoren welche die Aktivitäten des RWE Konzerns beeinflussen können indem sie positiven oder negativen Einfluss auf Umsatz und Ergebnis haben. Zu diesen gehören u.a.:

Gesamtwirtschaftliche Veränderungen

Konjunkturelle Entwicklungen in den Kernmärkten des RWE Konzerns können die Kapazitätsauslastung beeinflussen und sich damit negativ auf den Unternehmenserfolg auswirken. Die Märkte, in denen wir schwerpunktmäßig agieren, gehören zu den politisch und wirtschaftlich stabilsten weltweit. Doch auch hier ist der RWE Konzern erheblichen Risiken ausgesetzt, etwa im Hinblick auf den europäischen Handel mit CO₂-Emissionsrechten, genehmigungsrechtliche Sachverhalte beim Bau neuer Kraftwerke und insbesondere die Zukunft der Kernenergie in Deutschland.

Neben der Energiepolitik hat vor allem die gesamtwirtschaftliche Entwicklung dauerhafte Auswirkungen auf Ertragskraft des RWE Konzerns. Die seit Mitte 2009 allgemein zu beobachtende wirtschaftliche Erholung könnte sich im laufenden Jahr weiter festigen. Möglicherweise werden die belebenden Effekte der Konjunkturprogramme aber allmählich auslaufen. Sollte sich die konjunkturelle Lage wider Erwarten verschlechtern, könnte sich dies in einer rückläufigen Nachfrage nach den Hauptprodukten Strom und Gas und dementsprechend niedrigeren Preisen niederschlagen. Es besteht die Gefahr, dass die Ertragskraft des RWE-Konzerns auf Jahre hinaus beeinträchtigt wird.

Rating

Am 4. November 2009 hat Moody's das Rating für erstrangige, unbesicherte Verbindlichkeiten der RWE auf "A2" von "A1" geändert, wobei das kurzfristige "Prime-1" Rating und der "negative Ausblick" bestätigt wurden. Seit dem 13. Januar 2009 stuft Standard & Poor's erstrangige, unbesicherte Verbindlichkeiten der RWE mit "A" mit "negativem Ausblick" und dem kurzfristigen Rating "A1" ein. Herabstufungen können Zinskostensteigerungen für RWE verursachen oder künftige Anleiheemissionen beeinträchtigen. Ausstehende Anleihen könnten nach einer Herabstufung an Wert verlieren.

Veränderungen von Rohstoff- und Produktionspreisen

In den liberalisierten europäischen Strom- und Gasmärkten ergeben sich Preis- und Absatzrisiken für den RWE-Konzern. Das Geschäftsergebnis wird in starkem Maße von der Entwicklung der Marktpreise für Strom, für die fossilen Brennstoffe und für CO₂-Zertifikate beeinflusst. Weitere Risiken ergeben sich aus der Erdöl- und Gasförderung des RWE-Konzerns und ferner dadurch, dass der RWE-Konzern Gas teilweise auf Basis ölpreisgebundener Langfristverträge bezieht.

Betriebsrisiken

Der RWE-Konzern betreibt technologisch komplexe und vernetzte Anlagen, bei denen ungeplante Betriebsunterbrechungen und Umweltrisiken und daher Einnahmeausfälle möglich sein können.

Risiken verbunden mit der Unternehmensstrategie

Bei der Akquisition von Unternehmen können Probleme bei der Integration von Mitarbeitern, Prozessen und Technologien auftreten.

Veränderungen finanzwirtschaftlicher Preise

Im Rahmen des Geschäfts ist der RWE-Konzern auch Zins-, Währungs-, Kredit- und Aktienkursänderungen ausgesetzt. Risiken ergeben sich auch aus den Wertveränderungen von Wertpapieren.

Liquiditätsrisiko

Risiken gibt es während des Prozesses der Liquiditätsbereitstellung für die zeitgerechte Erfüllung der finanziellen Verpflichtungen des RWE-Konzerns.

Kreditrisiken

Der RWE Konzern unterliegt Kreditrisiken, weil Handelspartner, Kunden, Banken oder Geschäftspartner möglicherweise ihren vertraglichen Verpflichtungen nicht nachkommen. Dies gilt insbesondere in der derzeitigen Wirtschaftskrise.

Regulierungsrisiken

Ergebniseffekte sind auch durch den ständigen Wandel im politischen, rechtlichen und gesellschaftlichen Umfeld des RWE-Konzerns zu erwarten. Risiken ergeben sich auch aus aktuellen und zukünftigen Ausprägungen des EU-weiten CO₂-Emissionshandelssystems. Ebenso ergeben sich Risiken durch regulatorische Eingriffe im Strom- und Gasnetz. In Deutschland ergeben sich Risiken ferner aus der kartellrechtlichen Preismissbrauchsaufsicht, deren gesetzlicher Rahmen Ende 2007 verschärft worden ist. Auch die seit 2009 geltende Anreizregulierung der deutschen Strom- und Gasnetzgesellschaften des RWE-Konzerns ist mit Ergebnisrisiken verbunden.

Erhöhte staatliche Inanspruchnahme

Am 7. Juni 2010 hat die Bundesregierung die Einführung einer Kernbrennstoffsteuer beschlossen. Eine solche Abgabe hätte erhebliche negative Auswirkungen auf Ergebnis-, Finanz- und Investitionsplanung des RWE-Konzerns. Am 5. September 2010 haben die Bundesregierung und die vier deutschen Kernkraftwerksbetreiber eine grundsätzliche Einigung - unter gewissen Bedingungen - in Bezug auf Zahlungen der Betreiber an ein Sondervermögen des Bundes zur Förderung erneuerbarer Energien erzielt. Ein Teil dieser Zahlungen wäre vom RWE-Konzern zu tragen und könnte seine Ertragskraft wesentlich beeinträchtigen. Weitere staatliche Interventionen wie erhöhte Lizenzen oder zusätzliche Steuern könnten Erträge in den verschiedenen Bereichen der Geschäftstätigkeit in Deutschland und im Ausland eingrenzen.

IT-Risiken

Der RWE-Konzern ist Risiken bei der Entwicklung von IT-Lösungen zur Unterstützung der Geschäftsprozesse ausgesetzt.

Wettbewerb um qualifizierte Mitarbeiter

RWE Konzerngesellschaften stehen mit anderen Unternehmen in einem immer intensiveren Wettbewerb um qualifiziertes Personal. Dies birgt Risiken, vor allem angesichts der anspruchsvollen Ziele in Bezug auf organisches Ergebniswachstum.

Rechtliche Risiken

RWE Konzerngesellschaften sind im Rahmen ihres Geschäftsbetriebs in verschiedene Gerichtsprozesse und Schiedsgerichtsverfahren involviert.

RISK FACTORS

The following is a disclosure of risk factors that may affect the ability of RWE to fulfil their respective obligations under the Subordinated Notes and that are material to the Notes in order to assess the market risks associated with the Subordinated Notes. Prospective investors should consider these risk factors prior to deciding to purchase the Subordinated Notes.

The sequence in which the following risk factors are listed is not an indication of their likelihood to occur or of the extent of their commercial consequences. Prospective investors should consider all information provided in this Prospectus and consult with their own professional advisers (including their financial, accounting, legal and tax advisers) if they consider it necessary. In addition, investors should be aware that the risks described may combine and thus intensify one another.

Words and expressions defined in "Terms and Conditions" of the Subordinated Notes below shall have the same meanings in this section.

RISK FACTORS REGARDING THE SUBORDINATED NOTES

Subordinated Notes may not be a suitable investment for all investors

Each potential investor must make its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment, either alone or with the help of a financial adviser. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Subordinated Notes, the merits and risks of investing in the Subordinated Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Subordinated Notes and the impact the Subordinated Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Subordinated Notes;
- (iv) understand thoroughly the Terms and Conditions of the Subordinated Notes and be familiar with the behaviour of financial markets and of any financial variable which might have an impact on the return on the Subordinated Notes; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and

prospective purchasers should also consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Subordinated Notes.

Payments of Remuneration under the Subordinated Notes may under certain circumstances be deferred at the election of the Issuer.

The Issuer has the option to defer any payment of Remuneration on the Subordinated Notes if the requirements for deferral set out in § 4(5) of the Terms and Conditions are satisfied. If the Issuer, who may do so at its own discretion, decides to defer a payment of Remuneration on the Subordinated Notes, payment of Remuneration so deferred must only be made if the specific requirements set out in § 4(6)(b) of the Terms and Conditions are fulfilled. Any Remuneration deferred in such manner will not itself accrue interest. While the deferral of Remuneration payments continues, the Issuer is not prohibited from making payments on any instrument ranking senior to the Subordinated Notes. In such event the Holders of Subordinated Notes are not entitled to claim immediate payment of Remuneration so deferred.

The Subordinated Notes are perpetual securities. Holders have no right to call the Subordinated Notes for their redemption.

The Subordinated Notes are perpetual notes in respect of which there is no final maturity date by which the Issuer would be under the obligation to redeem the Subordinated Notes. Holders have no right to call the Subordinated Notes for their redemption. Therefore, prospective investors should be aware that they may be required to bear the financial risks of an investment in the Subordinated Notes for an indefinite period.

The Issuer may redeem the Subordinated Notes under certain circumstances.

Holders should be aware that the Subordinated Notes may be redeemed at the option of the Issuer (in whole but not in part) at their Aggregate Principal Amount (i) on 28 September 2015 and on 28 September 2020 or on any Floating Remuneration Payment Date thereafter and (ii) at any time upon the occurrence of a Gross-up Event (as defined in § 5(3) of the Terms and Conditions). In any such case, investors will not receive a Make-Whole Amount or any other compensation in light of the early redemption of the Subordinated Notes.

The Subordinated Notes are also subject to early redemption (in whole, but not in part) at the Issuer's option before such dates upon the occurrence of an Accounting Event, a Tax Event (each as defined in § 5(3) of the Terms and Conditions) or a Change of Control (as defined in § 5(8) of the Terms and Conditions) (i) at the greater of, the Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date, and the Make-Whole Amount of the Subordinated Notes, in each case plus any Deferred Remuneration Payments, if such redemption occurs prior to 28 September 2020, or (ii) at their Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments if such redemption occurs on or after 28 September 2020. Investors will, other than the Make-Whole Amount, not receive any compensation in light of the early redemption of the Subordinated Notes.

Additionally, the Subordinated Notes are subject to early redemption (in whole, but not in part) at the Issuer's option before such dates upon the occurrence of a Rating Agency Event, (as defined in § 5(3) of the Terms and Conditions) at 101 per cent. of their Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments (as set out in § 5(2) of the Terms and Conditions). Investors will, other than the 101 per cent. of the Aggregate Principal Amount, not receive any compensation in light of such early redemption of the Subordinated Notes.

Further, in the event the Issuer and/or any Subsidiary (as defined in § 3(1) of the Terms and Conditions) has purchased Subordinated Notes equal to at least 80 per cent. of the aggregate principal amount of the Subordinated Notes initially issued, the Subordinated Notes may be called and redeemed (i) at the greater of, the Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date, and the Make-Whole Amount of the Subordinated Notes, in each case plus any Deferred Remuneration Payments, if such redemption occurs prior to 28 September 2020, or (ii) at their outstanding Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments if such redemption occurs on or after 28 September 2020. Investors will, other than the Make-Whole Amount, not receive any compensation in light of such early redemption of the Subordinated Notes.

Claims under the Subordinated Notes are subordinated. In any insolvency proceedings of the Issuer, the Holders may recover proportionally less than holders of unsubordinated and other subordinated liabilities of the Issuer and the remedies for Holders in the insolvency proceedings of the Issuer may be limited.

The Issuer's obligations under the Subordinated Notes are, and will remain, subordinated to the full prior payment of all existing and future indebtedness of the Issuer. Accordingly, the claims under the Subordinated Notes will rank junior to all other creditors (the claims of which do not rank *pari passu* with the Holders' claims) of the Issuer in the event of an insolvency or liquidation. Therefore, in liquidation or insolvency proceedings of the Issuer, the Holders will in all likelihood recover significantly less than the holders of unsubordinated and other subordinated liabilities of the Issuer.

Holders of the Subordinated Notes will have limited ability to influence the outcome of any insolvency proceeding or a restructuring outside insolvency. In particular, in insolvency proceedings over the assets of the Issuer holders of subordinated debt, such as the Subordinated Notes, will not have any right to vote

in the assembly of creditors (*Gläubigerversammlung*). Also the Subordinated Notes do not provide for any Holders' meetings or resolutions of Holders outside of a meeting. Accordingly, Holders of the Subordinated Notes have no influence on the outcome of a restructuring outside insolvency.

Investors should take into consideration that unsubordinated liabilities may also arise out of events that are not reflected on the Issuer's balance sheet, including, without limitation, the issuance of guarantees or other payment undertakings. Claims of beneficiaries under such guarantees or other payment undertakings will, in winding-up or insolvency proceedings of the Issuer, become unsubordinated liabilities and will therefore be paid in full before payments are made to Holders.

There is no limitation on the Issuer to incur additional indebtedness ranking senior or *pari passu* with the Subordinated Notes.

The Issuer has not entered into any restrictive covenants in connection with the issuance of the Subordinated Notes regarding its ability to incur additional indebtedness ranking *pari passu* or senior to the obligations under or in connection with the Subordinated Notes. The incurrence of any such additional indebtedness may significantly increase the likelihood of a deferral of payments of Remuneration under the Subordinated Notes and/or may reduce the amount recoverable by Holders in the event of insolvency or liquidation of the Issuer.

Despite a notice of early redemption of the Subordinated Notes for reason of a Change of Control, the Issuer might not be able to redeem the Subordinated Notes after the compliance with an undertaking to effect a tender offer for the benefit of the holders of qualifying securities.

At or around the time of issuance of the Subordinated Notes, the Issuer will undertake to holders of certain of its senior securities (the "**Qualifying Securities**") that it will make a tender offer to all holders of Qualifying Securities to repurchase the Qualifying Securities at their respective aggregate nominal amounts plus any interest accrued until the day of completion of the repurchase if a Change of Control (as defined in § 5(8) of the Terms and Conditions of the Subordinated Notes) occurs and within the change of control period (which shall commence on the date of the announcement of the Change of Control, but not later than on the date of the Change of Control, and shall end 180 days after the Change of Control) a downgrade in respect of that Change of Control or its announcement occurs (whereby downgrade means that (i) a solicited credit rating for the Issuers long-term senior unsecured debt has fallen below investment grade (meaning in relation to Standard & Poor's, a rating of BB+ or below, in relation to Moody's, a rating of Ba1 or below, and, where another rating agency has been designated by the Issuer, a comparable rating, or (ii) all rating agencies have ceased to assign (other than temporarily) a credit rating to the Issuer). In order to assure that the repurchase of Qualifying Securities so tendered will be effected prior to any repayment of the Subordinated Notes as a result of the exercise of the call right pursuant to § 5(8) of the Terms and Conditions of the Subordinated Notes the Issuer has undertaken to redeem the Subordinated Notes only after compliance with its obligation to offer a repurchase of the Qualifying Securities. As a consequence, Holders should be aware that the Issuer might no longer be able to redeem the Subordinated Notes after the repurchase of Qualifying Securities.

The Issuer's right to redeem the Subordinated Notes prior to the Redemption Date is subject to compliance by the Issuer with the replacement capital covenant.

Although the Subordinated Notes may be redeemed by the Issuer in certain circumstances as set forth in the Terms and Conditions, the replacement capital covenant will limit the Issuer's right to redeem the Subordinated Notes.

At or around the time of issuance of the Subordinated Notes, the Issuer will undertake for the benefit of holders, from time to time, of designated series of debt securities ranking senior to the Subordinated Notes, that the Issuer (subject to certain exemptions), will not redeem or repurchase, and to procure that Subsidiaries will not purchase the Subordinated Notes from the Business Day following 28 September 2015 to, and including, 28 September 2040, unless the Issuer or one or more of its group entities, which have the purpose to raise financing for the Issuer and other group entities, has sold or issued shares or certain equity-like instruments during a period of 180 days prior to the date of that redemption or purchase. This undertaking may prevent the Issuer from redeeming or repurchasing the Subordinated Notes even in circumstances where such redemption or repurchase would be in the interest of the Issuer and the Holders because it was not able to obtain proceeds from the issue or sale of such financing instruments as designated in the replacement capital covenant.

An active trading market for the Subordinated Notes may not develop.

The Subordinated Notes constitute a new issue of securities. Prior to this offering, there has been no public market for the Subordinated Notes. Although application has been made for the Subordinated Notes to be listed on the official list of and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, and it is intended to apply for the Subordinated Notes to be admitted to trading on the regulated market of the Frankfurt Stock Exchange, there can be no assurance that an active public market for the Subordinated Notes will develop. Even if such a market were to develop, the Managers are under no obligation to maintain such a market. In an illiquid market, an investor might not be able to sell his Subordinated Notes at all or at any time at fair market prices. The possibility to sell the Subordinated Notes might additionally be restricted due to country-specific reasons. Further, there can be no assurance that a market for the Subordinated Notes will not be subject to disruptions. Any such disruptions may have an adverse effect on the Holders.

Fixed rate securities have a market risk.

A holder of fixed rate securities is particularly exposed to the risk that the price of such securities falls as a result of changes in the market interest rate. While the nominal remuneration rate of the Subordinated Notes is fixed until 28 September 2020 (with a reset of the initial fixed rate on 28 September 2015 as set out in § 4(2) of the Terms and Conditions), the current interest rate on the capital market (the "**market interest rate**") typically changes on a daily basis. As the market interest rate changes, the price of the Subordinated Notes also changes, but in the opposite direction. If the market interest rate increases, the price of the Subordinated Notes would typically fall. If the market interest rate falls, the price of the Subordinated Notes would typically increase. Holders should be aware that movements in these market interest rates can adversely affect the price of the Subordinated Notes and can lead to losses for the Holders if they sell the Subordinated Notes.

Floating rate securities may suffer a decline in interest rate.

A holder of securities with a floating interest rate (as will be the case for the Subordinated Notes after 28 September 2020 if not previously redeemed) or with a fixed interest rate which will be reset during the term of the securities (as will be the case for the Subordinated Notes on 28 September 2015 if not previously redeemed) is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of such floating interest rate securities in advance.

The credit rating of the Subordinated Notes may not reflect all associated risks.

The credit rating assigned to the Subordinated Notes may not reflect the potential impact of all risks related to their structure, market, the factors discussed above and other circumstances that may affect the market value of the Subordinated Notes. A credit rating is not a recommendation to buy, sell or hold Subordinated Notes and may be revised or withdrawn by the relevant rating agency at any time.

RISK FACTORS REGARDING RWE AKTIENGESELLSCHAFT AND RWE GROUP

At present, there are no identifiable risks that could jeopardise the continued operation of RWE or RWE Group. However, there are a number of businesses or operational factors that can affect RWE Group's operations by having either a positive or a negative impact on revenue and results. These include:

Changes in the general economic climate

Economic trends in RWE Group's core markets can affect the degree of capacity utilisation and can have a negative impact on results. The markets in which RWE Group is primarily active are among the most politically and economically stable in the world. But, even here, RWE Group is exposed to substantial risks. As a utility, RWE Group plans its investments decades in advance. RWE Group is thus especially dependent on reliable political framework conditions in the energy sector. However, they harbour significant uncertainty in some respects, such as European trading of CO₂ emission allowances, legal issues concerning the approval of power plant new builds, and especially the use of nuclear energy in Germany. At the beginning of June 2010, the German government decided to introduce a nuclear fuel tax.

Such a levy would have substantial negative effects on the economic viability of nuclear power stations and on RWE Group's earnings, finance and investment planning.

In addition to energy policy, the economy's development has lasting effects on RWE Group's earning power. The economy's recovery generally witnessed since the middle of 2009 might become stronger this year. However, the revitalising effects of the stimulus packages may gradually fade. Based on an evaluation of RWE, global economic output in 2010 might be more than 3.5 per cent. higher year on year. RWE Group considers it possible that in the Eurozone, it will grow by a little more than 1 per cent. The expected marginal economic recovery may have a positive effect on demand for energy. Industrial output in the first six months in Germany seemed to display more dynamic development than initially assumed. Furthermore, the jump in the ifo business climate index for trade and industry in July and the rise in orders, especially in energy-intensive branches of industry, are indicators of a good third quarter.

If the economic situation were to deteriorate unexpectedly, it would probably cause demand for RWE Group's main products, electricity and gas, to drop and prices to fall accordingly. There is a danger of RWE Group's earnings power being curtailed for years. In such a situation it is likely that credit risks, price risks, and liquidity risks mentioned below would be aggravated.

Ratings

RWE has been assigned credit ratings by Moody's Investors Service, Inc. ("**Moody's**") and Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**Standard & Poor's**"), respectively. Generally, a credit rating assesses the credit worthiness of an entity and informs an investor about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

On 4 November 2009, Moody's revised its long term senior unsecured debt rating on RWE to "A2" from "A1" whereas the "Prime-1" short term debt rating and the "negative outlook" on RWE were affirmed. Since 13 January 2009, Standard & Poor's has assigned RWE's long term senior unsecured debt rating with "A" with "negative outlook" and the short term rating with "A-1".

Credit ratings play a critical role in determining the costs for entities accessing the capital markets in order to borrow funds and the rate of interest they can achieve. A decrease in credit ratings either by Moody's and/or Standard & Poor's may increase borrowing costs or even jeopardise further bond issuances. The price of the outstanding bonds may deteriorate following a downgrade.

Changes in the price of commodities and products

The development of prices on commodity markets greatly influences RWE Group's earnings, especially in the field of electricity generation. For example, decreasing electricity prices or rising fuel costs may lead to a decline in generation margin contributions. In RWE Group's upstream business, changes in the market price of oil and gas can influence RWE Group's earnings. Risks arise for example due to the fact that some of RWE Group's gas purchases are based on long-term agreements linked to the price of oil. This primarily relates to RWE Group's German and Czech businesses. Purchase prices in these markets are currently much higher than quotations on Europe's wholesale markets, which are increasingly used as a reference, especially by large buyers. This means that there is a danger of declining margins and customer losses.

Another area exposed to risk is the sales business. This is partly because it is possible that increasing procurement costs may not be fully passed through to end-customer prices, or because changes in temperature may lead to unexpected fluctuation in demand.

Operating risks

RWE Group operates technologically complex and interconnected production plants in all parts of the value chain. Earnings and environmental risks can arise from uninsured damage to RWE Group's upstream business such as lignite mining or oil & gas production, power generation and power/gas transportation/distribution. There is an increasing risk of outages in RWE Group's power plants due to the ageing of their components. In addition, the construction of new plants can be delayed due to accidents, faulty material or time-consuming approval procedures. RWE Group's grid business is exposed to the risk of facilities being damaged by force majeure such as severe weather conditions.

Risks associated with corporate strategy

Decisions on capital expenditure on property, plant and equipment and acquisitions are associated with serious risks since capital is employed and tied up long term. When a company is acquired, problems can arise in connection with the integration of employees, processes and technologies.

Changes in prices in the finance sector

Fluctuations in foreign exchange rates, interest rates, share prices can have a significant effect on RWE Group's earnings. Risks also arise from changes in the value of securities.

Liquidity risk

Liquidity risks consist of the danger of RWE Group's liquidity reserves no longer being sufficient to meet financial obligations in a timely manner. At RWE Group, such obligations result above all from due accounts payable and the refinancing of due financial liabilities. Furthermore, RWE Group must put up collateral if trading contracts marked to market result in a loss.

Credit risks

Business relations with financial institutions, trading partners, customers, banks and suppliers expose RWE Group to credit risks as they possibly will not fulfil their contractual obligations which applies especially in the current economic crisis.

Regulatory risks

The RWE Group's exposure to the constant change in the political, legal and social environment in which it does business can be expected to have a substantial impact on earnings. Lignite and hard coal power plants account for a significant portion of RWE Group's electricity generation portfolio. This represents a substantial risk due to the EU-wide CO₂ emissions trading system. Risks can arise above all from increases in the cost of procuring CO₂ certificates. In December 2008, the EU member states agreed that in general the Western European electricity sector will not be allocated any free certificates from 2013 onwards. This is expected to cause RWE Group's CO₂ costs to be much higher than in the current trading period, which will last until 2012.

In Germany, risks also arise from the monitoring of anti-competitive pricing practices, the legal framework of which became stricter at the end of 2007. The German Federal Cartel Office has been reviewing the energy wholesale sector and pricing in the fields of electricity, gas and district heat supply since the spring of 2009. This also affects certain RWE Group companies. The incentive-based regulation of RWE Group's German electricity and gas network companies in effect since 2009 is also associated with earnings risks. Uncertainty exists for example regarding the recognition of costs incurred to procure electricity to compensate for transmission losses.

Increased government take

On 7 June 2010, the German government decided to introduce a nuclear fuel tax as part of a comprehensive austerity package. The proposed tax should add some EUR 2.3 billion in annual revenue to the federal budget from 2011 onwards. The levy amounts to 145 EUR per gram of fissionable uranium or plutonium and is tax deductible. The levy is not formally linked to a potential extension of the lifetime of nuclear power stations and is planned to be limited to 6 years from 2011 to 2016. Such a levy would have substantial negative effects on the economic viability of nuclear power stations and on RWE Group's earnings, cash flow and investment planning.

On 5 September 2010, the German chancellor and the involved ministries agreed on an extension of nuclear lifetime. The average lifetime is planned to be extended by 12 years, power plants built after 1980 by 14 years, power plants built 1980 and earlier by 8 years. In parallel, the government and the four German nuclear power plant operators reached – subject to certain conditions – an agreement in principle on payments by the operators into a newly created public renewable energy fund. The planned payments of EUR 9 per additional megawatt hour from power plants with extended runtimes will start in 2017 and will be linked to consumer and power prices. Irredeemable advance payments by the four operators amounting to EUR 300 million per annum from 2011 to 2012 and EUR 200 million per annum from 2013 to 2016 will be allowable against the payments from 2017 onwards. All payments are deemed to be tax deductible. A part of these amounts would have to be borne by RWE Group and could significantly impact

its earning power. A detailed contract shall be initialled by the end of September 2010 and be signed as soon as legislative procedures on lifetime extension are finalised.

Further governmental interventions like increased royalties or additional taxes could curtail earnings in different scopes of activities in Germany and abroad.

IT risks

RWE Group's business processes are supported by efficient IT systems. Risks are associated with the availability of networks and IT solutions as well as with the security of RWE Group's data.

Competition for qualified staff

RWE Group companies compete with other companies for the best talent in an increasingly contested market. This involves risk, especially in light of the ambitious organic earning growth targets.

Legal risks

RWE Group companies are involved in litigation and arbitration proceedings due to their operations or sale of companies, and out-of-court claims have been filed against some of them. Furthermore, RWE Group companies are directly involved in various procedures with public authorities or are at least affected by their results. Raw materials production and power generation activities might be curtailed by risks arising from approval processes for RWE Group's opencast mines and nuclear power plants. Furthermore, there is a risk of financial loss when capital is spent on power plant new builds before all of the construction related decisions have been taken by the public authorities.

TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

The German text of the Terms and Conditions of the Subordinated Notes is controlling and legally binding. The English translation is for convenience only. The Issuer accepts responsibility for the correct translation of the Terms and Conditions into the English language.

Der deutsche Text der Anleihebedingungen der Nachrangigen Schuldverschreibungen ist maßgeblich und rechtsverbindlich. Die englische Übersetzung dient lediglich Informationszwecken. Die Emittentin übernimmt die Verantwortung für die ordnungsgemäße Übersetzung der Anleihebedingungen in die englische Sprache.

ANLEIHEBEDINGUNGEN der

EUR [•]

**Nachrangigen, fest bzw. variabel verzinslichen
Schuldverschreibungen
der**

RWE Aktiengesellschaft
(Essen, Bundesrepublik Deutschland)

§ 1

DEFINITIONEN UND AUSLEGUNG

Soweit aus dem Zusammenhang nicht etwas anderes hervorgeht, haben die nachfolgenden Begriffe in diesen Anleihebedingungen die folgende Bedeutung:

"5 Jahres Swapsatz" hat die in § 4(2)(c) festgelegte Bedeutung.

"5 Jahres Swapsatz-Quotierungen" hat die in § 4(2)(c) festgelegte Bedeutung.

"Abgezinstе Werte" hat die in § 5(4) festgelegte Bedeutung.

"Änderung der Methodologie" hat die in § 5(3) festgelegte Bedeutung.

"Aktien der Emittentin" hat die in § 4(5)(a) festgelegte Bedeutung.

"Angepasste Vergleichbare Rendite" hat die in § 5(4) festgelegte Bedeutung.

"Anleihegläubiger" hat die in § 1(4) festgelegte Bedeutung.

"Anwendbarer Vergütungssatz" ist der jeweils für die Vergütung auf die Nachrangigen Schuldverschreibungen anwendbare Vergütungssatz.

"Ausgabetag" bedeutet 28. September 2010.

"Austauschtag" hat die in § 2(2)(b) festgelegte Bedeutung.

"Berechnungsstelle" hat die in § 9(2) festgelegte

TERMS AND CONDITIONS of the

EUR [•]

**Subordinated Fixed to Floating Rate Notes
issued by**

RWE Aktiengesellschaft
(Essen, Federal Republic of Germany)

§ 1

DEFINITIONS AND INTERPRETATION

Unless the context otherwise requires, the following terms shall have the following meanings in these Terms and Conditions:

"5 year Swap Rate" has the meaning specified in § 4(2)(c).

"5 year Swap Rate Quotations" has the meaning specified in § 4(2)(c).

"Present Values" has the meaning specified in § 5(4).

"Change in Methodology" has the meaning specified in § 5(3).

"Shares of the Issuer" has the meaning specified in § 4(5)(a).

"Adjusted Comparable Yield" has the meaning specified in § 5(4).

"Holder" has the meaning specified in § 1(4).

"Prevailing Rate" means the rate of Remuneration payable on the Subordinated Notes from time to time.

"Issue Date" means 28 September 2010.

"Exchange Date" has the meaning specified in § 2(2)(b).

"Calculation Agent" has the meaning specified in

Bedeutung.	§ 9(2).
"Bildschirmseite" hat die in § 4(3)(c) festgelegte Bedeutung.	"Screen Page" has the meaning specified in § 4(3)(c).
"Clearingsystem" hat die in § 2(3) festgelegte Bedeutung.	"Clearing System" has the meaning specified in § 2(3).
"Dauerglobalurkunde" hat die in § 2(2)(a) festgelegte Bedeutung.	"Permanent Global Certificate" has the meaning specified in § 2(2)(a).
"Depotbank" hat die in § 13(3) festgelegte Bedeutung.	"Custodian" has the meaning specified in § 13(3).
"Eigenkapitalanrechnung" hat die in § 5(3) festgelegte Bedeutung.	"Equity Credit" has the meaning specified in § 5(3).
"Emittentin" hat die in § 2(1) festgelegte Bedeutung.	"Issuer" has the meaning specified in § 2(1).
"Euro-Zone" hat die in § 4(3)(c) festgelegte Bedeutung.	"Euro-Zone" has the meaning specified in § 4(3)(c).
"Festvergütungs-Betrag" hat die in § 4(1)(b) festgelegte Bedeutung.	"Fixed Remuneration Amount" has the meaning specified in § 4(1)(b).
"Festvergütungs-Zahlungstag" hat die in § 4(1)(a) festgelegte Bedeutung.	"Fixed Remuneration Payment Date" has the meaning specified in § 4(1)(a).
"Finanzierungsgesellschaft" hat die in § 12(1) festgelegte Bedeutung.	"Finance Subsidiary" has the meaning specified in § 12(1).
"Fitch" hat die in § 4(4)(b) festgelegte Bedeutung.	"Fitch" has the meaning specified in § 4(4)(b).
"Gesamtnennbetrag" hat die in § 2(1) festgelegte Bedeutung.	"Aggregate Principal Amount" has the meaning specified in § 2(1).
"Geschäftstag" bezeichnet einen Tag, an dem das Clearingsystem sowie alle betroffenen Bereiche des Trans-European Automated Real-time Gross Settlement Express Transfer System 2 (TARGET) geöffnet sind, um Zahlungen abzuwickeln.	"Business Day" means a day on which the Clearing System as well as all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 (TARGET) are open to effect payments.
"Gleichrangiges Wertpapier" hat die in § 3(1) festgelegte Bedeutung.	"Parity Security" has the meaning specified in § 3(1).
"Globalurkunden" hat die in § 2(2)(a) festgelegte Bedeutung.	"Global Certificates" has the meaning specified in § 2(2)(a).
"Hauptzahlstelle" hat die in § 9(1) festgelegte Bedeutung.	"Principal Paying Agent" has the meaning specified in § 9(1).
"IFRS" hat die in § 5(3) festgelegte Bedeutung.	"IFRS" has the meaning specified in § 5(3).
"Kapitalersatzungsfinanzierungsinstrumente" hat die in § 5(2)(b) festgelegte Bedeutung.	"Replacement Capital Financing Instruments" has the meaning specified in § 5(2)(b).
"Kontrolle" hat die in § 5(8)(b) festgelegte Bedeutung.	"Control" has the meaning specified in § 5(8)(b).

" Kontrollwechsel " hat die in § 5(8)(a) festgelegte Bedeutung.	" Change of Control " has the meaning specified in § 5(8)(a).
" Kontrollwechselzeitraum " hat die in § 5(8)(c) festgelegte Bedeutung.	" Change of Control Period " has the meaning specified in § 5(8)(c).
" Marge " hat die in § 4(3)(c) festgelegte Bedeutung.	" Margin " has the meaning specified in § 4(3)(c).
" Modifizierter Ausgleichsbetrag " hat die in § 5(4) festgelegte Bedeutung.	" Make-Whole Amount " has the meaning specified in § 5(4).
" Moody's " hat die in § 4(4)(b) festgelegte Bedeutung.	" Moody's " has the meaning specified in § 4(4)(b).
" Nachrangige Schuldverschreibungen " hat die in § 2(1) festgelegte Bedeutung.	" Subordinated Notes " has the meaning specified in § 2(1).
" Nennbetrag " hat die in § 2(1) festgelegte Bedeutung.	" Principal Amount " has the meaning specified in § 2(1).
" Neue Anleiheschuldnerin " hat die in § 12(1) festgelegte Bedeutung.	" New Debtor " has the meaning specified in § 12(1).
" Obligatorischer Vergütungszahlungstag " hat die in § 4(5) festgelegte Bedeutung.	" Compulsory Remuneration Payment Date " has the meaning specified in § 4(5).
" Obligatorischer Zahlungstag " hat die in § 4(6)(b) festgelegte Bedeutung.	" Compulsory Payment Date " has the meaning specified in § 4(6)(b).
" Obligatorisches Zahlungsereignis " hat die in § 4(5) festgelegte Bedeutung.	" Compulsory Payment Event " has the meaning specified in § 4(5).
" Quellensteuer-Ereignis " hat die in § 5(3) festgelegte Bedeutung.	" Gross-up Event " has the meaning specified in § 5(3).
" Ratingagenturen " hat die in § 4(4)(b) festgelegte Bedeutung.	" Rating Agencies " has the meaning specified in § 4(4)(b).
" Ratingagenturereignis " hat die in § 5(3) festgelegte Bedeutung.	" Rating Agency Event " has the meaning specified in § 5(3).
" Ratingherabstufung " hat die in § 4(4)(a) festgelegte Bedeutung.	" Downgrade " has the meaning specified in § 4(4)(a).
" Rechnungslegungsereignis " hat die in § 5(3) festgelegte Bedeutung.	" Accounting Event " has the meaning specified in § 5(3).
" Referenzbanken " hat die in § 4(3)(c) festgelegte Bedeutung.	" Reference Banks " has the meaning specified in § 4(3)(c).
" Refinanzierungsperiode " hat die in § 5(2)(b) festgelegte Bedeutung.	" Refinancing Period " has the meaning specified in § 5(2)(b).
" Relevante Ratingagentur " hat die in § 5(3) festgelegte Bedeutung.	" Relevant Rating Agency " has the meaning specified in § 5(3).
" Reset-Bildschirmseite " hat die in § 4(2)(c) festgelegte Bedeutung.	" Reset Screen Page " has the meaning specified in § 4(2)(c).
" Reset-Referenzbanken " hat die in § 4(2)(c) festgelegte Bedeutung.	" Reset Reference Banks " has the meaning specified in § 4(2)(c).

" Reset-Referenzbankensatz " hat die in § 4(2)(c) festgelegte Bedeutung.	" Reset Reference Bank Rate " has the meaning specified in § 4(2)(c).
" Reset-Vergütungsbetrag " hat die in § 4(2)(b) festgelegte Bedeutung.	" Reset Remuneration Amount " has the meaning specified in § 4(2)(b).
" Reset-Vergütungsfeststellungstag " hat die in § 4(2)(c) festgelegte Bedeutung.	" Reset Remuneration Determination Date " has the meaning specified in § 4(2)(c).
" Reset-Vergütungssatz " hat die in § 4(2)(c) festgelegte Bedeutung.	" Reset Rate of Remuneration " has the meaning specified in § 4(2)(c).
" Reset-Vergütungszahlungstag " hat die in § 4(2)(a) festgelegte Bedeutung.	" Reset Remuneration Payment Date " has the meaning specified in § 4(2)(a).
" Reset-Vergütungszeitraum " hat die in § 4(2)(b) festgelegte Bedeutung.	" Reset Remuneration Period " has the meaning specified in § 4(2)(b).
" Rückzahlungs-Berechnungstag " hat die in § 5(4) festgelegte Bedeutung.	" Redemption Calculation Date " has the meaning specified in § 5(4).
" Rückzahlungstag " bezeichnet den Tag, an dem die Nachrangigen Schuldverschreibungen nach Maßgabe dieser Anleihebedingungen zur Rückzahlung fällig werden.	" Redemption Date " means the day on which the Subordinated Notes become due for redemption in accordance with these Terms and Conditions.
" Steuerereignis " hat die in § 5(3) festgelegte Bedeutung.	" Tax Event " has the meaning specified in § 5(3).
" Standard & Poor's " hat die in § 4(4)(b) festgelegte Bedeutung.	" Standard & Poor's " has the meaning specified in § 4(4)(b).
" Tochtergesellschaft " hat die in § 3(1) festgelegte Bedeutung.	" Subsidiary " has the meaning specified in § 3(1).
" Variabler Vergütungsbetrag " hat die in § 4(3)(d) festgelegte Bedeutung.	" Floating Remuneration Amount " has the meaning specified in § 4(3)(d).
" Variabler Vergütungssatz " hat die in § 4(3)(c) festgelegte Bedeutung.	" Floating Rate of Remuneration " has the meaning specified in § 4(3)(c).
" Variabler Vergütungszahlungstag " hat die in § 4(3)(a) festgelegte Bedeutung.	" Floating Remuneration Payment Date " has the meaning specified in § 4(3)(a).
" Variabler Vergütungszeitraum " hat die in § 4(3)(c) festgelegte Bedeutung.	" Floating Remuneration Period " has the meaning specified in § 4(3)(c).
" Vereinigte Staaten " hat die in § 2(2)(b) festgelegte Bedeutung.	" United States " has the meaning specified in § 2(2)(b).
" Vergütung " bedeutet jede an einem Festvergütungs-Zahlungstag, an einem Reset-Vergütungszahlungstag und an einem Variablen Vergütungszahlungstag zu zahlende Vergütung.	" Remuneration " means any remuneration payable on any Fixed Remuneration Payment Date, any Reset Remuneration Payment Date and any Floating Remuneration Payment Date.
" Vergütungsberechnungszeitraum " hat die in § 4(3)(d) festgelegte Bedeutung.	" Remuneration Calculation Period " has the meaning specified in § 4(3)(d).
" Vergütungsfestlegungstag " hat die in § 4(3)(c) festgelegte Bedeutung.	" Remuneration Determination Date " has the meaning specified in § 4(3)(c).

"**Vergütungsrückstände**" hat die in § 4(5) festgelegte Bedeutung.

"**Vergütungstagequotient**" hat die in § 4(3)(d) festgelegte Bedeutung.

"**Vergütungszahlungstag**" bezeichnet jeden Festvergütungs-Zahlungstag, jeden Reset-Vergütungszahlungstag und jeden Variablen Vergütungszahlungstag.

"**Vorläufige Globalurkunde**" hat die in § 2(2)(a) festgelegte Bedeutung.

"**zusätzliche Beträge**" hat die in § 7 festgelegte Bedeutung.

"**Deferred Remuneration Payments**" has the meaning specified in § 4(5).

"**Day Count Fraction**" has the meaning specified in § 4(3)(d).

"**Remuneration Payment Date**" means any Fixed Remuneration Payment Date, any Reset Remuneration Payment Date and any Floating Remuneration Payment Date.

"**Temporary Global Certificate**" has the meaning specified in § 2(2)(a).

"**Additional Amounts**" has the meaning specified in § 7.

§ 2

GESAMTNENNBETRAG, NENNBETRAG, FORM, CLEARINGSYSTEM

(1) *Gesamtnennbetrag, Form, Nennbetrag.* Die Emission der an den Inhaber zahlbaren nachrangigen Schuldverschreibungen (die "**Nachrangigen Schuldverschreibungen**") der RWE Aktiengesellschaft (die "**Emittentin**") werden in EUR im Gesamtnennbetrag von EUR [●] (in Worten: Euro [●]) (der "**Gesamtnennbetrag**") mit einem jeweiligen Nennbetrag von EUR 1.000 (der "**Nennbetrag**") gegeben.

(2) *Vorläufige Globalurkunde, Dauerglobalurkunde, Austausch.* (a) Die Nachrangigen Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die Vorläufige Globalurkunde wird gegen eine Dauerglobalurkunde (die "**Dauerglobalurkunde**"; die Vorläufige Globalurkunde und die Dauerglobalurkunde zusammen die "**Globalurkunden**") ohne Zinsscheine ausgetauscht. Die Globalurkunden tragen jeweils die Unterschriften ordnungsgemäß bevollmächtigter Vertreter der Emittentin und sind jeweils von der Emissionsstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

(b) Die Vorläufige Globalurkunde wird an einem Tag (der "**Austauschtag**") gegen die Dauerglobalurkunde ausgetauscht, der nicht mehr als 180 Tage nach dem Ausgabetag der durch die Vorläufige Globalurkunde verbrieften Nachrangigen Schuldverschreibungen liegt. Der Austauschtag darf nicht früher als 40 Tage nach dem Ausgabetag liegen. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die Vorläufige Globalurkunde verbrieften Nachrangigen Schuldverschreibungen keine U.S. Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Nachrangige

§ 2

AGGREGATE PRINCIPAL AMOUNT, PRINCIPAL AMOUNT, FORM, CLEARING SYSTEM

(1) *Aggregate Principal Amount, Form, Principal Amount.* This issue of subordinated notes payable to the bearer (the "**Subordinated Notes**") of RWE Aktiengesellschaft (the "**Issuer**") is being issued in the aggregate principal amount of EUR [●] (in words: euro [●]) (the "**Aggregate Principal Amount**") in a principal amount of EUR 1,000 each (the "**Principal Amount**").

(2) *Temporary Global Note, Permanent Global Note, Exchange.* (a) The Subordinated Notes are initially represented by one temporary global note (the "**Temporary Global Note**") without interest coupons. The Temporary Global Note will be exchanged for a permanent global note (the "**Permanent Global Note**"; the Permanent Global Note and the Temporary Global Note together the "**Global Notes**") without interest coupons. The Global Notes shall each be signed by authorised signatories of the Issuer and shall each be authenticated by or on behalf of the Fiscal Agent. Definitive notes and interest coupons shall not be issued.

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the "**Exchange Date**") not later than 180 days after the Issue Date of the Subordinated Notes represented by the Temporary Global Note. The Exchange Date shall not be earlier than 40 days after the Issue Date. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Subordinated Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Subordinated Notes through such financial institutions). Payment of Remuneration, if any, on

Schuldverschreibungen über solche Finanzinstitute halten). Falls Vergütungen auf durch eine Vorläufige Globalurkunde verbriefte Nachrangige Schuldverschreibungen bevorstehen, erfolgen sie erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist für jede solche Vergütung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Begebungstag der durch die Vorläufige Globalurkunde verbrieften Nachrangigen Schuldverschreibungen eingeht, wird als ein Ersuchen behandelt werden, diese Vorläufige Globalurkunde gemäß diesem Absatz § 2(2)(b) auszutauschen. Wertpapiere, die im Austausch für die Vorläufige Globalurkunde geliefert werden, dürfen nur außerhalb der Vereinigten Staaten geliefert werden.

"Vereinigte Staaten" bezeichnet die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des Districts of Columbia) sowie deren Territorien (einschließlich Puerto Ricos, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und der Northern Mariana Islands).

(3) *Clearingsystem.* Die Globalurkunde, die die Nachrangigen Schuldverschreibungen verbrieft, wird solange von Deutsche Bank Aktiengesellschaft, Große Gallusstraße 10-12, 60272 Frankfurt am Main, Bundesrepublik Deutschland als gemeinsame Verwahrstelle für das Clearingsystem verwahrt und darf nicht übertragen werden, bis sämtliche Verpflichtungen der Emittentin aus den Nachrangigen Schuldverschreibungen erfüllt sind. Clearingsystem meint Clearstream Banking S.A., Luxembourg ("CBL") und Euroclear Bank SA/NV ("Euroclear") sowie jeden Funktionsnachfolger.

(4) *Anleihegläubiger, Übertragbarkeit.* **"Anleihegläubiger"** bedeutet jeder Inhaber eines Miteigentumsanteils oder anderen vergleichbaren Rechts an den Nachrangigen Schuldverschreibungen, der oder die nach Maßgabe des anwendbaren Rechts und der jeweils geltenden Regelwerke des Clearingsystems übertragen werden können.

§ 3 STATUS DER NACHRANGIGEN SCHULDVERSCHREIBUNGEN, AUFRECHNUNGSVERBOT

(1) *Status der Nachrangigen Schuldverschreibungen.* Soweit nachstehend nichts anderes bestimmt ist, begründen die Schuldverschreibungen direkte, nicht besicherte, nachrangige Verbindlichkeiten der Emittentin, die im Fall der Abwicklung, Auflösung oder Liquidation der Emittentin (i) nur den Aktien der Emittentin im Rang vorgehen, (ii) untereinander und mit jedem Gleichrangigen Wertpapier im Rang gleich stehen

Subordinated Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of Remuneration. Any such certification received on or after the 40th day after the Issue Date of the Subordinated Notes represented by the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this subparagraph § 2(2)(b). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States.

"United States" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(3) *Clearing System.* The Global Note representing the Subordinated Notes shall be kept in custody by Deutsche Bank Aktiengesellschaft, Große Gallusstraße 10-12, 60272 Frankfurt am Main, Federal Republic of Germany as common depositary for the Clearing System until all obligations of the Issuer under the Subordinated Notes have been satisfied. Clearing System means Clearstream Banking S.A., Luxembourg ("CBL") and Euroclear Bank SA/NV ("Euroclear") as well as any successor in such capacity.

(4) *Holder, Transferability.* **"Holder"** means any holder of a proportionate co-ownership or other beneficial interest or right in the Subordinated Notes, which are transferable in accordance with applicable law and applicable rules of the Clearing System.

§ 3 STATUS OF THE SUBORDINATED NOTES, PROHIBITION OF SET-OFF

(1) *Status of the Subordinated Notes.* Except as otherwise provided below, the obligations of the Issuer under the Subordinated Notes constitute direct, unsecured and subordinated obligations of the Issuer and, in the event of the winding-up, dissolution or liquidation of the Issuer, rank (i) senior only to the Issuer's share capital, (ii) *pari passu* among themselves and *pari passu* with any Parity Securities and, (iii) junior to all present and

(iii) allen anderen bestehenden und zukünftigen Verbindlichkeiten der Emittentin, ob nachrangig oder nicht nachrangig, im Rang nachgehen, soweit zwingende gesetzliche Vorschriften nichts anderes vorschreiben bzw. die Bedingungen des betreffenden Instruments ausdrücklich etwas anderes vorsehen.

Die Rechte der Anleihegläubiger aus den Nachrangigen Schuldverschreibungen gegenüber der Emittentin begründen direkte, nicht besicherte und nachrangige Rechte gegenüber der Emittentin, die im Fall der Insolvenz der Emittentin, eines Vergleichs oder eines anderen der Abwendung der Insolvenz der Emittentin dienenden Verfahrens (i) nur den Aktien der Emittentin im Rang vorgehen, (ii) untereinander und mit jedem Gleichrangigen Wertpapier im Rang gleich stehen (iii) allen anderen bestehenden und zukünftigen Verbindlichkeiten der Emittentin, ob nachrangig oder nicht nachrangig, im Rang nachgehen, soweit zwingende gesetzliche Vorschriften nichts anderes vorschreiben bzw. die Bedingungen des betreffenden Instruments ausdrücklich etwas anderes vorsehen.

Im Fall der (i) Abwicklung, Auflösung oder Liquidation der Emittentin gehen die Verbindlichkeiten der Emittentin aus den Nachrangigen Schuldverschreibungen, und im Fall (ii) der Insolvenz der Emittentin oder eines Vergleichs oder eines anderen der Abwendung der Insolvenz der Emittentin dienenden Verfahrens gehen die Rechte der Anleihegläubiger gegenüber der Emittentin, im Rang den Ansprüchen aller nicht nachrangigen und nachrangigen Gläubiger nach, so dass Zahlungen auf die Nachrangigen Schuldverschreibungen solange nicht erfolgen, wie die Ansprüche aller nicht nachrangigen und nachrangigen Gläubiger gegen die Emittentin nicht zuvor vollständig erfüllt sind.

Für die Rechte der Anleihegläubiger aus den Nachrangigen Schuldverschreibungen ist diesen keine Sicherheit durch die Emittentin oder durch Dritte gestellt; eine solche Sicherheit wird auch zu keinem Zeitpunkt gestellt werden.

"Gleichrangige Wertpapiere" bezeichnet (i) jedes von der Emittentin begebene Wertpapier oder andere Instrument, und gegen sie gerichtete Forderungen die gleichrangig im Verhältnis zu den Verbindlichkeiten der Emittentin unter den Nachrangigen Schuldverschreibungen sind, oder (ii) jedes von einer Tochtergesellschaft begebene Wertpapier oder andere Instrument, das durch die Emittentin garantiert wird oder von einer Patronatserklärung der Emittentin profitiert, bei dem die Verbindlichkeiten der Emittentin aus der maßgeblichen Garantie oder Patronatserklärung gleichrangig im Verhältnis zu den Verbindlichkeiten der Emittentin aus den Nachrangigen Schuldverschreibungen sind.

future other obligations of the Issuer, whether subordinated or unsubordinated, except as otherwise provided by mandatory provisions of law or as expressly provided for by the terms of the relevant instrument.

The rights of the Holders towards the Issuer under the Subordinated Notes constitute direct, unsecured and subordinated rights and, in the event of the insolvency of the Issuer, composition or other proceedings for the avoidance of insolvency of the Issuer, rank (i) senior only to the Issuer's share capital, (ii) *pari passu* among themselves and *pari passu* with any Parity Securities and, (iii) junior to all present and future other obligations of the Issuer, whether subordinated or unsubordinated, except as otherwise provided by mandatory provisions of law or as expressly provided for by the terms of the relevant instrument.

In the case of (i) the winding-up, dissolution or liquidation of the Issuer, the obligations of the Issuer under the Subordinated Notes, and (ii) the insolvency of the Issuer or composition or other proceedings for the avoidance of insolvency of the Issuer, the rights of the Holders towards the Issuer, shall be subordinated to the claims of all unsubordinated and subordinated creditors of the Issuer so that in any such case no amounts shall be payable in respect of the Subordinated Notes until the claims of all unsubordinated and subordinated creditors of the Issuer shall have first been satisfied in full.

No security is, or shall at any time be, granted by the Issuer or any other person securing rights of the Holders under the Subordinated Notes.

"Parity Securities" means (i) any securities or other instruments issued by the Issuer and claims towards the Issuer which are expressed to rank *pari passu* with the Issuer's obligations under the Subordinated Notes or (ii) securities or other instruments issued by a Subsidiary, where such securities or instruments have the benefit of a guarantee or keep well agreement by the Issuer, and the obligations under such guarantee or keep well agreement rank *pari passu* with the Issuer's obligations under the Subordinated Notes.

"Tochtergesellschaft" meint jede mehrheitliche Tochtergesellschaft der Emittentin.

"Subsidiary" means any majority-owned subsidiary of the Issuer.

(2) *Aufrechnungsverbot.* Die Anleihegläubiger sind nicht berechtigt, Forderungen aus den Nachrangigen Schuldverschreibungen gegen mögliche Forderungen der Emittentin aufzurechnen. Die Emittentin ist nicht berechtigt, Forderungen gegenüber Anleihegläubigern gegen Verpflichtungen aus den Nachrangigen Schuldverschreibungen aufzurechnen.

(2) *Prohibition of Set-off.* No Holder may set-off any claims arising under the Subordinated Notes against any claims that the Issuer may have against it. The Issuer may not set-off any claims it may have against the Holders against any of its obligations under the Subordinated Notes.

§ 4

VERGÜTUNG, VERGÜTUNGS-AUFSCHUB

(1) *Vergütung für Feste Vergütungszeiträume.* Vorbehaltlich einer vorzeitigen Rückzahlung gemäß diesen Anleihebedingungen und der weiteren Bestimmungen dieses § 4 (insbesondere § 4(5)) wird eine Vergütung auf die Nachrangigen Schuldverschreibungen vom Ausgabebetrag (einschließlich) bis zum 28. September 2015 (ausschließlich) wie folgt gezahlt:

(a) Die Nachrangigen Schuldverschreibungen berechtigen die Anleihegläubiger zu einer Vergütung von **[•]**% *per annum* auf ihren Gesamtnennbetrag. Die Vergütung ist jährlich nachträglich am 28. September eines jeden Jahres, erstmals am 28. September 2011 fällig (jeweils ein **"Festvergütungs-Zahlungstag"**).

(b) Die an dem jeweiligen Festvergütungs-Zahlungstag zu zahlende Vergütung je Nachrangiger Schuldverschreibung (der **"Festvergütungs-Betrag"**) ergibt sich aus der Multiplikation von **[•]**% mit dem Nennbetrag je Nachrangiger Schuldverschreibung, wobei der daraus resultierende Betrag auf den nächsten Eurocent auf- oder abgerundet wird, und 0,5 oder mehr eines Eurocents aufgerundet werden. Eine Vergütung, die auf einen vor dem 28. September 2015 liegenden Zeitraum zu berechnen ist, wird auf Basis der tatsächlich verstrichenen Tage im maßgeblichen Zeitraum geteilt durch die tatsächliche Anzahl der Tage im betreffenden Vergütungs-jahr berechnet.

(2) *Vergütung für Reset-Vergütungszeiträume.* Vorbehaltlich einer vorzeitigen Rückzahlung gemäß diesen Anleihebedingungen und der weiteren Bestimmungen dieses § 4 (insbesondere § 4(5)) wird eine Vergütung auf die Nachrangigen Schuldverschreibungen vom 28. September 2015 (einschließlich) bis zum 28. September 2020 (ausschließlich) wie folgt gezahlt:

(a) Die Nachrangigen Schuldverschreibungen berechtigen die Anleihegläubiger zu einer Vergütung in der durch die Berechnungsstelle gemäß § 4(2)(b) und (c) festgesetzten Höhe. Die

§ 4

REMUNERATION, REMUNERATION DEFERRAL

(1) *Remuneration for Fixed Remuneration Periods.* Unless previously redeemed in accordance with these Terms and Conditions and subject to the further provisions of this § 4 (in particular, but not limited to § 4(5)) Remuneration from and including the Issue Date to, but excluding, 28 September 2015 shall be paid as follows:

(a) The Subordinated Notes entitle the Holders to Remuneration at a rate of **[•]** per cent. *per annum* on their aggregate principal amount. Such Remuneration shall be payable annually in arrear on 28 September of each year commencing on 28 September 2011 (each a **"Fixed Remuneration Payment Date"**).

(b) Remuneration payable per Subordinated Note on the respective Fixed Remuneration Payment Date (the **"Fixed Remuneration Amount"**) shall be calculated by multiplying **[•]** per cent. by the Principal Amount per Subordinated Note and rounding the resulting figure to the nearest eurocent with 0.5 or more of a eurocent being rounded upwards. If Remuneration is to be calculated for a period ending on or prior to 28 September 2015, it shall be calculated on the basis of the actual number of days in the relevant period divided by the actual number of days in the relevant remuneration year.

(2) *Remuneration for Reset Remuneration Periods.* Unless previously redeemed in accordance with these Terms and Conditions and subject to the further provisions of this § 4 (in particular, but not limited to § 4(5)) Remuneration from and including 28 September 2015 to, but excluding, 28 September 2020 shall be paid as follows:

(a) The Subordinated Notes entitle the Holders to Remuneration at a rate as determined by the Calculation Agent pursuant to § 4(2)(b) and (c). Such Remuneration shall be payable annually in

Vergütung ist jährlich nachträglich am 28. September eines jeden Jahres, erstmals am 28. September 2016 fällig (jeweils ein "**Reset-Vergütungszahlungstag**").

(b) Die an dem jeweiligen Reset-Vergütungszahlungstag zu zahlende Vergütung je Nachrangiger Schuldverschreibung (der "**Reset-Vergütungsbetrag**") ergibt sich aus der Multiplikation des Reset-Vergütungssatzes (wie nachfolgend definiert) mit dem Nennbetrag je Nachrangiger Schuldverschreibung, wobei der daraus resultierende Betrag auf den nächsten Eurocent auf oder abgerundet wird, und 0,5 oder mehr eines Eurocents aufgerundet werden. Die Vergütung, die auf einen am oder nach dem 28. September 2015 beginnenden aber am oder vor dem 28. September 2020 endenden Vergütungszeitraum (jeweils ein "**Reset-Vergütungszeitraum**") zu berechnen ist, wird auf Basis der tatsächlich verstrichenen Tage im maßgeblichen Zeitraum geteilt durch die tatsächliche Anzahl der Tage im betreffenden Vergütungsjahr berechnet.

(c) Der Reset-Vergütungssatz wird einmal bestimmt und findet für sämtliche Reset-Vergütungszeiträume Anwendung (der "**Reset-Vergütungssatz**"). Der Reset-Vergütungssatz ist, sofern nachstehend nichts Abweichendes bestimmt ist, das rechnerische Mittel der nachgefragten und angebotenen Sätze für den jährlichen Festzinssatzstrom (berechnet auf einer 30/360 Tageberechnungsbasis) einer fixed-for-floating Euro Zinsswap-Transaktion, (i) die eine 5-jährige Laufzeit hat und am 28. September 2015 beginnt, (ii) die auf einen Betrag lautet, der dem einer repräsentativen einzelnen Transaktion in dem relevanten Markt zur relevanten Zeit eines anerkannten Händlers mit guter Bonität im Swap-Markt entspricht, und (iii) deren variabler Zahlungsstrom auf dem 6-Monats EURIBOR Satz beruht (berechnet auf einer Actual/360 Tageberechnungsbasis), das am zweiten Geschäftstag vor dem Beginn des ersten Reset-Vergütungs-Zeitraums am 28. September 2015 (der "**Reset-Vergütungsfeststellungstag**") um 11:00 Uhr (Frankfurter Ortszeit) auf dem Reuters Bildschirm "ISDAFIX2" unter der Überschrift "EURIBOR BASIS" und dem Untertitel "11:00 AM Frankfurt time" (auf dem solche Überschriften und Untertitel von Zeit zu Zeit erscheinen) (die "**Reset-Bildschirmseite**") angezeigt wird (der "**5 Jahres Swapsatz**"), zuzüglich [●]% *per annum*, wobei alle Festlegungen durch die Berechnungsstelle erfolgen.

Für den Fall, dass der 5 Jahres Swapsatz am Reset-Vergütungsfeststellungstag nicht auf der Reset-Bildschirmseite erscheint, ist der 5 Jahres Swapsatz der Reset-Referenzbankensatz am Reset-Vergütungs-Feststellungstag. Der "**Reset-**

arrear on 28 September of each year commencing on 28 September 2016 (each a "**Reset Remuneration Payment Date**").

(b) Remuneration payable per Subordinated Note on the respective Reset Remuneration Payment Date (the "**Reset Remuneration Amount**") shall be calculated by multiplying the Reset Rate of Remuneration (as defined below) by the Principal Amount per Subordinated Note and rounding the resulting figure to the nearest eurocent with 0.5 or more of a eurocent being rounded upwards. If Remuneration is to be calculated for a remuneration period commencing on or after 28 September 2015 and ending on or before 28 September 2020 (each a "**Reset Remuneration Period**"), it shall be calculated on the basis of the actual number of days in the relevant period divided by the actual number of days in the relevant remuneration year.

(c) The reset rate of remuneration shall be determined once and shall apply to all Reset Remuneration Periods (the "**Reset Rate of Remuneration**"). The Reset Rate of Remuneration shall, except as provided below, be the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating Euro interest rate swap transaction which (i) has a term of 5 years and commencing on 28 September 2015, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the 6-months EURIBOR rate (calculated on an Actual/360 day count basis) which appears on the Reuters screen "ISDAFIX2" under the heading "EURIBOR BASIS" and the caption "11:00 AM Frankfurt time" (as such headings and captions may appear from time to time) as of 11.00 a.m. (Frankfurt time) (the "**Reset Screen Page**") on the second Business Day prior to the beginning of the first Reset Remuneration Period on 28 September 2015 (the "**Reset Remuneration Determination Date**"), (the "**5 year Swap Rate**") plus [●] per cent. *per annum*, all as determined by the Calculation Agent.

In the event that the 5 year Swap Rate does not appear on the Reset Screen Page on the Reset Remuneration Determination Date, the 5 year Swap Rate will be the Reset Reference Bank Rate on such Reset Remuneration Determination Date.

Referenzbankensatz" ist der Prozentsatz, der auf Basis der 5 Jahres Swapsatz-Quotierungen, die der Berechnungsstelle ungefähr um 11:00 Uhr (Frankfurter Ortszeit) von fünf führenden Swap-Händlern im Interbankenhandel (die **"Reset-Referenzbanken"**) gestellt werden, am Reset-Vergütungsfeststellungstag festgelegt wird. Wenn mindestens drei Quotierungen genannt werden, wird der 5 Jahres Swapsatz das rechnerische Mittel der Quotierungen unter Ausschluss der höchsten Quotierung (bzw., für den Fall von gleich hohen Quotierungen, einer der höchsten Quotierungen) und der niedrigsten Quotierung (bzw., für den Fall von gleich hohen Quotierungen, einer der niedrigsten Quotierungen) sein.

Hierbei bedeuten die **"5 Jahres Swapsatz-Quotierungen"** das rechnerische Mittel der nachgefragten und angebotenen Sätze für den jährlichen Festzinssatzstrom (berechnet auf einer 30/360 Tagesberechnungsbasis) einer fixed-for-floating Euro Zinsswap-Transaktion, (i) die eine 5 jährige Laufzeit hat und am 28. September 2015 beginnt, (ii) die auf einen Betrag lautet, der dem einer repräsentativen einzelnen Transaktion in dem relevanten Markt zur relevanten Zeit eines anerkannten Händlers mit guter Bonität im Swap-Markt entspricht, und (iii) deren variabler Zahlungsstrom auf dem 6-Monats EURIBOR Satz beruht (berechnet auf einer Actual/360 Tageberechnungsbasis).

(d) Die Berechnungsstelle wird den Reset-Vergütungssatz für die Nachrangigen Schuldverschreibungen am zweiten Geschäftstag vor dem 28. September 2015 bestimmen und den Reset-Vergütungsbetrag berechnen.

(e) Die Berechnungsstelle wird veranlassen, dass der Reset-Vergütungssatz der Emittentin, der Hauptzahlstelle und jeder Börse, an der die Nachrangigen Schuldverschreibungen zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, sowie den Anleihegläubigern gemäß § 11 unverzüglich, aber keinesfalls später als am achten auf dessen Feststellung folgenden Geschäftstag mitgeteilt wird.

(3) *Vergütung für Variable Vergütungszeiträume.* Vorbehaltlich einer vorzeitigen Rückzahlung gemäß diesen Anleihebedingungen und der weiteren Bestimmungen dieses § 4 (insbesondere § 4(5)) wird eine Vergütung auf die Nachrangigen Schuldverschreibungen vom 28. September 2020 (einschließlich) bis zum Tag der Rückzahlung (ausschließlich) wie folgt gezahlt:

(a) Die Nachrangigen Schuldverschreibungen berechtigen die Anleihegläubiger zu einer Vergütung in der durch die Berechnungsstelle gemäß § 4(3)(d) für jeden Variablen Vergütungszeitraum festgesetzten Höhe. Die

"Reset Reference Bank Rate" means the percentage rate determined on the basis of the 5 year Swap Rate Quotations provided by five leading swap dealers in the interbank market (the **"Reset Reference Banks"**) to the Calculation Agent at approximately 11.00 a.m., Frankfurt time), on the Reset Remuneration Determination Date. If at least three quotations are provided, the 5 year Swap Rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

The **"5 year Swap Rate Quotations"** mean the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating Euro interest rate swap transaction which transaction (i) has a term of 5 years and commencing on 28 September 2015, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the 6- months EURIBOR rate (calculated on an Actual/360 day count basis).

(d) The Calculation Agent shall, on the second Business Day prior to 28 September 2015 determine the Reset Rate of Remuneration for each Subordinated Note and calculate the Reset Remuneration Amount.

(e) The Calculation Agent will cause the Reset Rate of Remuneration to be notified to the Issuer, the Principal Paying Agent and, if required by the rules of any stock exchange on which the Subordinated Notes are listed from time to time, to such stock exchange, and to the Holders in accordance with § 11 without undue delay, but, in any case, not later than on the eighth Business Day after its determination.

(3) *Remuneration for Floating Remuneration Periods.* Unless previously redeemed in accordance with these Terms and Conditions and subject to the further provisions of this § 4 (in particular, but not limited to § 4(5)) Remuneration from and including 28 September 2020 to, but excluding, the day of redemption shall be paid as follows:

(a) The Subordinated Notes entitle the Holders to Remuneration at a rate as determined by the Calculation Agent pursuant to § 4(3)(d) for each Floating Remuneration Period. Such Remuneration shall be payable annually in arrear on

Vergütung ist jährlich nachträglich am 28. September eines jeden Jahres, erstmals am 28. September 2021 fällig (jeweils ein "**Variabler Vergütungszahlungstag**").

(b) Fällt ein Variabler Vergütungszahlungstag auf einen Tag, der kein Geschäftstag ist, so wird der Variable Vergütungszahlungstag auf den nächstfolgenden Geschäftstag verschoben, es sei denn, jener würde dadurch in den nächsten Monat fallen; in diesem Fall wird der Variable Vergütungszahlungstag auf den unmittelbar vorhergehenden Geschäftstag vorgezogen. Falls der Fälligkeitstag einer Zahlung, wie oben beschrieben, verspätet ist oder vorgezogen wird, wird die zahlbare Vergütung entsprechend angepasst und der Anleihegläubiger ist berechtigt, etwaige weitere Vergütung aufgrund dieser Verspätung zu verlangen.

(c) Der Vergütungssatz (der "**Variable Vergütungssatz**") für jeden Variablen Vergütungszeitraum ist, sofern nachstehend nichts Abweichendes bestimmt ist, der 12-Monats EURIBOR Satz (ausgedrückt als Prozentsatz *per annum*) für den jeweiligen Variablen Vergütungszeitraum, der am Vergütungsfestlegungstag um 11:00 Uhr (Brüsseler Ortszeit) auf der Bildschirmseite angezeigt wird, zuzüglich der Marge, wobei alle Festlegungen durch die Berechnungsstelle erfolgen.

"**Variabler Vergütungszeitraum**" bezeichnet jeweils die Zeiträume vom 28. September 2020 (einschließlich) bis zum ersten Variablen Vergütungszahlungstag (ausschließlich) und danach von jedem Variablen Vergütungszahlungstag (einschließlich) bis zum jeweils darauffolgenden Variablen Vergütungszahlungstag (ausschließlich) oder dem Tag der Rückzahlung (ausschließlich).

"**Vergütungsfestlegungstag**" ist der zweite Geschäftstag vor Beginn des jeweiligen Variablen Vergütungszeitraums.

"**Marge**" bezeichnet [\bullet]*% per annum*.

"**Bildschirmseite**" bezeichnet die Reuters-Seite EURIBOR01 oder die jeweilige Nachfolgeside, die vom selben System angezeigt wird oder aber von einem anderen System, das zum Vertreiber von Informationen zum Zwecke der Anzeigen von Sätzen oder Preisen ernannt wurde, die dem betreffenden Angebotssatz vergleichbar sind.

Sollte die maßgebliche Bildschirmseite nicht zur Verfügung stehen oder wird zu der genannten Zeit kein Angebotssatz angezeigt, wird die Berechnungsstelle von den Referenzbanken (wie nachstehend definiert) deren jeweilige Angebotssätze (jeweils als Prozentsatz *per annum*

28 September of each year commencing on 28 September 2021 (each a "**Floating Remuneration Payment Date**").

(b) If any Floating Remuneration Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would thereby fall into the next month, in which event the Floating Remuneration Payment Date shall be the immediately preceding Business Day. If the date for payment is postponed or brought forward as described above, the Remuneration payable shall be adjusted accordingly and the Holder shall be entitled to further Remuneration in respect of any such delay.

(c) The rate of remuneration (the "**Floating Rate of Remuneration**") for each Floating Remuneration Period shall, except as provided below, be the 12 months EURIBOR rate (expressed as a percentage rate *per annum*) for that Floating Remuneration Period which appears on the Screen Page as of 11:00 a.m. (Brussels time) on the Remuneration Determination Date, plus the Margin, all as determined by the Calculation Agent.

"**Floating Remuneration Period**" means each period from and including 28 September 2020 to but excluding the first Floating Remuneration Payment Date and, thereafter, from and including each Floating Remuneration Payment Date to but excluding the immediately following Floating Remuneration Payment Date or the day of redemption, as the case may be.

"**Remuneration Determination Date**" means the second Business Day prior to the commencement of the relevant Floating Remuneration Period.

"**Margin**" means [\bullet] *per cent. per annum*.

"**Screen Page**" means Reuters Page EURIBOR01 or the relevant successor page on that service or on any other service as may be nominated as the information vendor for the purposes of displaying rates or prices comparable to the relevant offered quotation.

If the Screen Page is not available or no such quotation appears as at such time, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate *per annum*) for deposits in euro for

ausgedrückt) für Einlagen in der Euro für den betreffenden Variablen Vergütungszeitraum und über einen repräsentativen Betrag gegenüber führenden Banken im Interbanken-Markt in der Euro-Zone um ca. 11:00 Uhr (Brüsseler Ortszeit) am Vergütungsfestlegungstag anfordern. Falls zwei oder mehr Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, ist der Variable Vergütungssatz für den betreffenden Variablen Vergütungszeitraum das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein Tausendstel Prozent, wobei 0,0005 aufgerundet wird) dieser Angebotssätze zuzüglich der Marge, wobei alle Festlegungen durch die Berechnungsstelle erfolgen.

Falls an einem Vergütungsfestlegungstag nur eine oder keine der Referenzbanken der Berechnungsstelle solche im vorstehenden Absatz beschriebenen Angebotssätze nennt, ist der Variable Vergütungssatz für den betreffenden Variablen Vergütungszeitraum der Satz *per annum*, den die Berechnungsstelle als das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein Tausendstel Prozent, wobei 0,0005 aufgerundet wird) der Angebotssätze ermittelt, die von der Berechnungsstelle in angemessener Sorgfalt ausgewählte Großbanken im Interbanken-Markt in der Euro-Zone der Berechnungsstelle auf ihre Anfrage als den jeweiligen Satz nennen, zu dem sie um ca. 11:00 Uhr (Brüsseler Ortszeit) am betreffenden Vergütungsfestlegungstag Darlehen in Euro für die betreffende Variable Vergütungsperiode und über einen repräsentativen Betrag gegenüber führenden europäischen Banken anbieten zuzüglich der Marge.

"Euro-Zone" bezeichnet das Gebiet derjenigen Mitgliedstaaten der Europäischen Union, die gemäß dem Vertrag über die Gründung der Europäischen Gemeinschaft (unterzeichnet in Rom am 25. März 1957), geändert durch den Vertrag über die Europäische Union (unterzeichnet in Maastricht am 7. Februar 1992), den Amsterdamer Vertrag vom 2. Oktober 1997 und den Vertrag von Lissabon vom 13. Dezember 2007, in seiner jeweiligen Fassung, eine einheitliche Währung eingeführt haben oder jeweils eingeführt haben werden.

"Referenzbanken" sind vier Großbanken im Interbanken-Markt der Euro-Zone.

(d) Die Berechnungsstelle wird zu oder unverzüglich nach jedem Vergütungsfestlegungstag den Variablen Vergütungssatz für jede Nachrangige Schuldverschreibung bestimmen und die auf jede Nachrangige Schuldverschreibung zahlbare Vergütung für den entsprechenden Variablen Vergütungszeitraum (der **"Variable Vergütungsbetrag"**) berechnen.

Jeder Variable Vergütungsbetrag ergibt sich aus

the relevant Floating Remuneration Period and in a representative amount to prime banks in the interbank market in the Euro-Zone at approximately 11.00 a.m. (Brussels time) on the Remuneration Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Floating Rate of Remuneration for such Floating Remuneration Period shall be the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of such offered quotations plus the Margin, all as determined by the Calculation Agent.

If on any Remuneration Determination Date only one or none of the Reference Banks provides the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Floating Rate of Remuneration for the relevant Floating Remuneration Period shall be the rate *per annum* which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by major banks in the interbank market in the Euro-Zone, selected by the Calculation Agent acting in good faith, at which such banks offer, as at 11.00 a.m. (Brussels time) on the relevant Remuneration Determination Date, loans in euro for the relevant Floating Remuneration Period and in a representative amount to leading European banks plus the Margin.

"Euro-Zone" means the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992), the Amsterdam Treaty of 2 October 1997 and the Treaty of Lisbon of 13 December 2007, as further amended from time to time.

"Reference Banks" means four major banks in the interbank market in the Euro-Zone.

(d) The Calculation Agent shall, on or without undue delay after each Remuneration Determination Date, determine the Floating Rate of Remuneration for each Subordinated Note and calculate the amount of Remuneration payable per Subordinated Note for the relevant Floating Remuneration Period (the **"Floating Remuneration Amount"**).

Each Floating Remuneration Amount shall be

der Multiplikation des relevanten Variablen Vergütungssatzes mit dem Vergütungstagequotienten und dem Nennbetrag je Nachrangiger Schuldverschreibung, wobei der daraus resultierende Betrag auf den nächsten Eurocent auf oder abgerundet wird, und 0,5 oder mehr eines Eurocents aufgerundet werden.

"**Vergütungstagequotient**" bezeichnet im Hinblick auf die Berechnung eines Variablen Vergütungsbetrages auf eine Nachrangige Schuldverschreibung für einen beliebigen Zeitraum (der "**Vergütungsberechnungszeitraum**") die tatsächliche Anzahl von Tagen im Vergütungsberechnungszeitraum geteilt durch 360.

(e) Die Berechnungsstelle wird veranlassen, dass der Variable Vergütungssatz und der Variable Vergütungsbetrag für den jeweiligen Variablen Vergütungszeitraum, jeder Variable Vergütungszeitraum und der betreffende Variable Vergütungszahlungstag der Emittentin, der Hauptzahlstelle und jeder Börse, an der die Nachrangigen Schuldverschreibungen zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, sowie den Anleihegläubigern gemäß § 11 unverzüglich, aber keinesfalls später als am achten auf deren Feststellung folgenden Geschäftstag mitgeteilt werden.

(4) *Vergütung bei Ratingherabstufung nach Eintritt eines Kontrollwechsels.* Sofern die Emittentin nicht die Nachrangigen Schuldverschreibungen (insgesamt, jedoch nicht teilweise) gemäß § 5(8) zurückzahlt, erhöht sich der für die Vergütung auf die Nachrangigen Schuldverschreibungen ansonsten Anwendbare Vergütungssatz um 5,00% *per annum* ab (und einschließlich) dem 120 Tage nach einer Ratingherabstufung, die in Folge eines Kontrollwechsels innerhalb des Kontrollwechselzeitraums vorgenommen wird, folgenden Geschäftstag.

(a) Eine "**Ratingherabstufung**" tritt ein, wenn ein angefordertes Kreditrating (*Credit Rating*) für langfristige vorrangige unbesicherte Finanzverbindlichkeiten der Emittentin unter Investment Grade fällt oder alle Ratingagenturen die Abgabe eines Kreditratings (*Credit Rating*) in Bezug auf die Emittentin nicht nur vorübergehend einstellen. Ein Kreditrating (*Credit Rating*) unter Investment Grade bezeichnet in Bezug auf Standard & Poor's ein Rating von BB+ oder schlechter, in Bezug auf Moody's ein Rating von Ba1 oder schlechter und in Bezug auf Fitch ein Rating BB+ oder schlechter und, soweit eine andere Ratingagentur von der Emittentin benannt worden ist, ein vergleichbares Rating.

(b) "**Ratingagenturen**" bezeichnet Standard & Poor's Ratings Services, ein Unternehmen der

calculated by multiplying the relevant Floating Rate of Remuneration with the Day Count Fraction and the Principal Amount per Subordinated Note and rounding the resulting figure to the nearest eurocent with 0.5 or more of a eurocent being rounded upwards.

"**Day Count Fraction**" means, in respect of the calculation of the Floating Remuneration Amount for any Floating Remuneration Period or part thereof (the "**Remuneration Calculation Period**"), the actual number of days in the Remuneration Calculation Period divided by 360.

(e) The Calculation Agent will cause the Floating Rate of Remuneration and Floating Remuneration Amount for each Floating Remuneration Period, each Floating Remuneration Period and the relevant Floating Remuneration Payment Date to be notified to the Issuer, the Principal Paying Agent and, if required by the rules of any stock exchange on which the Subordinated Notes are listed from time to time, to such stock exchange, and to the Holders in accordance with § 11 without undue delay, but, in any case, not later than on the eighth Business Day after their determination.

(4) *Remuneration upon Downgrade following the occurrence of a Change of Control.* Unless the Issuer redeems the Subordinated Notes (in whole but not in part) in accordance with § 5(8), the rate of Remuneration payable on the Subordinated Notes will be subject to an increase by 5.00 per cent. *per annum* above the otherwise Prevailing Rate from (and including) the Business Day falling 120 days after a Downgrade which occurs as a result of a Change of Control within the Change of Control Period.

(a) A "**Downgrade**" occurs if a solicited credit rating for the Issuer's long-term senior unsecured debt falls below investment grade or all Rating Agencies cease to assign (other than temporarily) a credit rating to the Issuer. A credit rating below investment grade shall mean, in relation to Standard & Poor's, a rating of BB+ or below, in relation to Moody's, a rating of Ba1 or below, in relation to Fitch, a rating of BB+ and, where another rating agency has been designated by the Issuer, a comparable rating.

(b) "**Rating Agencies**" means Standard & Poor's Ratings Services, a Division of The McGraw Hill

McGraw-Hill Companies, Inc. ("**Standard & Poor's**"), Moody's Investors Services Inc. ("**Moody's**"), Fitch Ratings Limited ("**Fitch**") oder jede andere Ratingagentur, die von der Emittentin benannt wird.

Companies, Inc. ("**Standard & Poor's**"), or Moody's Investors Services Inc. ("**Moody's**"), Fitch Ratings Limited ("**Fitch**") or any other rating agency designated by the Issuer.

(5) *Vergütungsaufschub.* **Soweit es sich bei einem Vergütungszahlungstag nicht um einen Obligatorischen Vergütungszahlungstag handelt, sind aufgelaufene Vergütungen nur dann fällig und zahlbar, wenn sich die Emittentin für eine solche Zahlung entscheidet.** Eine solche Nichtzahlung begründet keinen Verzug der Emittentin und keine anderweitige Verletzung ihrer Verpflichtungen aufgrund dieser Nachrangigen Schuldverschreibungen oder für sonstige Zwecke. Soweit sich die Emittentin entscheidet, an einem Vergütungszahlungstag den Vergütungsbetrag nicht zu zahlen, hat sie dies den Anleihegläubigern gemäß § 11 unter Einhaltung einer Frist von mindestens zehn und höchstens fünfzehn Geschäftstagen vor dem jeweiligen Vergütungszahlungstag bekannt zu machen.

(5) *Remuneration Deferral.* **To the extent, a Remuneration Payment Date is not a Compulsory Remuneration Payment Date accrued Remuneration shall only be due and payable if the Issuer so elects.** Such election not to pay Remuneration shall not constitute a default of the Issuer or any other breach of obligations under the Subordinated Notes or for any other purpose. If the Issuer decides to not pay the Remuneration Amount on a Remuneration Payment Date, the Issuer shall notify the Holders in accordance with § 11 not less than ten and not more than fifteen Business Days prior to the relevant Remuneration Payment Date.

Die aufgrund einer derartigen Entscheidung der Emittentin nicht gezahlte Vergütung stellt "**Vergütungsrückstände**" dar. Vergütungsrückstände werden nicht verzinst.

Any Remuneration not paid due to such an election of the Issuer shall constitute "**Deferred Remuneration Payments**". Deferred Remuneration Payments shall not bear interest themselves.

Als "**Obligatorischer Vergütungszahlungstag**" gilt jeder Vergütungszahlungstag, sobald während der einem solchen Tag vorausgehenden sechs Monate eines der folgenden Ereignisse eintritt (jeweils ein "**Obligatorisches Zahlungereignis**"):

A "**Compulsory Remuneration Payment Date**" shall be deemed to have occurred on any Remuneration Payment Date, if any of the following events has occurred within a period of six months preceding such date (each a "**Compulsory Payment Event**"):

(a) der Tag, an dem die Aktionäre der Emittentin über den Vorschlag des Vorstands der Emittentin, eine Dividende auf eine beliebige Aktiengattung der Emittentin (mit Ausnahme einer Dividende, Ausschüttung oder Zahlung, die in Form von Stamm- oder Vorzugsaktien der Emittentin (die "**Aktien der Emittentin**") vorgenommen wird) zu zahlen, in der ordentlichen Hauptversammlung beschlossen haben; oder

(a) the date on which the shareholders of the Issuer have resolved at the annual general meeting on the proposal by the executive board (*Vorstand*) of the Issuer to pay a dividend on any class of shares of the Issuer (other than a dividend, distribution or payment which is made in the form of ordinary shares or preference shares of the Issuer (the "**Shares of the Issuer**")); or

(b) die Emittentin zahlt einen Teil ihres Aktienkapitals zurück oder die Emittentin oder eine ihrer Tochtergesellschaften kaufen ausstehende Aktien der Emittentin zurück oder erwerben diese anderweitig (ausgenommen (i) in Verbindung mit einem Mitarbeiterbeteiligungsprogramm oder einer ähnlichen Maßnahme zu Gunsten von Arbeitnehmern, leitenden Angestellten, Führungskräften oder Beratern, (ii) als Ergebnis eines Umtauschs oder einer Wandlung einer Aktiengattung in eine andere oder (iii) falls die Emittentin Aktien als Entgelt für einen Verkauf von Vermögenswerten an Dritte erhält).

(b) the Issuer redeems share capital or the Issuer or any of its Subsidiaries repurchases or otherwise acquires any of the outstanding Shares of the Issuer (other than (i) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants, (ii) as a result of the exchange or conversion of one class of shares for another class, or (iii) in the case the Issuer receives Shares as consideration for a sale of assets to third parties).

(6) *Nachzahlung von Vergütungsrückständen.*

(a) Die Emittentin kann ausstehende Vergütungsrückstände jederzeit (insgesamt, jedoch nicht teilweise) nach Mitteilung gemäß § 11 unter Einhaltung einer Frist von mindestens zehn und höchstens fünfzehn Geschäftstagen zahlen (wobei eine solche Mitteilung unwiderruflich ist und die Emittentin verpflichtet ist, die jeweiligen Vergütungsrückstände an dem in dieser Mitteilung genannten Zahlungstag zu zahlen).

(b) Ausstehende Vergütungsrückstände werden (insgesamt, jedoch nicht teilweise) an einem Obligatorischen Zahlungstag fällig und sind durch die Emittentin an dem Tag oder unverzüglich danach zu zahlen. Als "**Obligatorischer Zahlungstag**" gilt der Tag, an dem das früheste der folgenden Ereignisse eintritt:

- (i) ein Obligatorisches Zahlungseignis;
- (ii) ein Vergütungszahlungstag, bezüglich dessen die Emittentin von ihrem Wahlrecht, die Zahlung einer vorgesehenen Vergütung auf die Nachrangigen Schuldverschreibungen vorzunehmen, Gebrauch macht;
- (iii) der Tag, an dem die Nachrangigen Schuldverschreibungen insgesamt zur Rückzahlung fällig sind; oder
- (iv) der Tag, an dem die Hauptversammlung die freiwillige Auflösung der Emittentin beschließt oder an dem eine Verfügung zur Auflösung, Abwicklung oder Liquidation der Emittentin ergeht (sofern dies nicht für die Zwecke einer Sanierung oder eines Insolvenzplanverfahrens oder als Folge eines Zusammenschlusses oder einer Umstrukturierung geschieht, während die Emittentin noch zahlungsfähig ist und die fortführende Gesellschaft im Wesentlichen alle Vermögenswerte und Verpflichtungen der Emittentin übernimmt).

(7) *Ende der Vergütungszahlungen.* Vergütungszahlungen auf die Nachrangigen Schuldverschreibungen enden mit Beginn des Tages, an dem sie zur Rückzahlung fällig werden. Sollte die Emittentin die Nachrangigen Schuldverschreibungen bei Fälligkeit nicht einlösen, endet die Verpflichtung zur Zahlung von Vergütungen auf den ausstehenden Gesamtnennbetrag zu dem dann Anwendbaren Vergütungssatz nicht am Tag der Fälligkeit, sondern erst mit dem Beginn des Tages der tatsächlichen Rückzahlung der Nachrangigen Schuldverschreibungen.

§ 5

RÜCKZAHLUNG UND RÜCKKAUF

(1) *Keine Endfälligkeit.* Die Nachrangigen Schuld-

(6) *Payment of Deferred Remuneration Payments.*

(a) The Issuer may pay outstanding Deferred Remuneration Payments (in whole but not in part) at any time upon giving of not less than ten and not more than fifteen Business Days' notice in accordance with § 11 (which notice shall be irrevocable and will oblige the Issuer to pay the relevant Deferred Remuneration Payments on the payment date specified in such notice).

(b) Outstanding Deferred Remuneration Payments shall become due and payable (in whole but not in part) and shall be paid by the Issuer on a Compulsory Payment Date or immediately thereafter. A "**Compulsory Payment Date**" will be deemed to have occurred upon any of the following events:

- (i) a Compulsory Payment Event;
- (ii) a Remuneration Payment Date in relation to which the Issuer elects to pay a scheduled Remuneration on the Subordinated Notes;
- (iii) the due date for the whole redemption of the Subordinated Notes; or
- (iv) the date on which the general meeting of shareholders resolves the voluntary winding-up of the Issuer or an order is made for the winding-up, dissolution or liquidation of the Issuer (in each case other than for the purposes of or pursuant to the restructuring or an insolvency plan procedure (*Insolvenzplanverfahren*) or an amalgamation or reorganisation while solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer).

(7) *Cessation of Remuneration Payments.* The Subordinated Notes shall cease to bear Remuneration from the beginning of the day on which they are due for redemption. If the Issuer shall fail to redeem the Subordinated Notes when due, the obligation to pay Remuneration shall continue to accrue at the then Prevailing Rate on the outstanding aggregate principal amount of the Subordinated Notes beyond the due date to the beginning of the day of actual redemption of the Subordinated Notes.

§ 5

REDEMPTION AND PURCHASE

(1) *No Final Maturity.* The Subordinated Notes

verschreibungen haben keinen Endfälligkeitstag und werden außer nach Maßgabe dieses § 5 nicht zurückgezahlt.

(2) *Kündigungsrecht der Emittentin und vorzeitige Rückzahlung bei einem Quellensteuer-Ereignis, einem Rechnungslegungsereignis, einem Steuerereignis oder einem Ratingagenturereignis.*

(a) Bei Eintritt eines Quellensteuer-Ereignisses, eines Rechnungslegungsereignisses, eines Steuerereignisses oder eines Ratingagenturereignisses ist die Emittentin berechtigt, die Nachrangigen Schuldverschreibungen jederzeit (insgesamt, jedoch nicht teilweise) durch eine unwiderrufliche Mitteilung gemäß § 11 unter Einhaltung einer Frist von mindestens 30 und höchstens 60 Tage zu kündigen.

Erfolgt die Kündigung aufgrund eines Quellensteuer-Ereignisses, hat die Emittentin die Nachrangigen Schuldverschreibungen zu ihrem Gesamtnennbetrag nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaiger Vergütungsrückstände zurückzuzahlen.

Erfolgt die Kündigung aufgrund eines Rechnungslegungsereignisses oder eines Steuerereignisses hat die Emittentin (i) den Vorzeitigen Rückzahlungsbetrag sowie etwaige Vergütungsrückstände, soweit eine solche Rückzahlung vor dem 28. September 2020 erfolgt, bzw. (ii) den Gesamtnennbetrag nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaiger Vergütungsrückstände, soweit eine solche Rückzahlung an oder nach dem 28. September 2020 erfolgt, zurückzuzahlen.

Erfolgt die Kündigung aufgrund eines Ratingagenturereignisses, hat die Emittentin die Nachrangigen Schuldverschreibungen zu 101% ihres Gesamtnennbetrags nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaiger Vergütungsrückstände zurückzuzahlen.

(b) Im Fall eines Quellensteuer-Ereignisses, kann eine Kündigungsmitteilung nicht früher als 90 Tage vor dem ersten Tag gemacht werden, an dem die Emittentin erstmals verpflichtet wäre, die jeweiligen zusätzlichen Beträge (wie in § 7 beschrieben) in Ansehung fälliger Beträge auf die Nachrangigen Schuldverschreibungen zu zahlen.

Im Fall eines Ratingagenturereignisses kann eine Kündigungsmitteilung nur zeitgleich mit oder nach einer Mitteilung der Emittentin über den Eintritt eines Ratingagenturereignisses nach Maßgabe von § 11 gemacht werden, vorausgesetzt dass, im Fall

have no final maturity date and shall not be redeemed except in accordance with the provisions set out in this § 5.

(2) *Issuer Call Right and Early Redemption due to a Gross-up Event, an Accounting Event, a Tax Event or a Rating Agency Event.*

(a) If either a Gross-up Event, an Accounting Event, a Tax Event or a Rating Agency Event occurs, the Issuer may call and redeem the Subordinated Notes (in whole but not in part) at any time upon giving of not less than 30 and not more than 60 days' irrevocable notice in accordance with § 11.

If the Subordinated Notes are called by the Issuer upon the occurrence of a Gross-up Event, the Subordinated Notes will be redeemed at their Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments.

If the Subordinated Notes are called upon the occurrence of an Accounting Event or a Tax Event the Subordinated Notes will be redeemed (i) at their Early Redemption Amount plus any Deferred Remuneration Payments if such redemption occurs prior to 28 September 2020, or (ii) at their Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments if such redemption occurs on or after 28 September 2020.

If the Subordinated Notes are called by the Issuer upon the occurrence of a Rating Agency Event, the Subordinated Notes will be redeemed at 101 per cent. of their Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments.

(b) In the case of a Gross-up Event no notice of redemption may be given earlier than 90 days prior to the earliest day on which the Issuer would be for the first time obliged to pay the Additional Amounts (as described in § 7) in question on payments due in respect of the Subordinated Notes.

In the case of a Rating Agency Event a notice of redemption may only be given simultaneously with or after a notification by the Issuer in accordance with § 11 that a Rating Agency Event has occurred, provided that in the case of an event described in

eines in Alternative (a) der Definition von Ratingagenturereignis gemäß § 5(3) beschriebenen Ereignisses bei einer vor dem 28. September 2015 erfolgenden Rückzahlung der zurück zu zahlende Nennbetrag der Nachrangigen Schuldverschreibungen den während der Refinanzierungsperiode aus dem Verkauf oder der Emission von Ersetzungskapitalfinanzierungsinstrumenten erzielten Nettobarerlös nicht überschreitet.

"Refinanzierungsperiode" bedeutet der Zeitraum beginnend 360 Tage vor dem Rückzahlungstag der Nachrangigen Schuldverschreibungen bis (und einschließlich) zu diesem Tag.

"Kapitalersatzungsfinanzierungsinstrumente" bedeutet jedes Finanzierungsinstrument, das von Standard & Poor's mindestens den gleichen Euro Betrag an Eigenkapitalanrechnung erlangt wie die Nachrangigen Schuldverschreibungen im Zeitpunkt ihrer Begebung.

Die Emittentin hat der Hauptzahlstelle vor Abgabe einer Kündigungsmittelteilung folgende Dokumente zu übermitteln bzw. deren Übermittlung zu veranlassen:

- (i) eine von zwei ordnungsgemäß bevollmächtigten Vertretern der Emittentin unterzeichnete Bescheinigung, die bestätigt, dass die Emittentin berechtigt ist, die maßgebliche Rückzahlung vorzunehmen, und aus der die Tatsachen hervorgehen, auf deren Grundlage die Voraussetzungen für das Rückzahlungsrecht der Emittentin eingetreten sind; sowie
- (ii) für den Fall eines Quellensteuer-Ereignisses, ein Gutachten eines angesehenen externen Rechtsberaters, aus dem hervorgeht, dass die Emittentin verpflichtet ist oder verpflichtet sein wird, die betreffenden zusätzlichen Beträge als Folge eines Quellensteuer-Ereignisses zu zahlen;
- (iii) für den Fall eines Ratingagenturereignisses, eine Bestätigung der jeweiligen Ratingagentur bzw. Ratingagenturen über die geänderte Eigenkapitaleinstufung der Nachrangigen Schuldverschreibungen, gemäß Ratingagenturereignis nach § 5(3).

(3) *Definitionen.*

Ein **"Quellensteuer-Ereignis"** liegt vor, falls die Emittentin verpflichtet ist oder verpflichtet sein wird, zusätzliche Beträge (wie in § 7 beschrieben) als Folge einer Änderung oder Ergänzung von Gesetzen oder Vorschriften der Bundesrepublik Deutschland oder einer ihrer Gebietskörperschaften oder Steuerbehörden oder als Folge einer Änderung oder Ergänzung der offiziellen Auslegung

alternative (a) of the definition of Rating Agency Event according to § 5(3) any redemption taking effect prior to 28 September 2015 will be subject to the principal amount of Subordinated Notes so redeemed not exceeding the net cash proceeds raised during the Refinancing Period from the sale or issue of Replacement Capital Financing Instruments.

"Refinancing Period" means the period beginning 360 days preceding the date of redemption of the Subordinated Notes and ending on (and including) such date.

"Replacement Capital Financing Instruments" means any instrument which achieves at least the same euro amount of *equity credit* from Standard & Poor's as the Subordinated Notes at the time of their issuance.

Prior to the giving of any notice of redemption, the Issuer shall deliver or procure that there is delivered to the Principal Paying Agent:

- (i) a certificate signed by any two duly authorised representatives of the Issuer stating that the Issuer is entitled to effect such redemption and setting out a statement of facts showing that the conditions precedent to the exercise of the right of the Issuer to redeem have been satisfied; and
- (ii) in the case of a Gross-up Event, an opinion of an external legal adviser of recognised standing to the effect that the Issuer has or will become obliged to pay the additional amounts in question as a result of a Gross-up Event;
- (iii) in the case of a Rating Agency Event, a confirmation from the relevant rating agency or rating agencies, as applicable, confirming the change in equity treatment of the Subordinated Notes, as per Rating Agency Event according to § 5(3).

(3) *Definitions.*

A **"Gross-up Event"** has occurred if the Issuer has or will become obliged to pay additional amounts (as set out in § 7) as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany or any political subdivision or taxing authority thereof, or therein, or as a result of any amendment to, or any change in, any official interpretation or application of any such

oder Anwendung dieser Gesetze oder Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht, eine Steuerbehörde, eine Aufsichtsbehörde oder eine sonstige Behörde (einschließlich des Erlasses von Gesetzen sowie der Bekanntmachung gerichtlicher oder aufsichtsrechtlicher Entscheidungen) zu zahlen, allerdings nur soweit die betreffende Änderung, Ergänzung oder Durchführung an oder nach dem Ausgabetag wirksam wird und die Emittentin die Zahlungsverpflichtung nicht durch das Ergreifen von Maßnahmen vermeiden kann, die sie nach Treu und Glauben für angemessen hält.

Ein "**Rechnungslegungsereignis**" liegt vor, wenn eine anerkannte Wirtschaftsprüfungsgesellschaft, die im Auftrag der Emittentin handelt, der Hauptzahlstelle ein Gutachten übermittelt, wonach aufgrund einer Änderung der Rechnungslegungsgrundsätze die durch die Ausgabe der Nachrangigen Schuldverschreibungen beschafften Gelder nicht oder nicht mehr als *Eigenkapital* gemäß den International Financial Reporting Standards ("**IFRS**") bzw. anderen Rechnungslegungsstandards, die die Emittentin für die Erstellung ihres konsolidierten Jahresabschlusses anstelle der IFRS anwenden kann, ausgewiesen werden dürfen.

Ein "**Steuerereignis**" liegt vor, wenn (a) der Hauptzahlstelle ein Gutachten eines anerkannten unabhängigen Steuerberaters übergeben worden ist, aus dem hervorgeht, dass an oder nach dem Ausgabetag als Folge:

- (i) einer Änderung oder Ergänzung der Gesetze (oder von aufgrund dieser Gesetze erlassenen Bestimmungen oder Vorschriften) der Bundesrepublik Deutschland oder einer ihrer Gebietskörperschaften oder Steuerbehörden, die an oder nach dem Ausgabetag erlassen, verkündet oder anderweitig wirksam wird; oder
- (ii) einer Änderung oder Ergänzung der bindenden offiziellen Auslegung solcher Gesetze, Bestimmungen oder Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht, eine Regierungsstelle oder eine Aufsichtsbehörde (einschließlich des Erlasses von Gesetzen sowie der Bekanntmachung gerichtlicher oder aufsichtsrechtlicher Entscheidungen), die an oder nach dem Ausgabetag erlassen, verkündet oder anderweitig wirksam wird; oder
- (iii) einer allgemein anwendbaren offiziellen Auslegung oder Verkündung, die an oder nach dem Ausgabetag erlassen oder verkündet wird und nach der die Rechtslage im Hinblick auf diese Gesetze oder Vorschriften von der früheren allgemein anerkannten Rechtslage abweicht;

laws of regulations by any legislative body, court, or taxing authority, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination), provided that the relevant amendment, change or execution becomes effective on or after the Issue Date and provided further that the payment obligation cannot be avoided by the Issuer taking such reasonable measures it (acting in good faith) deems appropriate.

An "**Accounting Event**" has occurred if a recognised accountancy firm, acting upon instructions of the Issuer, has delivered an opinion to the Principal Paying Agent, stating that as a result of a change in accounting principles the funds raised through the issuance of the Subordinated Notes must not or must no longer be recorded as *equity* pursuant to the International Financial Reporting Standards ("**IFRS**") or any other accounting standards that may replace IFRS for the purposes of the annual consolidated financial statements of the Issuer.

A "**Tax Event**" shall have occurred if (a) an opinion of a recognised independent tax counsel has been delivered to the Principal Paying Agent, stating that on or after the Issue Date, as a result of:

- (i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of the Federal Republic of Germany or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or
- (ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or
- (iii) any generally applicable official interpretation or pronouncement that provides for a position with respect to such laws or regulations that differs from the previous generally accepted position which is issued or announced on or after the Issue Date;

Zahlungen, die von der Emittentin in Bezug auf die Nachrangigen Schuldverschreibungen zahlbar sind, von der Emittentin nicht mehr für die Zwecke der deutschen Körperschaftsteuer voll abzugsfähig sind, bzw. innerhalb von 90 Tagen nach dem Datum dieses Gutachtens nicht mehr voll abzugsfähig sein werden; und

(b) die Emittentin dieses Risiko nicht durch das Ergreifen zumutbarer Maßnahmen vermeiden kann.

Ein "**Ratingagenturereignis**" liegt vor, wenn die Emittentin (a) von einer der Ratingagenturen, von denen die Emittentin ein *sponsored rating*, wobei sich *sponsored rating* auf solche Ratings bezieht, die von einer Ratingagentur erteilt werden, mit der die Emittentin in einem Vertragsverhältnis steht, im Rahmen dessen die Ratingagentur eine Eigenkapitalanrechnung der Nachrangigen Schuldverschreibungen festlegt, erhält ("die **Relevante Ratingagentur**"), schriftlich benachrichtigt wurde, dass die Nachrangigen Schuldverschreibungen aufgrund einer Änderung der anwendbaren Hybrid Rating Methodologie oder deren Auslegung (die "**Änderung der Methodologie**") nicht mehr derselben und auch nicht einer höheren Eigenkapitalanrechnungskategorie (oder einer anderen Klassifikation durch diese Relevante Ratingagentur, die beschreibt, in welchem Umfang der Bedingungen eines Finanzierungsinstruments die Fähigkeit des Emittenten zur Bedienung seiner vorrangigen Verbindlichkeiten stützt) zuzuordnen sind, der sie bei ihrer Begebung ausweislich entsprechender Veröffentlichungen dieser Relevanten Ratingagentur zugeordnet waren (die "**Eigenkapitalanrechnung**") oder (b) von allen Relevanten Ratingagenturen schriftlich benachrichtigt wurde, dass die Nachrangigen Schuldverschreibungen aufgrund einer Änderung der Methodologie überhaupt keine Eigenkapitalanrechnung mehr ermöglichen.

(4) *Vorzeitiger Rückzahlungsbetrag*. Im Fall einer Kündigung durch die Emittentin gemäß § 5(2) entspricht der "**Vorzeitige Rückzahlungsbetrag**" (i) dem Gesamtnennbetrag der Nachrangigen Schuldverschreibungen zuzüglich Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, oder, (ii) falls höher, dem Modifizierten Ausgleichsbetrag der Nachrangigen Schuldverschreibungen.

Der "**Modifizierte Ausgleichsbetrag**" wird von der Berechnungsstelle berechnet und entspricht der Summe der auf den Rückzahlungstag bezogenen Abgezinsten Werte (i) des Gesamtnennbetrages der Nachrangigen Schuldverschreibungen und (ii) der bis zum 28. September 2015 (ausschließlich) bzw., falls die Rückzahlung am oder nach dem 28. September 2015 und vor dem

payments by the Issuer on the Subordinated Notes are no longer, or within 90 days of the date of that opinion will no longer be, fully deductible by the Issuer for German corporate income tax purposes; and

(b) such risk cannot be avoided by the Issuer taking reasonable measures available to it.

A "**Rating Agency Event**" has occurred if the Issuer has received written confirmation from (a) any rating agency from whom the Issuer is assigned a *sponsored rating*, whereby *sponsored rating* shall refer to a rating assigned by a rating agency with whom the Issuer has a contractual relationship under which the Subordinated Notes are assigned an *equity credit*, (the "**Relevant Rating Agency**") that the Subordinated Notes due to a change in applicable hybrid rating methodology or the interpretation thereof (the "**Change in Methodology**") will no longer be eligible for the same or a higher category of *equity credit* or such similar nomenclature as being used by that Relevant Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of the Issuer's senior obligations, attributed to the Subordinated Notes at the date of issuance and as published by such Relevant Rating Agency (the "**Equity Credit**"), or (b) from all Relevant Rating Agencies that due to a Change in Methodology the Subordinated Notes will no longer receive any Equity Credit at all.

(4) *Early Redemption Amount*. In the case of an Issuer's call pursuant to § 5(2) the "**Early Redemption Amount**" amounts to the greater of (i) the Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date, and (ii) the Make-Whole Amount of the Subordinated Notes.

The "**Make-Whole Amount**" shall be calculated by the Calculation Agent, and shall be equal to the sum of the Present Values on the Redemption Date of (i) the Aggregate Principal Amount of the Subordinated Notes and (ii) the remaining scheduled Remuneration on the Subordinated Notes to but excluding 28 September 2015 or 28 September 2020, in the case such redemption

28. September 2020 erfolgt, der bis zum 28. September 2020 (ausschließlich) verbleibenden vorgesehenen Vergütungen auf die Nachrangigen Schuldverschreibungen. Bei dieser Berechnung ist anzunehmen, dass die Zahlung des Gesamtnennbetrages der Nachrangigen Schuldverschreibungen am 28. September 2015 bzw. am 28. September 2020 fällig ist und alle relevanten Vergütungen zum vorgesehenen Zeitpunkt gezahlt werden.

Die **"Abgezinsten Werte"** werden von der Berechnungsstelle berechnet, indem der Gesamtnennbetrag der Nachrangigen Schuldverschreibungen und die verbleibenden vorgesehenen Vergütungen auf Nachrangigen die Schuldverschreibungen unter Anwendung der Angepassten Vergleichbaren Rendite zuzüglich 1,00% über den betreffenden Zeitraum vom Rückzahlungstag bis zum Tag ihrer jeweils vorgesehenen Fälligkeit abgezinst werden. Vergütungen, die auf einen Zeitraum von weniger als einem Jahr zu berechnen sind, werden auf Basis der tatsächlich verstrichenen Tage in diesem Zeitraum geteilt durch die tatsächliche Anzahl der Tage im betreffenden Vergütungsjahr ermittelt.

Die **"Angepasste Vergleichbare Rendite"** entspricht der am Rückzahlungs-Berechnungstag bestehenden Rendite einer von der Berechnungsstelle, im Einvernehmen mit der Emittentin, ausgewählten Euro-Referenzanleihe mit einer mit der verbleibenden Laufzeit der Nachrangigen Schuldverschreibungen bis zum 28. September 2015 bzw. gegebenenfalls bis zum 28. September 2020 vergleichbaren Laufzeit. Dabei handelt es sich um die Rendite einer solchen Euro-Referenzanleihe, die im Zeitpunkt der Auswahlentscheidung und entsprechend der üblichen Finanzmarktp Praxis zur Preisbestimmung bei Neuemissionen von Unternehmensanleihen mit einer mit dem Zeitraum bis zum 28. September 2015 bzw. gegebenenfalls bis zum 28. September 2020 vergleichbaren Laufzeit verwendet würde.

"Rückzahlungs-Berechnungstag" ist der dritte Geschäftstag vor dem Tag, an dem die Nachrangigen Schuldverschreibungen nach Wahl der Emittentin infolge eines Rechnungslegungsereignisses, eines Steuerereignisses, eines Ratingagenturereignisses, eines Kontrollwechsels (wie in § 5(8) definiert) oder gemäß § 5(7) zurückgezahlt werden.

Die Berechnungsstelle wird veranlassen, dass der Vorzeitige Rückzahlungsbetrag der Emittentin und jeder Börse, an der die Nachrangigen Schuldverschreibungen zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, sowie den Anleihegläubigern gemäß § 11 unverzüglich mitgeteilt wird.

occurs on or after 28 September 2015 but before 28 September 2020. In performing such calculation it shall be assumed that the payment of the Aggregate Principal Amount of the Subordinated Notes is due on 28 September 2015 or, as applicable, 28 September 2020 and that all applicable Remuneration are to be made as scheduled.

The **"Present Values"** shall be calculated by the Calculation Agent by discounting the Aggregate Principal Amount of the Subordinated Notes and the remaining scheduled Remuneration over the respective period from the Redemption Date to the relevant scheduled due date using the Adjusted Comparable Yield plus 1.00 per cent. If Remuneration is to be calculated for a period of less than one year, it shall be calculated on the basis of the actual number of days in the relevant period divided by the actual number of days in the relevant remuneration year.

The **"Adjusted Comparable Yield"** shall be the yield at the Redemption Calculation Date on the euro benchmark security selected by the Calculation Agent, after consultation with the Issuer, as having a maturity comparable to the remaining term of the Subordinated Notes to 28 September 2015 or, as applicable, 28 September 2020, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to 28 September 2015 or, as applicable, 28 September 2020.

"Redemption Calculation Date" means the third Business Day prior to the date on which the Subordinated Notes are redeemed at the option of the Issuer as a result of an Accounting Event, a Tax Event, a Rating Agency Event, a Change of Control (as defined in § 5(8)) or in accordance with § 5(7).

The Calculation Agent will cause the Early Redemption Amount to be notified to the Issuer and, if required by the rules of any stock exchange on which the Subordinated Notes are listed from time to time, to such stock exchange, and to the Holders in accordance with § 11 without undue delay.

(5) Kündigungsrecht und vorzeitige Rückzahlung nach Wahl der Emittentin.

(5) Issuer Call Right and Early Redemption at the Option of the Issuer

(a) Kündigung und vorzeitige Rückzahlung nach Wahl der Emittentin am 28. September 2015.

(a) Issuer Call Right and Early Redemption at the Option of the Issuer on 28 September 2015.

Die Emittentin kann die Nachrangigen Schuldverschreibungen (insgesamt, jedoch nicht teilweise) am 28. September 2015 nach unwiderruflicher Kündigungsmitteilung an die Anleihegläubiger gemäß § 11 unter Einhaltung einer Frist von mindestens 30 und höchstens 60 Tagen kündigen.

The Issuer may call and redeem the Subordinated Notes (in whole but not in part) on 28 September 2015 upon giving not less than 30 and not more than 60 days' irrevocable notice of redemption to the Holders in accordance with § 11.

Eine solche Kündigungsmitteilung verpflichtet die Emittentin, die Nachrangigen Schuldverschreibungen zu ihrem Gesamtnennbetrag zuzüglich bis zum Rückzahlungstag (ausschließlich) aufgelaufener Vergütungen und etwaiger Vergütungsrückstände zurückzuzahlen.

Such notice of redemption shall oblige the Issuer to redeem the Subordinated Notes at their Aggregate Principal Amount plus Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments.

(b) Kündigung und vorzeitige Rückzahlung nach Wahl der Emittentin ab dem 28. September 2020.

(b) Issuer Call Right and Early Redemption at the Option of the Issuer from 28 September 2020.

Die Emittentin kann die Nachrangigen Schuldverschreibungen (insgesamt, jedoch nicht teilweise) am 28. September 2020 oder an jedem danach folgenden Variablen Vergütungszahlungstag nach unwiderruflicher Kündigungsmitteilung an die Anleihegläubiger gemäß § 11 unter Einhaltung einer Frist von mindestens 30 und höchstens 60 Tagen kündigen.

The Issuer may call and redeem the Subordinated Notes (in whole but not in part) on 28 September 2020 or on any Floating Remuneration Payment Date thereafter upon giving not less than 30 and not more than 60 days' irrevocable notice of redemption to the Holders in accordance with § 11.

Eine solche Kündigungsmitteilung verpflichtet die Emittentin, die Nachrangigen Schuldverschreibungen am 28. September 2020 oder an dem in dieser Kündigungsmitteilung angegebenen Vergütungszahlungstag zu ihrem Gesamtnennbetrag zuzüglich bis zum Rückzahlungstag (ausschließlich) aufgelaufener Vergütungen und etwaiger Vergütungsrückstände zurückzuzahlen.

Such notice of redemption shall oblige the Issuer to redeem the Subordinated Notes on 28 September 2020 or the Remuneration Payment Date specified in that notice at their Aggregate Principal Amount plus Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments.

(6) Rückkauf von Nachrangigen Schuldverschreibungen. Die Emittentin oder Tochterunternehmen können unter Einhaltung der einschlägigen gesetzlichen Vorschriften jederzeit Nachrangige Schuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Preis kaufen. Derartig erworbene Nachrangige Schuldverschreibungen können entwertet, gehalten oder wieder veräußert werden.

(6) Purchase of Subordinated Notes. The Issuer or any Subsidiary may, in compliance with applicable laws, at any time purchase Subordinated Notes in the open market or otherwise and at any price. Such acquired Subordinated Notes may be cancelled, held or resold.

Für den Fall einer vorzeitigen Rückzahlung der Nachrangigen Schuldverschreibungen am oder vor dem 28. September 2015 beabsichtigt die Emittentin, nach dem Vorbild und im Umfang entsprechend der nachstehend beschriebenen, vom unmittelbar auf den 28. September 2015 folgenden Geschäftstag geltenden Verpflichtung

In the event of an early redemption on or prior to 28 September 2015, the Issuer intends, guided by but not exceeding the terms and conditions of the undertaking below taking effect as of the Business Day following 28 September 2015, that, to the extent that the Subordinated Notes provide the Issuer with equity credit for rating purposes at the

und sofern die Nachrangigen Schuldverschreibungen zum Zeitpunkt einer solchen Rückzahlung eine Eigenkapitalanrechnung für Ratingagentur Zwecke ermöglichen, den Gesamtnennbetrag der Nachrangigen Schuldverschreibungen mit Beträgen zurückzuzahlen, die der Höhe nach den Nettoerlösen aus dem Verkauf oder der Ausgabe von Wertpapieren durch die Emittentin oder eine Tochtergesellschaft an Dritte (ausgenommen Konzerngesellschaften) entsprechen, die der Emittentin oder der Tochtergesellschaft im Zeitraum von 360 Tagen vor einem solchen Rückzahlungstag zufließen, und die Emittentin zum Zeitpunkt des Verkaufs bzw. der Ausgabe für diese Wertpapiere eine Eigenkapitalanrechnung erhält, die mindestens so hoch ist wie die Eigenkapitalanrechnung, die die Nachrangigen Schuldverschreibungen zum Zeitpunkt ihrer Begebung aufgewiesen haben.

Anleihegläubiger werden darauf hingewiesen, dass sich die Emittentin (vorbehaltlich bestimmter Ausnahmen) an oder um den Ausgabebetrag der Nachrangigen Schuldverschreibungen zu Gunsten der jeweiligen Gläubiger einer festgelegten Kategorie von Schuldtiteln, die gegenüber den Nachrangigen Schuldverschreibungen vorrangig sind, dazu verpflichtet hat, vom Geschäftstag nach dem 28. September 2015 und bis zum 28. September 2040 (einschließlich), keine Nachrangigen Schuldverschreibungen zurückzuzahlen oder zurückzukaufen und keiner Tochtergesellschaft zu gestatten, Nachrangige Schuldverschreibungen zu kaufen, wenn nicht die Emittentin oder eine ihrer Konzerngesellschaften, welche die Aufgabe haben, Finanzierungsmittel zur Finanzierung der Emittentin und anderer Konzerngesellschaften aufzunehmen, innerhalb von 360 Tagen vor einer solchen Rückzahlung oder eines solchen Kaufs Aktien oder bestimmte eigenkapitalähnliche Finanzinstrumente verkauft oder ausgegeben hat. Diese Verpflichtung kann die Emittentin selbst in solchen Situationen davon abhalten, die Nachrangigen Schuldverschreibungen zurückzuzahlen oder zurückzukaufen, in denen eine Rückzahlung oder ein Rückkauf im Interesse der Emittentin und der Anleihegläubiger läge.

(7) *Kündigungsrecht der Emittentin bei geringem ausstehenden Gesamtnennbetrag.* Falls die Emittentin und/oder eine Tochtergesellschaft allein oder gemeinsam Nachrangige Schuldverschreibungen im Volumen von 80% oder mehr des ursprünglich begebenen Gesamtnennbetrages der Nachrangigen Schuldverschreibungen erworben hat, kann die Emittentin die verbleibenden Nachrangigen Schuldverschreibungen (insgesamt, jedoch nicht

time of such a redemption, it will repay the Aggregate Principal Amount of the Subordinated Notes upon such redemption with amounts which correspond to the net proceeds received by the Issuer or any of the Subsidiaries from the sale or issuance, during the 360-day period prior to the date of such redemption, by it or any Subsidiary to third party purchasers, other than a group entity, of securities for which the Issuer will receive equity credit, at the time of sale or issuance, that is equal to or greater than the equity credit attributed to the Subordinated Notes at the time of their issuance.

Holders are notified that the Issuer, at or around the time of issuance of the Subordinated Notes, has undertaken for the benefit of holders, from time to time, of designated series of debt securities ranking senior to the Subordinated Notes, that the Issuer (subject to certain exemptions) will not redeem or repurchase, and to procure that Subsidiaries will not purchase the Subordinated Notes from the Business Day following 28 September 2015 to, and including, 28 September 2040, unless the Issuer or one or more of its group entities, which have the purpose to raise financing for the Issuer and other group entities, has sold or issued shares or certain equity-like instruments during a period of 360 days prior to the date of that redemption or purchase. This undertaking may prevent the Issuer from redeeming or repurchasing the Subordinated Notes even in circumstances where such redemption or repurchase would be in the interest of the Issuer and the Holders.

(7) *Issuer Call Right in the case of Minimal Outstanding Aggregate Principal Amount.* In the event that the Issuer and/or any Subsidiary has, severally or jointly, purchased Subordinated Notes equal to or in excess of 80 per cent. of the Aggregate Principal Amount of the Subordinated Notes initially issued the Issuer may call and redeem the remaining Subordinated Notes (in whole but not in part) upon giving not less than 30 and not more than 60 days' irrevocable notice of

teilweise) nach unwiderruflicher Kündigungsmitteilung an die Anleihegläubiger gemäß § 11 unter Einhaltung einer Frist von mindestens 30 und höchstens 60 Tagen kündigen und zu einem Betrag zurückzahlen, der (i) dem Vorzeitigen Rückzahlungsbetrag sowie etwaiger Vergütungsrückstände entspricht, soweit eine solche Rückzahlung vor dem 28. September 2020 erfolgt, bzw. (ii) den ausstehenden Gesamtnennbetrag nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaiger Vergütungsrückstände entspricht, soweit eine solche Rückzahlung am oder nach dem 28. September 2020 erfolgt.

(8) *Kündigungsrecht der Emittentin und vorzeitige Rückzahlung aufgrund Kontrollwechsels.*

(a) In dem Fall, dass eine Person oder mehrere Personen, die gemeinsam handeln, die Kontrolle (wie nachstehend definiert) über die Emittentin erlangt haben (ein "**Kontrollwechsel**"), ist die Emittentin innerhalb des Kontrollwechselzeitraums (wie nachstehend definiert) jederzeit berechtigt, die Nachrangigen Schuldverschreibungen (insgesamt, jedoch nicht teilweise) nach unwiderruflicher Kündigungsmitteilung an die Anleihegläubiger gemäß § 11 unter Einhaltung einer Frist von mindestens 30 und höchstens 60 Tagen zurück zu zahlen, vorausgesetzt, dass wenn vor einer solchen Rückzahlung eine Ratingherabstufung (wie in § 4(4)(a) definiert) in Folge des Kontrollwechsels innerhalb des Kontrollwechselzeitraums eintritt, die Emittentin die Nachrangigen Schuldverschreibungen ungeachtet des in einer hinsichtlich der Rückzahlung erfolgten vorherigen Kündigungsmitteilung bestimmten Rückzahlungstages nicht vor einem Geschäftstag zurückzahlen darf, der 120 Tage nach dem Eintritt einer solchen Ratingherabstufung folgt. Eine Rückzahlung aufgrund Kontrollwechsels erfolgt zu einem Betrag (i) der dem Vorzeitigen Rückzahlungsbetrag sowie etwaiger Vergütungsrückstände, soweit eine solche Rückzahlung vor dem 28. September 2020 erfolgt, entspricht, bzw. (ii) dem Gesamtnennbetrag nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaiger Vergütungsrückstände entspricht, soweit eine solche Rückzahlung am oder nach dem 28. September 2020 erfolgt. Die Emittentin hat den Anleihegläubigern den Eintritt eines Kontrollwechsels unverzüglich gemäß § 11 anzuzeigen.

(b) "**Kontrolle**" bezeichnet das unmittelbare oder mittelbare rechtliche oder wirtschaftliche Eigentum in jedweder Form bzw. die unmittelbare oder mittelbare rechtliche oder wirtschaftliche Verfügungsbefugnis in jedweder Form (wie in § 30

redemption to the Holders in accordance with § 11 (i) at their Early Redemption Amount plus any Deferred Remuneration Payments if such redemption occurs prior to 28 September 2020, or (ii) at their outstanding Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments if such redemption occurs on or after 28 September 2020.

(8) *Issuers Call Right and Early Redemption for reasons of a Change of Control.*

(a) In the event that any person or group, acting in concert, has gained Control (as defined below) over the Issuer (a "**Change of Control**"), the Issuer may at any time within the Change of Control Period (as defined below) call and redeem the Subordinated Notes (in whole but not in part) upon giving not less than 30 and not more than 60 days' irrevocable notice to the Holders in accordance with § 11, provided that if before any such redemption is made a Downgrade (as defined in § 4(4)(a)) occurs as a result of the Change of Control within the Change of Control Period, the Issuer must not redeem the Subordinated Notes on a Business Day earlier than 120 days after the occurrence of such Downgrade irrespective of the date of redemption determined in any prior notice given in respect of such a redemption. Any redemption for reasons of a Change of Control shall be (i) at their Early Redemption Amount plus any Deferred Remuneration Payments if such redemption occurs prior to 28 September 2020, or (ii) at their Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments if such redemption occurs on or after 28 September 2020. Immediately after the occurrence of a Change of Control the Issuer shall give notice thereof to the Holders in accordance with § 11.

(b) "**Control**" means any direct or indirect legal or beneficial ownership or any direct or indirect legal or beneficial entitlement (as described in § 30 German Securities Acquisition and Takeover Act (*Wertpapierübernahmegesetz*) of, in the aggregate,

Wertpapierübernahmegesetz beschrieben) an insgesamt mehr als 50% der Stimmrechte in der Hauptversammlung der Emittentin.

(c) Der "**Kontrollwechselzeitraum**" beginnt am Tag des Kontrollwechsels und endet 180 Tage danach.

more than 50 per cent. of the voting rights in a shareholder's meeting of the Issuer.

(c) The "**Change of Control Period**" shall commence on the date of the Change of Control on the date of the Change of Control, and shall end 180 days thereafter.

§ 6 ZAHLUNGEN

(1) *Zahlung von Kapital und Vergütungen.* Die Emittentin verpflichtet sich, Kapital und Vergütungen auf die Nachrangigen Schuldverschreibungen sowie alle sonstigen auf die Nachrangigen Schuldverschreibungen zahlbaren Beträge bei Fälligkeit in Euro zu zahlen. Die Zahlung von Kapital und Vergütungen erfolgt an die Hauptzahlstelle zur Weiterleitung an das Clearingsystem oder an dessen Order zur Gutschrift für die jeweiligen Kontoinhaber und im Fall von Vergütungen auf Nachrangige Schuldverschreibungen, die durch die Vorläufige Globalurkunde verbrieft sind, nach ordnungsgemäßer Bescheinigung gemäß § 2(2)(b). Die Zahlung an das Clearingsystem oder an dessen Order, vorausgesetzt, die Nachrangigen Schuldverschreibungen werden noch durch das Clearingsystem gehalten, befreit die Emittentin in Höhe der geleisteten Zahlung von ihren entsprechenden Verbindlichkeiten aus den Nachrangigen Schuldverschreibungen.

(2) *Fälligkeitstag kein Geschäftstag.* Falls ein Fälligkeitstag für die Zahlung von Kapital und/oder Vergütungen kein Geschäftstag ist, erfolgt die Zahlung, außer im Fall des § 4(3)(b), erst am nächstfolgenden Geschäftstag; Anleihegläubiger sind nicht berechtigt, Zinsen oder eine andere Entschädigung wegen eines solchen Zahlungsaufschubs zu verlangen.

(3) *Lieferung und Zahlungen nur außerhalb der Vereinigten Staaten.* Unbeschadet der übrigen Bestimmungen in diesen Anleihebedingungen erfolgen die Lieferung oder Kapitalrückzahlungen oder Vergütungszahlungen bezüglich der Nachrangigen Schuldverschreibungen, sei es in bar oder in anderer Form, ausschließlich außerhalb der Vereinigten Staaten.

§ 7 BESTEUERUNG

(1) *Zusätzliche Beträge.* Sämtliche auf die Nachrangigen Schuldverschreibungen zu zahlenden Beträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich

§ 6 PAYMENTS

(1) *Payment of Principal and Remuneration.* The Issuer undertakes to pay, as and when due, principal and Remuneration as well as all other amounts payable on the Subordinated Notes in euro. Payment of principal and Remuneration on the Subordinated Notes shall be made to the Principal Paying Agent for on-payment to the Clearing System or to its order for credit to the respective accountholders and, in the case of payments of Remuneration on Subordinated Notes represented by the Temporary Global Note, upon due certification as provided in § 2(2)(b). Payments to the Clearing System or to its order shall, to the extent of amounts so paid and provided the Subordinated Notes are still held on behalf of the Clearing System, constitute the discharge of the Issuer from its corresponding obligations under the Subordinated Notes.

(2) *Due Date not a Business Day.* Except as otherwise provided in § 4(3)(b), if the due date for any payment of principal and/or Remuneration is not a Business Day, payment shall be effected only on the next Business Day; a Holder shall have no right to claim payment of any interest or other indemnity in respect of such delay in payment.

(3) *No Delivery or Payment Except outside United States.* Notwithstanding any other provision of these Terms and Conditions, no delivery or payment of principal or Remuneration in respect of the Subordinated Notes, whether in cash or otherwise, shall be made unless such payment is made outside the United States.

§ 7 TAXATION

(1) *Additional Amounts.* All amounts payable in respect of the Subordinated Notes shall be made by the Issuer without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of

welcher Art durch die Emittentin zu leisten, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer Gebietskörperschaft oder Steuerbehörde der oder in der Bundesrepublik Deutschland auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben. In diesem Fall wird die Emittentin diejenigen zusätzlichen Beträge (die "**zusätzlichen Beträge**") zahlen, die erforderlich sind, damit die den Gläubigern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Gläubigern empfangen worden wären; die Verpflichtung zur Zahlung solcher zusätzlicher Beträge besteht jedoch nicht im Hinblick auf Steuern und Abgaben, die:

(a) von einer als Depotbank oder Inkassobeauftragter des Gläubigers handelnden Person zu zahlen oder sonst auf andere Weise zu entrichten sind als dadurch, dass die Emittentin bei den von ihr zu leistenden Zahlungen von Kapital oder Vergütungen einen Abzug oder Einbehalt vornimmt; oder

(b) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Gläubigers zu der Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Nachrangigen Schuldverschreibungen aus Quellen in der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder

(c) aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der die Bundesrepublik Deutschland oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt, abzuziehen oder einzubehalten sind; oder

(d) aufgrund einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung von Kapital oder Vergütungen oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Mitteilung gemäß § 11 wirksam wird; oder

(e) von einer Zahlstelle abgezogen oder einbehalten werden, wenn eine andere Zahlstelle die Zahlung ohne einen solchen Abzug oder Einbehalt hätte leisten können.

withholding or deduction by or on behalf of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts (the "**Additional Amounts**") as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction. No such Additional Amounts shall be payable on account of any taxes or duties which:

(a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or Remuneration made by it, or

(b) are payable by reason of the Holder having, or having had, some personal or business connection with the Federal Republic of Germany and not merely by reason of the fact that payments in respect of the Subordinated Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany, or

(c) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which the Federal Republic of Germany or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding, or

(d) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment becomes due, or is duly provided for and notice thereof is published in accordance with § 11, whichever occurs later, or

(e) are deducted or withheld by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such deduction or withholding.

(2) *Andere Steuerrechtsordnung.* Falls die Emittentin zu irgendeinem Zeitpunkt einer anderen Steuerrechtsordnung als der gegenwärtig maßgeblichen Steuerrechtsordnung der Emittentin oder einer zusätzlichen Steuerrechtsordnung unterworfen wird, sollen die Bezugnahmen in diesem § 7 auf die Rechtsordnung der Emittentin als Bezugnahmen auf die Rechtsordnung der Emittentin und/oder diese anderen Rechtsordnungen gelesen und ausgelegt werden.

(3) *Bezugnahmen.* Jede Bezugnahme in diesen Anleihebedingungen auf "*Kapital*" und/oder "*Vergütungen*" im Hinblick auf die Nachrangigen Schuldverschreibungen bezieht sich auch auf die zusätzlichen Beträge, die nach diesem § 7 zu zahlen sind. Soweit sich aus dem Zusammenhang nichts anderes ergibt, beinhalten die Bezugnahmen in diesen Anleihebedingungen auf "*Kapital*" jeden Rückzahlungsbetrag und alle anderen Beträge, die nach diesen Anleihebedingungen ihrer Natur gemäß als Kapital anzusehen sind. Die Bezugnahmen auf "*Vergütungen*" beinhalten alle Beträge, die gemäß § 4 zu zahlen sind und alle anderen Beträge, die nach diesen Anleihebedingungen ihrer Natur gemäß Vergütungen sind.

(2) *Other Tax Jurisdiction.* If at any time the Issuer becomes subject to any taxing jurisdiction other than, or in addition to, the currently relevant taxing jurisdiction of the Issuer, references in this § 7 to the jurisdiction of the Issuer shall be read and construed as references to the jurisdiction of the Issuer and/or to such other jurisdiction(s).

(3) *References.* Any reference in these Terms and Conditions to "*principal*" and/or "*Remuneration*" in respect of the Subordinated Notes shall be deemed also to refer to any additional amounts which may be payable under this § 7. Unless the context otherwise requires, any reference in these Conditions of Issue to "*principal*" shall include any redemption amount and any other amounts in the nature of principal payable pursuant to these Conditions of Issue and "*Remuneration*" shall include all amounts payable pursuant to § 4 and any other amounts in the nature of remuneration payable pursuant to these Terms and Conditions.

§ 8 VORLEGUNGSFRIST

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Nachrangigen Schuldverschreibungen auf 10 Jahre verkürzt.

§ 8 PRESENTATION PERIOD

The presentation period of the Subordinated Notes provided in § 801 paragraph 1 sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to 10 years.

§ 9 ZAHLSTELLEN UND BERECHNUNGSSTELLE

(1) *Hauptzahlstelle.* Die Hauptzahlstelle (die "**Hauptzahlstelle**") ist:

Deutsche Bank Aktiengesellschaft
Trust & Securities Services
Große Gallusstraße 10–14
60272 Frankfurt am Main
Bundesrepublik Deutschland

(2) *Berechnungsstelle.* Die Berechnungsstelle (die "**Berechnungsstelle**") ist:

Deutsche Bank Aktiengesellschaft
Trust & Securities Services
Große Gallusstraße 10–14
60272 Frankfurt am Main
Bundesrepublik Deutschland

(3) *Erfüllungsgehilfe(n) der Emittentin.* Die

§ 9 PAYING AGENTS AND CALCULATION AGENT

(1) *Principal Paying Agent.* Principal paying agent (the "**Principal Paying Agent**") shall be:

Deutsche Bank Aktiengesellschaft
Trust & Securities Services
Große Gallusstraße 10–14
60272 Frankfurt am Main
Federal Republic of Germany

(2) *Calculation Agent.* Calculation agent (the "**Calculation Agent**") shall be:

Deutsche Bank Aktiengesellschaft
Trust & Securities Services
Große Gallusstraße 10–14
60272 Frankfurt am Main
Federal Republic of Germany

(3) *Agent of the Issuer.* The Principal Paying Agent

Hauptzahlstelle und die Berechnungsstelle handeln ausschließlich als Beauftragte der Emittentin und übernehmen keine Verpflichtungen gegenüber den Anleihegläubigern; es wird kein Vertrags-, Auftrags- oder Treuhandverhältnis zwischen ihnen und den Anleihegläubigern begründet.

(4) *Berechnungen der Berechnungsstelle.* Sämtliche Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieser Anleihebedingungen gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht vorsätzliches Fehlverhalten oder ein offensichtlicher Irrtum vorliegt) für die Emittentin, die Anleihegläubiger und die Zahlstellen bindend.

(5) *Ersetzung von Hauptzahlstelle und Berechnungsstelle.* Die Emittentin behält sich das Recht vor, jederzeit eine weitere Zahlstelle (gemeinsam mit der Hauptzahlstelle, die "Zahlstellen", und jede eine "Zahlstelle") oder eine andere Zahlstelle oder Berechnungsstelle zu beauftragen oder eine solche Beauftragung zu beenden und zusätzliche oder Nachfolge-Zahlstellen bzw. Berechnungsstellen zu ernennen. Den Anleihegläubigern werden Änderungen in Bezug auf die Zahlstellen oder die Berechnungsstelle oder ihre jeweils angegebenen Geschäftsstellen unverzüglich gemäß § 11 mitgeteilt.

§ 10 AUFSTOCKUNG

Die Emittentin darf von Zeit zu Zeit ohne Zustimmung der Anleihegläubiger weitere Nachrangige Schuldverschreibungen mit gleicher Ausstattung (oder mit abweichender Ausstattung, sofern sich diese Abweichung nur auf die erste Vergütungszahlung und/oder den Ausgabepreis bezieht) wie diese Nachrangigen Schuldverschreibungen begeben, so dass die neu begebenen Nachrangigen Schuldverschreibungen mit diesen eine einheitliche Serie bilden.

§ 11 MITTEILUNGEN

(1) *Bekanntmachungen.* Solange die Nachrangigen Schuldverschreibungen auf der offiziellen Liste der Luxemburger Börse notiert und zum Handel am regulierten Markt der Luxemburger Börse zugelassen sind und soweit es die Bestimmungen dieser Börse verlangen, erfolgen Bekanntmachungen in einer führenden Tageszeitung mit allgemeiner Verbreitung in Luxemburg (voraussichtlich dem "*Luxemburger*

and the Calculation Agent act solely as agents of the Issuer and do not assume any obligations towards or relationship of contract, agency or trust for or with any of the Holders.

(4) *Calculations made by the Calculation Agent.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Conditions of Issue by the Calculation Agent shall (in the absence of wilful misconduct or manifest error) be binding upon the Issuer, the Holders and the Paying Agents

(5) *Replacement of Principal Paying Agent and Calculation Agent.* The Issuer reserves the right at any time to appoint an additional paying agent (together with the Principal Paying Agent, the "Paying Agents, and each a "Paying Agent") or to vary or terminate the appointment of any Paying Agent or the Calculation Agent and to appoint successor or additional Paying Agents or a successor Calculation Agent. Notice of any change in the Paying Agents or Calculation Agent or in the specified office of any Paying Agent or the Calculation Agent will be given without undue delay to the Holders in accordance with § 11.

§ 10 INCREASE

The Issuer may from time to time, without the consent of the Holders, issue further subordinated notes having the same terms and conditions as such Subordinated Notes in all respects (or in all respects except for the first payment of Remuneration and the issue price, if any) so as to form a single series with the Subordinated Notes.

§ 11 NOTICES

(1) *Publications.* For as long as Subordinated Notes are listed on the official list of and admitted to trading on the regulated market of the Luxembourg Stock Exchange and to the extent the rules of that exchange so require, such notices will be published in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any

Wort") oder auf der Internetseite der Luxemburger Börse (www.bourse.lu). Jede derartige Mitteilung gilt am dritten Tag nach dem Tag der Veröffentlichung als wirksam erfolgt.

(2) *Mitteilungen an das Clearingsystem.* Zusätzlich wird die Emittentin alle die Nachrangigen Schuldverschreibungen betreffenden Mitteilungen an das Clearing System zur Weiterleitung an die Anleihegläubiger übermitteln. Jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearingsystem als den Anleihegläubigern mitgeteilt.

(3) Die Emittentin stellt sicher, dass alle Mitteilungen ordnungsgemäß in Übereinstimmung mit den Erfordernissen der jeweiligen Börsen, an denen die Nachrangigen Schuldverschreibungen notiert sind, erfolgen.

such notice shall be deemed to have been given to the Holders on third day following the date of such publication.

(2) *Notification to Clearing System.* In addition the Issuer shall deliver all notices concerning the Subordinated Notes to the Clearing System for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been given to the Holders on the seventh day following the day on which the said notice was given to the Clearing System.

(3) The Issuer shall also ensure that notices are duly published in compliance with the requirements of each stock exchange on which the Subordinated Notes are listed.

§ 12

ERSETZUNG DER EMITTENTIN

(1) *Ersetzung.* Die Emittentin ist jederzeit berechtigt, ohne Zustimmung der Anleihegläubiger eine Finanzierungsgesellschaft (wie unten definiert) als neue Anleiheschuldnerin für alle sich aus oder im Zusammenhang mit den Nachrangigen Schuldverschreibungen ergebenden Verpflichtungen mit Schuld befreiender Wirkung für die Emittentin an die Stelle der Emittentin zu setzen (die "**Neue Anleiheschuldnerin**"), sofern

(a) die Emittentin nicht mit irgendwelchen auf die Nachrangigen Schuldverschreibungen zahlbaren Beträgen in Verzug ist;

(b) die Neue Anleiheschuldnerin alle Verpflichtungen der Emittentin in Bezug auf die Nachrangigen Schuldverschreibungen übernimmt;

(c) die Neue Anleiheschuldnerin und die Emittentin sämtliche für die Schuldnerersetzung und die Erfüllung der Verpflichtungen aus oder im Zusammenhang mit den Nachrangigen Schuldverschreibungen erforderlichen Genehmigungen und Zustimmungen erhalten hat;

(d) die Neue Anleiheschuldnerin alle behördlichen Genehmigungen erhalten hat und berechtigt ist, an die Hauptzahlstelle die zur Erfüllung der Zahlungsverpflichtungen auf die Nachrangigen Schuldverschreibungen zu zahlenden Beträge in der hierin festgelegten Währung zu zahlen, und zwar ohne Abzug oder Einbehalt von Steuern oder sonstigen Abgaben jedweder Art, die von dem Land (oder den Ländern), in dem (in denen) die Neue Anleiheschuldnerin ihren Sitz oder Steuersitz hat, auferlegt, erhoben oder eingezogen werden;

§ 12

SUBSTITUTION OF THE ISSUER

(1) *Substitution.* The Issuer may at any time, without the consent of the Holders, substitute for the Issuer any Finance Subsidiary (as defined below) of the Issuer as new debtor (the "**New Debtor**") in respect of all obligations arising under or in connection with the Subordinated Notes, with the effect of releasing the Issuer of all such obligations, if:

(a) the Issuer is not in default in respect of any amount payable under any of the Subordinated Notes;

(b) the New Debtor assumes all obligations of the Issuer in respect of the Subordinated Notes;

(c) the New Debtor and the Issuer has obtained all authorisations and approvals necessary for the substitution and the fulfilment of the obligations arising under or in connection with the Subordinated Notes;

(d) the New Debtor has obtained all necessary governmental authorisations and may transfer to the Principal Paying Agent in the currency required hereunder and without being obligated to deduct or withhold any taxes or other duties of whatever nature imposed, levied or deducted by the country (or countries) in which the New Debtor has its domicile or tax residence all amounts required for the performance of the payment obligations arising from or in connection with the Subordinated Notes;

(e) die Neue Anleiheschuldnerin sich verpflichtet hat, die Anleihegläubiger hinsichtlich solcher Steuern, Abgaben oder behördlicher Gebühren freizustellen, die den Anleihegläubigern bezüglich der Ersetzung auferlegt werden;

(e) the New Debtor has agreed to indemnify the Holders against such taxes, duties or governmental charges as may be imposed on the Holders in connection with the substitution;

(f) die Emittentin unwiderruflich und unbedingt auf nachrangiger Basis gegenüber den Gläubigern die Zahlung aller von der Neuen Anleiheschuldnerin auf die Nachrangigen Schuldverschreibungen zahlbaren Beträge zu Bedingungen garantiert, die marktüblichen Standards entsprechen;

(f) the Issuer irrevocably and unconditionally guarantees on a subordinated basis in favour of each Holder the payment of all sums payable by the New Debtor in respect of the Subordinated Notes on market standard terms;

(g) jede Wertpapierbörse, an der die Nachrangigen Schuldverschreibungen zugelassen sind, bestätigt hat, dass nach der vorgesehenen Ersetzung durch die Neue Anleiheschuldnerin diese Nachrangigen Schuldverschreibungen weiterhin an dieser Wertpapierbörse zugelassen sind;

(g) each stock exchange on which the Subordinated Notes are listed shall have confirmed that, following the proposed substitution of the New Debtor, such Subordinated Notes will continue to be listed on such stock exchange;

(f) soweit anwendbar, die Neue Anleiheschuldnerin einen Zustellungsbevollmächtigten in der Bundesrepublik Deutschland für alle Rechtsstreitigkeiten aus oder im Zusammenhang mit den Nachrangigen Schuldverschreibungen ernannt hat; und

(f) if applicable, the New Debtor has appointed a process agent as its agent in the Federal Republic of Germany to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Subordinated Notes; and

(g) der Hauptzahlstelle jeweils ein Rechtsgutachten bezüglich der betroffenen Rechtsordnungen von anerkannten Rechtsberatern vorgelegt wird, dass die Bestimmungen in den vorstehenden Unterabsätzen (a) bis (f) erfüllt wurden.

(g) there shall have been delivered to the Principal Paying Agent one legal opinion for each jurisdiction affected of legal advisers of recognised standing to the effect that subparagraphs (a) to (f) above have been satisfied.

Für die Zwecke dieses § 12 bedeutet "**Finanzierungsgesellschaft**" eine mehrheitliche Tochtergesellschaft der Emittentin, deren Unternehmenszweck in der Aufnahme von Finanzierungsmitteln zur Finanzierung der Emittentin und anderer Konzerngesellschaften besteht.

For purposes of this § 12, "**Finance Subsidiary**" shall mean any majority-owned subsidiary whose purpose is to raise financing for the Issuer and other group entities.

(2) *Bezugnahmen.* Im Fall einer Schuldnerersetzung nach Maßgabe von § 12(1) gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin als eine solche auf die Neue Anleiheschuldnerin und jede Bezugnahme auf die Bundesrepublik Deutschland als eine solche auf den Staat, in welchem die Neue Anleiheschuldnerin steuerlich ansässig ist.

(2) *References.* In the event of a substitution pursuant to §12 (1), any reference in these Terms and Conditions to the Issuer shall be a reference to the New Debtor and any reference to the Federal Republic of Germany shall be a reference to the New Debtor's country of domicile for tax purposes.

(3) *Mitteilung und Wirksamwerden der Ersetzung.* Die Ersetzung der Emittentin ist gemäß § 11 mitzuteilen. Mit der Mitteilung der Ersetzung wird die Ersetzung wirksam und die Emittentin (und im Falle einer wiederholten Anwendung dieses § 12 jede frühere Neue Anleiheschuldnerin) von ihren sämtlichen Verpflichtungen aus oder im

(3) *Notice and Effectiveness of Substitution.* Notice of any substitution of the Issuer shall be given by publication in accordance with § 11. Upon such publication, the substitution shall become effective, and the Issuer and, in the event of a repeated application of this § 12, any previous New Debtor shall be discharged from any and all

Zusammenhang mit den Nachrangigen Schuldverschreibungen frei. Im Falle einer solchen Ersetzung werden die Wertpapierbörsen informiert, an denen die Nachrangigen Schuldverschreibungen notiert sind.

§ 13

ANWENDBARES RECHT, GERICHTSSTAND

(1) *Anwendbares Recht.* Form und Inhalt der Nachrangigen Schuldverschreibungen sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich in jeder Hinsicht nach deutschem Recht.

(2) *Gerichtsstand.* Nicht-ausschließlicher Gerichtsstand für sämtliche im Zusammenhang mit den Nachrangigen Schuldverschreibungen entstehenden Klagen oder sonstige Verfahren ist Frankfurt am Main.

(3) *Gerichtliche Geltendmachung.* Jeder Anleihegläubiger von Nachrangigen Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Anleihegläubiger und die Emittentin Partei sind, seine Rechte aus diesen Nachrangigen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage zu schützen oder geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Nachrangigen Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Anleihegläubigers enthält, (b) den Gesamtnennbetrag der Nachrangigen Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearingsystem eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; und (ii) er legt eine Kopie der die betreffenden Nachrangigen Schuldverschreibungen verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearingsystems oder des Verwahrers des Clearingsystems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Nachrangigen Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Anleihegläubiger ein Wertpapierdepot für die Nachrangigen Schuldverschreibungen unterhält, einschließlich des Clearingsystems. Unbeschadet des

obligations under or in connection with the Subordinated Notes. In the case of such substitution, the stock exchange(s), if any, on which the Subordinated Notes are then listed will be notified.

§ 13

GOVERNING LAW, JURISDICTION

(1) *Applicable Law* The Subordinated Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law.

(2) *Submission to Jurisdiction:* The place of non-exclusive jurisdiction for any action or other legal proceedings or in connection with the Subordinated Notes shall be Frankfurt am Main.

(3) *Enforcement.* Any Holder of Subordinated Notes may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in his own name his rights arising under such Subordinated Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Subordinated Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Subordinated Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Subordinated Note in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the Global Note representing the Subordinated Notes. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Subordinated Notes and includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Subordinated Notes also in any other way which is admitted in the country of the proceedings.

Vorstehenden kann jeder Anleihegläubiger seine Rechte aus den Nachrangigen Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land des Rechtsstreits prozessual zulässig ist.

**§ 14
SPRACHE**

Diese Anleihebedingungen sind in deutscher Sprache abgefasst und mit einer unverbindlichen Übersetzung in die englische Sprache versehen. Der deutsche Wortlaut ist maßgeblich und allein rechtsverbindlich. Die englische Übersetzung ist unverbindlich und dient nur der Information.

**§ 14
LANGUAGE**

These Terms and Conditions are drawn up in the German language and provided with a non-binding English language translation. The German version shall be decisive and the only legally binding version. The English translation is for convenience and for information purposes only.

RWE AKTIENGESELLSCHAFT AND RWE GROUP

Statutory auditors

Statutory auditors of RWE Aktiengesellschaft are PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main ("**PwC**"). The responsible office is located at Friedrich-List-Straße 20, 45128 Essen, Federal Republic of Germany ("**Germany**"). PwC is a member of the Wirtschaftsprüferkammer, Rauchstraße 26, 10787 Berlin, Germany. PwC has audited the financial statements of RWE Aktiengesellschaft for the years 2009 and 2008.

Selected financial information

The selected financial information below was extracted without material adjustment from the audited consolidated financial statements of RWE Group as at and for the year ended 31 December 2009 prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU and from the reviewed condensed consolidated interim financial statements of RWE Group for the period from 1 January 2010 to 30 June 2010 prepared in accordance with IFRS applicable to interim financial reporting as adopted by the EU.

Selected Balance Sheet information

	30 June 2010	31 December 2009	31 December 2008
	EUR in million		
Non-current assets	59,009	56,563	41,763
Current assets	30,062	36,875	51,667
Total assets	89,071	93,438	93,430
Equity	13,828	13,717	13,140
Non-current liabilities	46,891	45,633	36,793
Current liabilities	28,352	34,088	43,497
Equity and Liabilities	89,071	93,438	93,430

Selected Income Statement information

	2009	2008
	EUR in million	
Revenue	46,191	47,500
Income from continuing operations before tax	5,598	4,866
Income	3,831	2,876
Net income / income attributable to RWE AG shareholders	3,571	2,558
Basic and diluted earnings per common and preferred share in EUR	6.70	4.75

	Jan - Jun 2010	Jan - Jun 2009
	EUR in million	
Revenue	25,942	23,614
Income from continuing operations before tax	3,160	3,384
Income	2,226	2,365
Net income / income attributable to RWE AG shareholders	2,043	2,222
Basic and diluted earnings per common and preferred share in EUR	3.83	4.17

Selected Cash Flow Statement information

	2009	2008
	EUR in million	
Cash flows from operating activities	5,310	9,326
Cash flows from investing activities	-8,404	-4,351
Cash flows from financing activities	4,904	-5,617
Net change in cash and cash equivalents	1,825	-673
Cash and cash equivalents at end of the reporting period	3,074	1,249

	Jan - Jun 2010	Jan - Jun 2009
	EUR in million	
Cash flows from operating activities	1,736	1,645
Cash flows from investing activities	-1,625	-5,322
Cash flows from financing activities	-916	5,267
Net change in cash and cash equivalents	-804	1,597
Cash and cash equivalents at end of the reporting period	2,270	2,846

General information about RWE Aktiengesellschaft

RWE Aktiengesellschaft was founded on 25 April 1898 as Rheinisch-Westfälisches Elektrizitätswerk Aktiengesellschaft with its seat in Essen, Germany. In 2000, RWE Aktiengesellschaft and VEW Aktiengesellschaft ("VEW") with its seat in Dortmund, Germany, decided to merge their operations. To achieve this, both RWE Aktiengesellschaft and VEW transferred their assets in their entirety to RWE Gesellschaft für Beteiligungen mbH which was subsequently converted into a stock corporation (RWE Aktiengesellschaft für Beteiligungen) with its seat in Essen, Germany. RWE Aktiengesellschaft and VEW were dissolved when the merger became effective on 24 November 2000 and RWE Gesellschaft für Beteiligungen Aktiengesellschaft changed its name to RWE Aktiengesellschaft to become the legal successor of the former RWE Aktiengesellschaft and VEW.

RWE Aktiengesellschaft is incorporated in Germany and operates under German law. It has its seat and is registered in Essen, Germany (HRB 14525). The address of its registered office is Opernplatz 1, 45128 Essen, Germany (Telephone: +49 (0) 201 1200).

Share buyback

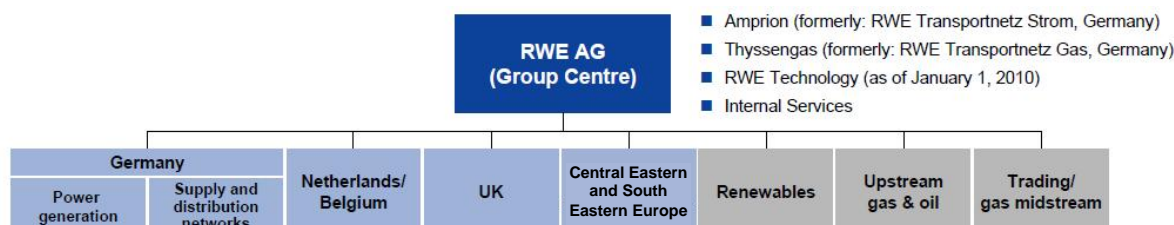
As of 30 June 2010, RWE holds 28,846,473 common shares as treasury stock. Pursuant to a resolution passed by the Annual General Meeting on 22 April 2010, RWE was authorised to purchase shares of any class in RWE totalling up to 10 per cent. of RWE's share capital until 21 October 2011. Share buybacks may also be conducted by exercising put or call options.

Business overview – principal activities and principal markets

RWE Group is primarily active in the generation, transmission, distribution and sale of energy in Germany, the United Kingdom ("UK"), The Netherlands, Belgium and Central Eastern Europe and in the exploration and production of oil and gas in Europe and North Africa. In addition, RWE Group is active in the supply of water (and treatment of wastewater) in Germany and Central Eastern and South Eastern Europe. RWE Group ranks among the market leaders in at least one of its core businesses in these regions. RWE Group's divisions Germany, UK, and The Netherlands/Belgium account for 37 per cent., 15 per cent. and 13 per cent. of group revenue respectively, making these countries the major sales markets. Furthermore, RWE Group runs a large trading operation for energy and energy related products in Europe.

RWE Group intends to widen the geographic scope of its business into South-Eastern Europe, including Turkey.

Organisational structure



RWE Group divisions

RWE Group is organised into a series of divisions with RWE as the parent company. As the group's head office it concentrates on group-managing tasks. These include strategy, planning, financing, legal services, accounting, controlling, communications and the group-wide development of top-level management. RWE's earnings are largely determined by the earnings generated by its subsidiaries. In 2009, RWE implemented reorganisation measures to align the executive management of RWE Group to national markets. The single most important measure is the merger of the two regional companies RWE Rhein-Ruhr AG and RWE Westfalen-Weser-Ems AG to form a sales company (RWE Vertrieb AG) and a distribution network company (RWE Rheinland Westfalen Netz AG). RWE Energy AG, the former energy holding company, was merged into RWE. The two new entities and RWE Group's other regional companies report directly to RWE. As a result of the reorganisation, RWE Group reported on the fiscal year 2009 based on a new segment structure.

Acquisition of Essent N.V. by RWE Aktiengesellschaft

The acquisition of Essent N.V. ("**Essent**") was completed on 30 September 2009. Essent's waste management and distribution network operations have been carved out of the transaction. The same applies to Essent's 50 per cent. stake in the EPZ (*Elektriciteits-Productiemaatschappij Zuid-Nederland*) joint venture, operator of the Borssele nuclear power station. A court ruling on this part of the business is pending. The stake in EPZ will remain under ownership of Essent's former shareholders until the proceedings have been concluded. The European Commission gave RWE antitrust clearance on condition that Essent divest its 51 per cent. stake in Stadtwerke Bremen (swb). This took place as of 21 October 2009. Taking into account the sale of the stake in swb and the spin-out of the EPZ interest as well as further adjustments, the Essent transaction has a value of approximately EUR 7.3 billion. The company is now managed by a four-member executive board, headed by Peter Terium, who is of Dutch nationality and whose previous positions include that of Chairman of the Board of Directors of RWE Supply & Trading. The integration of Essent's acquired operations is expected to be completed until the end of 2010.

Divestment of North American water activities

After the initial public offering of the United States water utility American Water in April 2008, RWE divested its remaining shares in the company in 2009. At the beginning of 2009, RWE still held a 60.5 per cent. stake. The remaining shares in American Water were issued in three tranches over the course of the year, for a total of USD 1.9 billion (about EUR 1.3 billion).

Trend information

Except as disclosed in this Prospectus, there has been no material adverse change in the prospects of RWE since 31 December 2009.

General economic environment

The economic recovery generally observed since the middle of last year has continued in 2010. The recent rise in order intake caused production activity to increase in industrialised countries. Growth is also supported by state stimulus programmes and expansionary monetary policy. Growth in the Eurozone was weaker, as the upturn in this region was weakened by the national finance crises faced by several member states. However, the weak euro spurred exports. In Germany, the Eurozone's largest economy, economic output might increase by up to 2 per cent. Industrial production is the main force driving the economy. In

April and May, it seems to have surpassed the year-earlier figures by 15 per cent. and 14 per cent., respectively. Recapture effects in the construction sector added to this in the second quarter. Increased industrial production was also the basis of recovery in The Netherlands. RWE Group estimated the country's GDP to have risen marginally in the period being reviewed. The same holds true for the UK economy, posting an approximated 0.7 per cent. in growth. Despite its stronger performance in the second quarter, the United Kingdom continues to suffer from the incisive developments in its real estate and finance sectors. In addition, consumer spending still tends to be weak. Eastern European countries kept the momentum built up at the beginning of the year. Poland's economy fared particularly well. Based on current data, RWE Group estimates that its GDP is likely to have risen by some 3 per cent. RWE Group expects that the economic recovery might have a positive impact on demand for energy and gas in RWE Group's core markets.

Economic trends

The economy's recovery witnessed since the middle of 2009 might become stronger this year. However, the revitalising effects of the stimulus packages may gradually fade. Based on an evaluation of RWE Group, global economic output in 2010 might be more than 3.5 per cent. higher year on year. RWE Group considers it possible that in the Eurozone, it will grow by a little more than 1 per cent. The strongest drivers at present are exports. Conversely, investing activity will probably remain restrained. Capacity utilisation in European industry increased further in the second quarter but it remains below the average for the years before the economic crisis. RWE Group estimates that Germany's economy may achieve a growth rate of more than 2 per cent. in 2010. However, RWE Group believes that the GDP will return to its 2008 level no earlier than 2012. Germany's strong dependency on exports may prove to be the major pillar of the economy once again in 2010, owing to the strong momentum displayed by foreign demand. RWE Group considers it possible that Dutch and Belgian GDP might grow by more than 1 per cent. The estimate is similar for the UK. RWE Group's Eastern European markets differ from one another. Moderate expansion is expected for Poland (up to 3 per cent.), the Czech Republic (over 1.5 per cent.) and Slovakia (over 3 per cent.). Hungary's economy is expected to record a marginal gain (around 0.5 per cent.).

The expected marginal economic recovery might have a positive effect on demand for energy. Industrial output in the first six months in Germany seemed to display more dynamic development than initially assumed. Furthermore, the jump in the ifo business climate index for trade and industry in July and the rise in orders, especially in energy-intensive branches of industry, are indicators of a good third quarter. Electricity consumption for the full year is estimated to be at least 3 per cent. higher than the low level recorded in 2009. In the UK, demand for electricity had already been on the decline in the years before the recession due to progress made in the field of energy efficiency. In 2010, demand is likely to rise less than in Germany. RWE Group's forecast for the Netherlands is similar. Conversely, electricity usage in RWE Group's Eastern European markets may increase by more than 3 per cent. It is expected to continue to climb in subsequent years, as the economies of these countries display dynamic development.

RWE Group expects gas demand in its core markets to rise considerably this year. Consumption may exceed the 2009 level by 3 to 5 per cent. in Germany and by as much as 5 to 8 per cent. in the UK and The Netherlands. The basis for this is the expectation of a marked rise in industrial production as well as lower temperatures altogether. For these reasons, RWE Group anticipates that usage in its Eastern European markets will grow as well. In general, the fact that gas is gaining significance over other energy sources especially in the Czech Republic and Slovakia might also have a positive effect.

Energy prices in 2010 will possibly be below the highs achieved in 2008. However, they may probably exceed the level seen in 2009. This applies in particular to crude oil and hard coal. Prices at the TTF (The Netherlands) and NBP (UK) gas trading points are also likely to be higher than in 2009 after the recovery in the second quarter. However, RWE Group expects that gas procurement on those markets will remain more affordable as the year progresses than purchases via long-term oil-indexed contracts. A flat price curve is materialising for European CO₂ emissions allowances over the medium term.

Allocation Act for Emission Trading from 2008 to 2012

The legal framework for the allocation of emission allowances in the second CO₂ trading period, which runs from 2008 to 2012, was established in 2007.

RWE Group believes that free certificate allocations between 2009 and 2012 will cover about 60 per cent. of its carbon dioxide emissions in Germany. In the UK, RWE Group's second core market, RWE Group

anticipates that it will receive free certificates for approximately 70 per cent. of its carbon dioxide emissions.

Climate-protection package for the period from 2013 to 2020

In December 2008, the European Parliament approved an "Energy and Climate Package". It includes guidelines for emissions trading after 2012 and the expansion of the renewable generation base. In addition, a legal framework was created for the capture, transportation and storage of carbon dioxide (Carbon Capture & Storage - CCS for short) produced by fossil fuel-fired power plants. According to the emissions trading directive, generators will stop receiving free emissions allowances from the government from 2013. Instead, all of the certificates for these companies will be auctioned. The necessity to purchase by auction emissions allowances from 2013 onwards will affect the results of RWE Group.

The rules governing the major parameters for the future use of Kyoto's flexible "Clean Development Mechanism" and "Joint Implementation" ("CDM/JI") are yet to be defined at the European level. The scope for earning emissions credits from international climate-protection projects is expected to be much more limited in the third trading period.

German energy policy

The change in the country's administration in the autumn of 2009 brought some movement into German energy policy. In its coalition agreement of 26 October 2009 the incumbent parties (CDU/CSU and FDP) set out their political programme, including such important topics as climate protection and security of supply. The agreement emphasises that Germany intends to defend its leading role in climate protection. The objective is to reduce domestic greenhouse gas emissions by 40 per cent. by 2020, compared to 1990. Renewable energy is to make an important contribution. Among other things, the coalition agreement envisages amending the German Renewable Energy Act (REA) effective from January 2012, more planning security for offshore wind farm operators and a reduction in subsidies for solar facilities. The development of most significance to RWE Group relates to the lifetimes of Germany's nuclear power stations. Their output is currently limited by the German Nuclear Energy Act and corresponds to 32 years of normal operation. The coalition intends to extend these lifetimes in compliance with the strict German and international safety standards because it will be impossible to achieve the climate goals otherwise.

On 5 September 2010, the German chancellor and the involved ministries agreed on an extension of nuclear lifetime. The average lifetime is planned to be extended by 12 years, power plants built after 1980 by 14 years, power plants built 1980 and earlier by 8 years. In parallel, the government and the four German nuclear power plant operators reached – subject to certain conditions – an agreement in principle on payments by the operators into a newly created public renewable energy fund. The planned payments of EUR 9 per additional megawatt hour from power plants with extended runtimes will start in 2017 and will be linked to consumer and power prices. Irredeemable advance payments by the four operators amounting to EUR 300 million *per annum* from 2011 to 2012 and EUR 200 million *per annum* from 2013 to 2016 will be allowable against the payments from 2017 onwards. All payments are deemed to be tax deductible. A part of these amounts would have to be borne by RWE Group and could significantly impact its earning power. A detailed contract shall be initialled by the end of September 2010 and be signed as soon as legislative procedures on lifetime extension are finalised.

On 7 June 2010, the German government decided to introduce a nuclear fuel tax as part of a comprehensive austerity package. The proposed tax should add some EUR 2.3 billion in annual revenue to the federal budget from 2011 onwards. The levy amounts to 145 EUR per gram of fissionable uranium or plutonium and is tax deductible. The levy is not formally linked to a potential extension of the lifetime of nuclear power stations and planned to be limited to 6 years from 2011 to 2016. A part of this amount would have to be borne by RWE Group significantly impacting its earning power.

Both nuclear lifetime extension and nuclear fuel tax have not yet passed legislative procedures and are therefore not legally binding. The final legislation may divert from the current state of discussion and may impose additional burden on the German nuclear power plant operators. A part of this amount would have to be borne by RWE Group and could significantly impact its earning power.

The coalition agreement of 26 September 2009 also addresses the construction of new, efficient coal-fired power plants, which is to be possible in the future. Furthermore, the coalition intends to rapidly translate the EU Directive of 23 April 2009 on the environmentally friendly geological storage of carbon dioxide into national law. This would provide a legal framework for operating fossil fuel-fired power stations with carbon

capture and storage (CCS). The governing parties agreed to present an overall concept outlining German energy policy by October 2010 at the latest. The German Federal Ministry of Economics and the German Federal Ministry for the Environment are to draft a joint proposal. The first key points are expected to be presented by the summer of 2010. Since the concrete implementation remains unclear to date, it is impossible to evaluate the effects on RWE Group.

Copenhagen World Climate Conference falls short of expectations

The UN Climate Conference in Copenhagen took a disappointing course in December 2009. In view of this no immediate effects on RWE Group are expected to result from this conference. The roughly 190 countries participating were unable to reach an agreement to succeed Kyoto encompassing global conditions for climate protection after 2012. The main concluding document, the "*Copenhagen Accord*", is not legally binding. However, it does include a minimal consensus establishing the concrete goal of limiting global warming to less than two degrees centigrade compared to pre-industrial levels. But it remains to be seen how this target is achieved. The delegates did not agree on concrete objectives for lowering Greenhouse gases, or on a schedule for the next steps. It is also unclear how and whether the Kyoto Clean Development Mechanism and Joint Implementation can be used after 2012.

UK government committed to low-carbon energy system

In July 2009, the UK government published a White Paper on the energy sector, establishing a policy framework for delivering the UK's legislated CO₂ reduction target of 18 per cent. by 2020, compared to 2008 levels, while ensuring security of supply. Decarbonisation of electricity generation was seen as central to achieving this, with an increased role for renewable energy, nuclear and carbon capture and storage ("**CCS**") technologies. The government proposed to increase the share of electricity production accounted for by energy from renewables to approximately one-third by 2020 and introduced a moratorium on new coal-fired power plants unless they include CCS technology for an installed capacity of at least 300 megawatt ("**MW**"). In addition, the government named sites suitable for the construction of new nuclear power stations, including Wylfa and Oldbury. RWE Group placed the winning bids for these two locations together with E.ON. The Energy Act 2010 came into force in April. Among other things, it envisages the mandatory introduction of social electricity and gas tariffs. In addition, it includes details on subsidy mechanisms for CCS pilot projects.

Following the election in May 2010, a coalition government of the Conservative and Liberal Democrat parties was formed. In its coalition agreement the newly elected government confirmed its commitment to a low-carbon energy system. On 27 July 2010, it published the first annual statement of its energy policy to Parliament outlining the programme and timetable for decisions to achieve a secure, low-carbon and affordable energy system. Within its programme the government is currently conducting a detailed appraisal of the way the electricity market should be designed. The Electricity Market Reform project will assess the role that a carbon price, emissions performance standard, revised renewable obligation, feed-in tariffs, capacity mechanisms and other interventions could play in delivering a system that supports a secure, low carbon, affordable electricity mix for the 2020's and beyond. A consultation document proposing an electricity market reform is planned for autumn 2010 with a White Paper being published in spring 2011. In addition, an Energy Bill is expected to be introduced in autumn to improve energy efficiency in British homes and businesses, to promote low carbon energy production, and to improve security of energy supplies. The coalition government is also committed to taking forward the previous government's reform of the planning system to accelerate the approval process, but has announced its intention to delay designation of the national policy statements underpinning the new planning framework in order to ensure that they are subject to appropriate scrutiny and robust to future challenge. Since the concrete implementations remain unclear to date, it is impossible to evaluate the effects on RWE Group.

Third Single Energy Market Package creates independent transmission system operators without interfering with ownership

On 15 July 2009, the EU Council of Ministers and the European Parliament agreed on the Third Single Energy Market Package designed to continue the development of a single market for electricity and gas. The main issue was how to structure ownership relationships between the transmission system operators ("**TSO**") and their parent companies in a way that ensures non-discriminatory third-party access and provides incentives for necessary investments in networks. The adopted guideline envisages network companies remaining within their respective groups, while increasing their independence substantially. TSOs must be set up as completely self-sufficient companies. They must therefore be separated from

other group companies in terms of company law and be capable of performing all operating tasks with their own personnel. The parent companies retain ownership, but the TSOs must take independent, uninfluenced decisions. The Council thus chose to go against the proposal submitted by the EU Commission earlier, which envisaged complete ownership unbundling. The guideline's provisions remain to be translated into national law. By setting up Amprion GmbH as a TSO widely independent from RWE, RWE Group has already put key elements of the unbundling rules into practice.

Management and Supervisory Bodies

Supervisory Board

Dr. Manfred Schneider

Leverkusen

Chairman

Chairman of the Supervisory Board of Bayer AG

Frank Bsirske (*)

Berlin

Deputy Chairman

Chairman of ver.di Vereinte Dienstleistungsgewerkschaft

Dr. Paul Achleitner

Munich

Member of the Executive Board of Allianz SE

Werner Bischoff (*)

Monheim am Rhein

Former Member of the Main Executive Board of IG Bergbau, Chemie, Energie

Carl-Ludwig von Boehm-Bezing

Bad Soden

Former member of the Executive Board of Deutsche Bank AG

Heinz Büchel (*)

Trier

Chairman of the General Works Council of RWE Rheinland Westfalen Netz AG

Dieter Faust (*)

Eschweiler

Chairman of the General Works Council of RWE Power AG

Andreas Henrich (*)

Siegen

Head of HR Management at RWE Rheinland Westfalen Netz AG

Frithjof Kühn

Siegburg

Chief Administrative Officer, Rhein Sieg Rural District

Hans Peter Lafos (*)

Bergheim

Regional District Sector Head, Utilities and Disposal (Sector 2),

ver.di Vereinte Dienstleistungsgewerkschaft, District of NRW

Dr. Gerhard Langemeyer

Dortmund

Former Mayor of the City of Dortmund

Dagmar Mühlenfeld

Mülheim/Ruhr

Mayor of the City of Mülheim/Ruhr

Dr. Wolfgang Reiniger

Essen

Lawyer

Günter Reppien (*)
Lingen
Qualified Electrician

Dagmar Schmeer (*)
Saarbrücken
Chairman of the Works Council of VSE AG

Dr. Wolfgang Schüssel
Vienna
Member of Austrian National Assembly

Prof. Dr.-Ing. Ekkehard D. Schulz
Krefeld
Chairman of the Executive Board of ThyssenKrupp AG

Uwe Tigges (*)
Bochum
Chairman of the General Works Council of RWE Vertrieb AG

Manfred Weber (*)
Wietze
Chairman of the General Works Council of RWE Dea AG

Dr. Dieter Zetsche
Stuttgart
Chairman of the Executive Board of Daimler AG

(*) Employee representative

Executive Board

Dr. Jürgen Großmann, Chief Executive Officer

Dr. Leonhard Birnbaum, Chief Strategy Officer

Alwin Fitting, Human Resources Director

Dr. Ulrich Jobs, Chief Operating Officer International

Dr. Rolf Pohlig, Chief Financial Officer

Dr. Rolf Martin Schmitz, Chief Operating Officer National

None of the above mentioned members of the Supervisory Board or the Executive Board have any material conflicts of interests between any duties to RWE and their private interests or other duties.

As the Chief Executive Officer of RWE, Dr. Jürgen Großmann, is a shareholder in Georgsmarienhütte Holding GmbH and RGM Gebäudemanagement GmbH, the companies of the Georgsmarienhütte Group and RGM Gebäudemanagement GmbH are classified as related parties. In the first half of 2010, RWE Group companies provided services and deliveries amounting to EUR 4.9 million to these companies (first half of 2009: EUR 3.2 million). Conversely, in the first half of 2010, the aforementioned companies provided services and deliveries amounting to EUR 1.1 million to RWE Group companies (first half of 2009: EUR 1.0 million). As of 30 June 2010, there were receivables of EUR 0.4 million (31 December 2009: EUR 0.2 million) and liabilities of EUR 0.9 million to RWE Group companies (31 December 2009: EUR 2.0 million). All transactions are completed at arm's length prices and on principle, the business relations do not differ from those maintained with other enterprises.

The members of the Supervisory Board and the members of the Executive Board may be contacted at RWE's business address: Opernplatz 1, 45128 Essen, Germany.

Board practices

RWE has established an Audit Committee that deals with issues relating to financial reporting, risk management and compliance and prepares Supervisory Board resolutions on the annual financial statements and the arrangements with the auditor of the financial statements (with due regard to the audit assignment, the determination of the audit's focal points and the agreement on fees). It also debates major

events at companies' affiliated with RWE and the addition of new or relinquishment of existing business fields that are directly assigned to RWE.

Members of the Audit Committee:

Carl-Ludwig von Boehm-Bezing (Chairman)

Werner Bischoff

Dr. Gerhard Langemeyer

Günter Reppien

Prof. Dr.-Ing. Ekkehard D. Schulz

Uwe Tigges

After an orderly audit, the Executive and Supervisory Boards of RWE AG issued the following declaration of compliance on 23 February 2010: "RWE Aktiengesellschaft complies with all of the recommendations of the Government Commission of the German Corporate Governance Code issued in the 5 August 2009 version of the Code. Likewise, from the last statement of compliance on 24 February 2009 to 5 August 2009, RWE Aktiengesellschaft has complied with all of the recommendations of the version of the Code issued on 8 August 2008, and since 6 August 2009, has complied with all of the recommendations of the 5 August 2009, version of the Code."

Major shareholders

As of December 2009, RWE was owned by the following (groups of) shareholders¹:

RW Energie-Beteiligungsgesellschaft mbH & Co. KG	16 per cent.
BlackRock, Inc.	4 per cent.
Other institutional shareholders	60 per cent.
Private shareholders	14 per cent.
Own Shares	5 per cent.
Employee shareholders	1 per cent.

¹ Percentages reflects shares in the subscribed capital.

At the end of 2009, 80 per cent. of RWE's 562.4 million shares were owned by institutional investors, while 15 per cent. were held by private investors (including employee shareholders). The remaining 5 per cent. are owned by RWE. Institutional investors from Germany hold 36 per cent. of the shares, with those in North America and the UK accounting for a combined 29 per cent. and those in Continental Europe, excluding Germany, owning 13 per cent. RW Energie-Beteiligungsgesellschaft mbH & Co. KG, in which municipal shares are pooled, is RWE's single largest shareholder, holding 16 per cent. United States-based asset management company BlackRock accounts for the largest RWE position outside Germany (4.2 per cent.). The free float of RWE common shares considered by Deutsche Börse AG in terms of index weighting was 80 per cent. at the end of the year.

Source: Shareholder identification and notifications of shareholdings in accordance with the German Securities Trading Act (*WpHG*).

Financial information concerning RWE Aktiengesellschaft's assets and liabilities, financial position and profits and losses

Historical financial information

The audited consolidated financial statements of RWE Group for the fiscal year ending on 31 December 2008 and the auditors' report thereon, together contained in RWE Group's Annual Report 2008 on pages 147-217 and 223-228, are incorporated by reference into this Prospectus.

The audited consolidated financial statements of RWE Group for the fiscal year ending on 31 December 2009 and the auditors' report thereon, together contained in RWE Group's Annual Report 2009 on pages 139-203 and 209-213, are incorporated by reference into this Prospectus.

The reviewed condensed consolidated interim financial statements of RWE Group for the period from 1 January 2010 to 30 June 2010 and the auditors' review report thereon, together contained in RWE

Group's Report on the first half of 2010 on pages 38-48, are incorporated by reference into this Prospectus.

Legal and arbitration proceedings

Except as disclosed in this Prospectus, there are no, nor have there been any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this Prospectus a significant effect on the financial position of RWE.

Nevertheless, RWE and its respective group companies are involved in a number of court and arbitration proceedings, the most important of which are listed below.

RWE and some group companies are participating in derivative suits that were initiated by outside shareholders as a result of structural measures carried out under corporation law. RWE holds the view that the conversion ratios and the volume of compensatory payments to these shareholders were appropriate. Nevertheless, the possibility that additional payments may be necessary in individual cases cannot be excluded.

Various German companies belonging to the RWE Group are defendants in a number of labour lawsuits. The two major lawsuits relate to the company pension plan in Germany and are pending a decision from the German Labour Court in 2010. The extent to which pensions are adjusted annually and the recognition of statutory pension schemes with respect to company pension plans for individuals taking early retirement under certain RWE Group pension schemes are the objects of the litigations. At present, the outcome of these lawsuits is open. However, one cannot rule out the possibility of financial burdens arising for the RWE Group, depending on the outcome of the lawsuits.

RWE Power AG is an interested third party in two lawsuits, in which the claimants are aiming for the withdrawal of the nuclear operating permits for the nuclear power plant units Biblis A and Biblis B, respectively. The claims are based on alleged insufficient protection against terrorist airplane attacks in the case of Biblis A and Biblis B as well as on alleged technical defects in the case of Biblis B. In order to extend the operating permit of Biblis A, RWE Power AG filed lawsuits against the Federal Minister for the Environment, Nature Conservation and Nuclear Safety aiming to achieve the approvals for the transfer of generating rights from Emsland NPP to Biblis A.

A lawsuit initiated by an individual citizen against an administrative operation plan for an open-cast mining area of RWE Power AG is pending with the Federal Constitution Court. The same applies to another lawsuit, by which an environmental group has challenged an administrative decision by which property owned by such group has been expropriated based on mining law. Both cases have been decided by the Federal Administrative Court in favour of RWE Power AG.

In connection with a severe accident on a power plant construction site, RWE Power AG filed for a declaratory judgement against a constructors consortium, which has been instructed with the construction of the steam generators for new power plant units. The consortium has claimed compensation for additional costs of more than EUR 100 million as well as a significant extension of the project's time schedule and threatened to otherwise limit its further efforts on the project. RWE denies the claims on the grounds that the accident was attributable to the consortium's fault.

One group company is an interested third party in a number of lawsuits connected to the erection and operation of a coal fired power plant in Eemshaven, The Netherlands. Proceedings against several public law permits (inter alia Building Permit, Environmental Management Act Permit, Nature Protection Act Permits, Water Management Act Permit) are pending with the courts.

RWE Npower plc is subject to claims by or on behalf of current and former employees and contractors in respect of industrial illness and injury. To the extent that liability exceeds the provisions made within the RWE Npower group, RWE Npower plc would be liable for 50 per cent. of any excess together with International Power plc.

RWE Npower is in discussions with the statutory Consumer Watchdog Focus in connection with certain changes made in 2007 to its method of charging domestic gas customers. The changes made were part of a package of changes at the time including a price decrease and increase in direct debit discounts. RWE Npower has previously made payments to very low consuming gas customers for whom the 2007 changes were subsequently revealed to have had a detrimental effect. Its discussions with Consumer Watchdog

Focus now are looking at the effect of the changes to charging methods without taking account of the beneficial effect of the other changes, and any payments that might be appropriate as a result.

Late in 2008, three companies of the Russian Sintez group ("**Sintez**") filed a request for arbitration against RWE and a subsidiary of RWE claiming performance of an alleged agreement to buy a 51 per cent. stake in a joint venture for the acquisition of shares in a Russian territorial generation company or compensation for breach of that agreement. RWE currently considers the maximum value of the claim by Sintez to be approximately RUB 18 billion. RWE denies and defends all of the claims.

RWE Transgas a.s. is defendant in an arbitration proceeding in which the claimant claims for payment of approximately USD 200 million plus interest plus default interest based on not offtaken take-or-pay volumes in 2008. RWE is of the opinion that a reduction of volumes was justified whereas this reduction is disputed by the claimant.

Another arbitration proceeding of RWE Transgas a.s. is dealing with the validity of the termination of a long-term gas transit agreement concluded between RWE Transgas a.s. and the claimant during the nineties. The amount in dispute (approximately EUR 120 million) corresponds to the amounts due based on the regular term of the gas transit agreement.

Several German companies of the RWE Group have appealed the regulator's decisions on transmission tariffs issued between December 2008 and February 2009. The value of the matters in dispute will exceed for at least three larger RWE companies the threshold of EUR 100 million.

One Dutch RWE company is defendant in a number of cases initiated by groups of wind farmers alleging contractual claims in connection with subsidy regime changes and market price movements. The same applies to a former group company which risks are subject to a full waiver from Essent Nederland B.V. On request of the plaintiffs and the defendants all court cases have currently been deferred due to ongoing settlement negotiations and put on hold-file by the courts.

In 2009, a gas supplier filed two arbitration procedures against RWE Supply & Trading GmbH, claiming a price adjustment in connection with a price-revision in two long term gas delivery contracts to gas fired power plants. The value in dispute is about EUR 325 million.

Furthermore, RWE and its group companies are involved in various legal actions in connection with its daily operating business including lawsuits regarding price adjustment clauses in energy delivery contracts or take or pay clauses.

Foundation for the compensation of former forced labourers

RWE welcomes the Foundation Initiative by German business and the legal security being sought for the affected companies in this context on the basis of the governmental agreement between Germany and the United States of America. RWE, along with its affiliated companies, has joined the Foundation Initiative. This Initiative established the Foundation for Remembrance, Responsibility and the Future on 12 August 2001.

Significant change in financial or trading position

Except as disclosed in this Prospectus, there has been no significant change in the financial or trading position of RWE Group since 30 June 2010.

Additional information

Share Capital

The capital stock of RWE amounts to EUR 1,439,756,800. It is fully paid up and divided into

- a) 523,405,000 common shares, and
- b) 39,000,000 non-voting preference shares.

Common and preferred shares are no-par-value bearer share certificates. Preferred shares have no voting rights. Under certain conditions, preferred shares are entitled to payment of a preference dividend of EUR 0.13 per preferred share, upon allocation of RWE's profits.

Pursuant to the resolution passed by the Annual General Meeting on 17 April 2008, the Executive Board was authorised to increase RWE's capital stock, subject to the Supervisory Board's approval, by up to

EUR 287,951,360 until 16 April 2013, through the issuance of new bearer common shares in return for contributions in cash or in kind (authorised capital). In certain cases, the subscription rights of shareholders can be waived, with the approval of the Supervisory Board.

Pursuant to the resolution passed by the Annual General Meeting on 22 April 2010, the Executive Board was authorised to purchase shares of any class in RWE totalling up to 10 per cent. of RWE's share capital until 21 October 2011. Share buybacks may also be conducted by exercising put or call options.

As of 30 June 2010, RWE holds 28,846,473 common shares as treasury stock.

In the event of an increase in the capital stock, the distribution of profits in respect of new shares can deviate from the stipulations of Section 60 of the German Stock Corporation Act (*Aktiengesetz*).

In the course of the distribution of profits, the non-voting preference shares shall be entitled to a preferred dividend of EUR 0.13 per preference share.

Memorandum and Articles of Association

RWE has the following corporate objectives (Art. 2 of the Articles of Association):

- Generation and procurement of energy, including renewable energy;
- Extraction, procurement and processing of mineral resources and other raw materials;
- Supply and trading of energy;
- Construction, operation and use of energy transmission systems;
- Supply of water and treatment of wastewater; and
- Provision of services in the aforementioned fields, including energy efficiency services

RWE has the power to conclude all transactions which are connected with the objects of RWE or which are suited to serve its purpose directly or indirectly. It may also become active in the business fields mentioned above. RWE has the power to incorporate, acquire or take interests in other enterprises, in particular if the purpose of such enterprises covers in part or in total the afore-mentioned business segments. RWE is entitled to combine enterprises in which it holds stakes under its unified control or restrict itself to the management of its holdings. RWE has the power to transfer or hive off its business operations in part or in total to affiliated companies.

TAXATION

The following is a general discussion of certain German tax consequences of the acquisition and ownership of Subordinated Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Subordinated Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws currently in force and as applied on the date of this Prospectus, in the Federal Republic of Germany which are subject to change, possibly with retroactive or retrospective effect.

PROSPECTIVE PURCHASERS OF SUBORDINATED NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF SUBORDINATED NOTES INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS APPLICABLE IN THE FEDERAL REPUBLIC OF GERMANY AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS.

1. Federal Republic of Germany

Income tax

Subordinated Notes held by tax residents as private assets

- Taxation of interest

Payments of interest on the Subordinated Notes to Holders who are tax residents of the Federal Republic of Germany ("**Germany**") (i.e., persons whose residence or habitual abode is located in Germany) are subject to German income tax upon receipt (*Zufluss*) of such payments. In each case where German income tax arises, a solidarity surcharge (*Solidaritätszuschlag*) is levied in addition. Furthermore, church tax may be levied, where applicable. If coupons or interest claims are disposed of separately (i.e. without the Subordinated Notes), the proceeds from the disposition are subject to income tax. The same applies to proceeds from the redemption of coupons or interest claims if the Note is disposed of separately.

On payments of interest on the Subordinated Notes to individual tax residents of Germany income tax is generally levied as a flat income tax at a rate of 25 per cent. (plus solidarity surcharge in an amount of 5.5 per cent. of such tax, resulting in a total tax charge of 26.375 per cent.). The total investment income of an individual will be decreased by a lump sum deduction (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for married couples filing jointly), not by a deduction of expenses actually incurred.

If the Subordinated Notes are held in a custodial account which the Holder maintains with a German branch of a German or non-German bank or financial services institution or with a securities trading business or bank in Germany (the "**Disbursing Agent**") the flat income tax will be levied by way of withholding at the aforementioned rate from the gross interest payment to be made by the Disbursing Agent.

In general, no withholding tax will be levied if the Holder is an individual (i) whose Note does not form part of the property of a trade or business and (ii) who filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the interest income derived from the Note together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the Holder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office.

If no Disbursing Agent (as defined above) is involved in the payment process the Holder will have to include its income on the Subordinated Notes in its tax return and the flat income tax of 25 per cent. plus solidarity surcharge will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability of the Holder in respect of such investment income. Holders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25 per cent.

- Taxation of capital gains

Capital gains realised by individual tax residents of Germany from the disposition or redemption of the Subordinated Notes acquired will be subject to the flat income tax on investment income at a rate of 25 per cent. (plus solidarity surcharge in an amount of 5.5 per cent. of such tax, resulting in a total tax charge of 26.375 per cent.), irrespective of any holding period. This will also apply to Subordinated Notes on which the principal is effectively repaid in whole or in part although the repayment was not guaranteed.

If the Subordinated Notes are held in a custodial account which the Holder maintains with a Disbursing Agent (as defined above) the flat income tax will be levied by way of withholding from the difference between the redemption amount (or the proceeds from the disposition) and the issue price (or the purchase price) of the Subordinated Notes. If the Subordinated Notes have been transferred into the custodial account of the Disbursing Agent only after their acquisition, and no evidence on the acquisition data has been provided to the new Disbursing Agent by the Disbursing Agent which previously kept the Subordinated Notes in its custodial account, withholding tax will be levied on 30 per cent. of the proceeds from the disposition or redemption of the Subordinated Notes.

If no Disbursing Agent is involved in the payment process the Holder will have to include capital gains from the disposition or redemption of the Subordinated Notes in its tax return and the flat income tax of 25 per cent. plus solidarity surcharge will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability of the Holder in respect of such investment income. Holders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25 per cent.

Subordinated Notes held by tax residents as business assets

Payments of interest on Subordinated Notes and capital gains from the disposition or redemption of Subordinated Notes held as business assets by German tax resident individuals or corporations (including via a partnership, as the case may be), are generally subject to German income tax or corporate income tax (in each case plus solidarity surcharge). The interest and capital gain will also be subject to trade tax if the Subordinated Notes form part of the property of a German trade or business.

If the Subordinated Notes are held in a custodial account which the Holder maintains with a Disbursing Agent (as defined above) tax at a rate of 25 per cent. (plus a solidarity surcharge of 5.5 per cent. of such tax) will also be withheld from interest payments on Subordinated Notes and generally also from capital gains from the disposition or redemption of Subordinated Notes held as business assets. In these cases the withholding tax does not satisfy the income tax liability of the Holder, as in the case of the flat income tax, but will be credited as advance payment against the personal income or corporate income tax liability and the solidarity surcharge of the Holder.

With regard to capital gains no withholding will generally be required in the case of Subordinated Notes held by corporations resident in Germany, provided that in the case of corporations of certain legal forms the status of corporation has been evidenced by a certificate of the competent tax office, and upon application in the case of Subordinated Notes held by individuals or partnerships as business assets.

Subordinated Notes held by non-residents

Interest and capital gains are not subject to German taxation in the case of non-residents, *i.e.* persons having neither their residence nor their habitual abode nor legal domicile nor place of effective management in Germany, unless the Subordinated Notes form part of the business property of a permanent establishment maintained in Germany. Interest may, however, also be subject to German income tax if it otherwise constitutes income taxable in Germany, such as income from the letting and leasing of certain German-situs property or income from certain capital investments directly or indirectly secured by German-situs real estate.

Non-residents of Germany are in general exempt from German withholding tax on interest and capital gains and from solidarity surcharge thereon. However, if the interest or capital gain is subject to German taxation as set forth in the preceding paragraph and the Subordinated Notes are held in a custodial account with a Disbursing Agent (as defined above), withholding tax will be levied as explained above at "*Subordinated Notes held by tax residents as business assets*" or at "*Subordinated Notes held by tax residents as private assets*", respectively.

Inheritance and Gift Tax

No inheritance or gift taxes with respect to any Note will generally arise under the laws of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany.

Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Subordinated Notes. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany.

2. EU Savings Tax Directive

Under the EU Council Directive 2003/48/EC dated 3 June 2003 on the taxation of savings income in the form of interest payments (the "**EU Savings Tax Directive**") each EU Member State must require paying agents (within the meaning of such directive) established within its territory to provide to the competent authority of this state details of the payment of interest made to any individual resident in another EU Member State as the beneficial owner of the interest. The competent authority of the EU Member State of the paying agent is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the interest is a resident.

For a transitional period, the Republic of Austria and the Grand Duchy of Luxembourg may opt instead to withhold tax from interest payments within the meaning of the EU Savings Tax Directive at a rate of 20 per cent. from 1 July 2008, and of 35 per cent. from 1 July 2011. As from 2010, the Kingdom of Belgium applies the information procedure described above.

In conformity with the prerequisites for the application of the EU Savings Tax Directive, a number of non-EU countries and territories, including Switzerland, agreed to apply measures equivalent to those contained in such directive (a withholding system in the case of Switzerland).

In Germany, provisions for implementing the EU Savings Tax Directive were enacted by legislative regulations of the Federal Government. These provisions apply since 1 July 2005.

The EU Savings Tax Directive does not preclude EU Member States from levying other types of withholding tax. On 24 April 2009, the European Parliament approved an amended version of certain changes proposed by the European Commission to these provisions, which would, if implemented, cause them to apply in a wider range of circumstances.

Holders who are individuals should note that the Issuer will not pay additional amounts under § 7(c) of the Terms and Conditions of the Subordinated Notes in respect of any withholding tax imposed as a result of the EU Savings Tax Directive.

SUBSCRIPTION, OFFER AND SALE OF THE SUBORDINATED NOTES

General

The Issuer has agreed in an agreement to be signed on or about 24 September 2010 to sell to Deutsche Bank AG, London Branch, Morgan Stanley & Co. International plc, BNP PARIBAS, Goldman Sachs International and The Royal Bank of Scotland plc (the "**Managers**"), and the Managers have agreed, subject to certain customary closing conditions, to purchase, the Subordinated Notes on 28 September 2010 (which date may be postponed up to two weeks, the "**Issue Date**") at a price of **[•]** per cent. of their aggregate principal amount (the "**Issue Price**"). Proceeds to the Issuer will be net of commissions of 0.50 per cent. of the aggregate principal amount of the Subordinated Notes payable to the Managers. The Issuer has furthermore agreed to reimburse the Managers for certain expenses incurred in connection with the issue of the Subordinated Notes.

The Managers are entitled, under certain circumstances, to terminate the agreement reached with the Issuer. In such event, no Subordinated Notes will be delivered to investors. Furthermore, the Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Subordinated Notes.

The Managers or their affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and its affiliates, for which the Managers or their affiliates have received or will receive customary fees and commissions.

There are no interests of natural and legal persons involved in the issue, including conflicting ones, which are material to the issue.

Offer of the Subordinated Notes

Offer period and determination of pricing details

The Notes will be offered to investors by the Managers during an offer period which will commence on 20 September 2010 and will end on the Issue Date subject to any shortening or extension of the offer period. During the offer period, investors may submit orders to the Managers. The Issue Price, the fixed rate of remuneration, the number of notes to be issued and the aggregate nominal amount will be determined on the basis of the orders received by the Managers on the pricing date which is expected to be on or about 21 September 2010 (the "**Pricing Date**"). The number of notes to be issued and the aggregate nominal amount will be determined on the basis of the number and the volume of orders which offer a yield acceptable to the Issuer. Such information as well as the results of the offer and the Issue Date, in the case it is postponed, will be included in a notification which will be filed with the CSSF and published on the website of the Luxembourg Stock Exchange (www.bourse.lu) on or about the Pricing Date (the "**Pricing Notice**"). Should the Issuer and the Managers determine any shortening or extension of the offer period, which could be the result of changing market conditions, such changes will be notified in the same manner as the pricing details will be published.

Public offer

The Subordinated Notes will be sold to institutional investors and retail investors in compliance with the public offer restrictions in all countries in the European Union. A public offer may be made in the Grand Duchy of Luxembourg and, following the notification of the Prospectus by the CSSF according to Article 18 of the Prospectus Directive to the relevant competent authority, in each of the Federal Republic of Germany, The Netherlands, the Republic of Austria and the Kingdom of Spain.

Conditions and technical details of the offer

The following sets out details of the offer which is required to comply with the requirements of the applicable prospectus regulation. There are no conditions to which the offer is subject. Prior to the Pricing Date the Joint Bookrunners (*i.e.* Deutsche Bank AG, London Branch, Morgan Stanley & Co. International plc, BNP PARIBAS, Goldman Sachs International and The Royal Bank of Scotland plc) will open an order book. The Managers will invite investors to provide offers to purchase Subordinated Notes using the information system Bloomberg or any other commonly used information systems. Upon such invitation investors may submit their offers to buy Subordinated Notes, using such information systems. Any offer made by investors will specify a minimum credit spread and the number of Subordinated Notes the relevant investor is willing to purchase. Following the publication of the Pricing Notice, the Managers will offer the Subordinated Notes upon request through banking institutions in the Grand Duchy of

Luxembourg, the Federal Republic of Germany, The Netherlands, the Republic of Austria and the Kingdom of Spain. These institutions will supply investors with the relevant information on such offers. Subscription rights for the Subordinated Notes will not be issued. Therefore, there are no procedures for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised. Any investor who has submitted an order in relation to the Subordinated Notes and whose order is accepted will receive a confirmation by electronic mail, fax or through commonly used information systems relating to the respective allotment of Subordinated Notes. Before an investor receives a confirmation from the Managers that its purchase order for the Subordinated Notes has been accepted, the investor may reduce or withdraw its purchase orders. Any investor will receive relating to the respective allotment of the Subordinated Notes a confirmation relating to the results of the offer. There is no minimum or maximum amount of Subordinated Notes to be purchased. Investors may place offers to purchase Subordinated Notes in any amount.

Confirmation in relation to an order and allotments as well as delivery of the Subordinated Notes

Following the pricing of the Subordinated Notes and confirmation which orders have been accepted and which amounts have been allotted to particular investors, delivery of and payment for the Subordinated Notes will be made within five business days after the date of pricing of the Subordinated Notes and the confirmation of the allotment to investors. The Subordinated Notes will be delivered via book-entry through the Clearing System and its accountholding banks against payment of the Issue Price.

Charges and costs relating to the offer

The Issuer will not charge any costs, expenses or taxes directly to any investor. Investors must inform themselves about any costs, expenses or taxes in connection with the purchase of Subordinated Notes which are generally applicable in their respective country of residence, including any charges of their own depository banks in connection with the purchase or holding of securities.

Method of determination of the Issue Price and the fixed rate of remuneration

The fixed rate of remuneration and the Issue Price for the Subordinated Notes will be determined at the time of pricing on the basis of a yield which is determined by adding a credit spread to the level of the Midswaps at the time of pricing. The credit spread will be determined on the basis of the orders of the investors which are received by the Managers during the offer period. Orders will specify a minimum credit spread and may only be confirmed at or above such credit spread. The level of the Midswaps will be determined as the average yield of the bid and ask prices of Interest-Swap Transactions ("**Midswaps**") with a maturity similar to 28 September 2015 shown on the Reuters page ICAPEURO or on any other screen page which is conventionally used to price Eurobond transactions at the time of pricing. The resulting yield will be used to determine an Issue Price (which is expected to be less than par) and a fixed rate of remuneration (which is expected to be a percentage figure which can be evenly divided by 1/8 of a full per cent.), all to correspond to the yield which reflects the level of the Midswaps and the credit spread. In the event that the figures for the relevant Midswaps shall not be shown as set out above then the relevant figures shall be determined in a manner which banks and other institutional market participants apply at that time. The resulting figure will represent the yield of the Subordinated Notes and such yield will be used to determine the fixed rate of remuneration and the Issue Price.

SELLING RESTRICTIONS

1. General

Each Manager has represented and agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in or from which it purchases, offers, sells or delivers the Subordinated Notes or possesses or distributes the Prospectus and that it will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Managers shall have any responsibility therefor.

2. European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Manager represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Subordinated Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Subordinated Notes which has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive or, where appropriate, published in another Relevant Member State and notified to the competent authority in that Relevant Member State in accordance with Article 18 of the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Subordinated Notes to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last fiscal year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (d) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive;

provided that no such offer of Subordinated Notes shall require the Issuer or Managers to publish a Prospectus pursuant to Article 3 of the Prospectus Directive or supplement a Prospectus pursuant to Articles 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Subordinated Notes to the public**" in relation to any Subordinated Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Subordinated Notes to be offered so as to enable an investor to decide to purchase or subscribe the Subordinated Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

3. United States of America and its Territories

Each Manager has acknowledged that the Subordinated Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States of America (the "**United States**") to or for the account or benefit of, United States persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Manager represents and agrees that neither it nor any persons acting on its behalf has offered, sold or delivered and will offer, sell or deliver any Subordinated Notes within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Manager represents and agrees that neither it, its affiliates nor any persons acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Subordinated Notes. Terms used in this subparagraph have the meaning given to them by Regulation S.

The Subordinated Notes will be issued in accordance with the provisions of United States Treasury Regulation § 1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**" or "**TEFRA D**").

- (a) Except to the extent permitted under TEFRA D, each Manager represents that (i) it has not offered or sold, and agrees that during the restricted period it will not offer or sell, such Subordinated Notes to a person who is within the United States or its possessions or to a United States person, and (ii) it has not delivered and agrees that it will not deliver within the United States or its possessions such Subordinated Notes that are sold during the restricted period;
- (b) Each Manager represents that it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling such Subordinated Notes are aware that such Subordinated Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules;
- (c) If it is a United States person, each Manager represents that it is acquiring such Subordinated Notes for purposes of resale in connection with their original issuance and if it retains such Subordinated Notes for its own account, it will only do so in accordance with the requirements of U.S. Treasury Regulation 1.163-5(c)(2)(i)(D)(6); and
- (d) With respect to each affiliate that acquires such Subordinated Notes from a Manager for the purpose of offering or selling such Subordinated Notes during the restricted period, such Manager repeats and confirms the representations and agreements contained in paragraphs (a), (b) and (c) above on such affiliate's behalf.

Terms used in this subparagraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the TEFRA D Rules.

4. United Kingdom of Great Britain and Northern Ireland

Each Manager has represented and agreed that,

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) received by it in connection with the issue or sale of any Subordinated Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Subordinated Notes in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

Authorisation

The creation and issue of the Subordinated Notes has been authorised by a resolution of the Executive Board of the Issuer dated 8 September 2010 and by a resolution of the Supervisory Board of the Issuer dated 23 February 2010.

Use of proceeds

In connection with the offering of the Subordinated Notes, the Issuer expects to receive net proceeds of approximately EUR [●], after deducting expenses and commissions (which are expected to amount to [●]). The Issuer intends to use the net proceeds for general corporate purposes.

Listing and admission to trading

Application has been made to list the Subordinated Notes on the official list of and to admit to trading on the regulated market of the Luxembourg Stock Exchange. It is further intended that application will be made to the Frankfurt Stock Exchange for the Subordinated Notes to be listed on the Frankfurt Stock Exchange and to be admitted to trading on the regulated market of the Frankfurt Stock Exchange.

Clearance and settlement

The Subordinated Notes have been accepted for clearance through Clearstream Banking S.A., Luxembourg and Euroclear Bank SA/NV. The Notes have been assigned the following securities codes: ISIN XS0542298012, Common Code 054229801, WKN A1EWR0.

Credit rating

The Subordinated Notes are expected to be rated "Baa1" by Moody's, "BBB+" by Standard and Poor's and "A-" by Fitch Ratings Limited upon issuance.

Documents on display

For so long as any Note is outstanding, copies of the following documents will, when published, be available free of charge during normal business hours from the registered office of the Issuer and may be inspected during normal business hours at the specified office of the Principal Paying Agent:

- (i) the constitutional documents (with an English translation where applicable) of the Issuer;
- (ii) the audited consolidated financial statements of RWE Group for the financial years ended 2008 and 2009;
- (iii) the reviewed interim consolidated condensed financial statements of RWE Group for the first half of 2010;
- (iv) a copy of this Prospectus;
- (v) any supplement to this Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

Documents incorporated by reference

The following documents which have been published or which are published simultaneously with this Prospectus and filed with the Commission shall be incorporated in, and form part of, this Prospectus:

- (a) the published audited consolidated financial statements of RWE Group dated 31 December 2008 and 31 December 2009, in each case including the auditor's report thereon;
- (b) the published reviewed interim consolidated condensed financial statements of RWE Group for the first half year 2010 dated 30 June 2010;

Comparative table of documents incorporated by reference

Page	Section of Prospectus	Document incorporated by reference
73	RWE Aktiengesellschaft and RWE Group - Historical financial information	<p>Annual Report 2008 of RWE Group (p. 147 – p. 217)</p> <p>Income Statement, (p. 149)</p> <p>Balance Sheet, (p. 150)</p> <p>Cash Flow Statement, (p. 151)</p> <p>Statement of recognised income and expenses, (p. 152)</p> <p>Notes, (p. 153 – p. 216)</p> <p>Auditors' Report, (p. 217)</p> <p>Annual Report 2009 of RWE Group (p. 139 – p. 203)</p> <p>Income Statement, (p. 140)</p> <p>Statement of recognised income and expenses, (p. 141)</p> <p>Balance Sheet, (p. 142)</p> <p>Cash Flow Statement, (p. 143)</p> <p>Statement of changes in equity, (p. 144)</p> <p>Notes, (p. 145 – p. 202)</p> <p>Auditors' Report, (p. 203)</p> <p>Report on the first half of 2010 of RWE Group (p. 38 – p. 48)</p> <p>Income Statement, (p. 38)</p> <p>Statement of recognised income and expenses, (p. 39)</p> <p>Balance Sheet, (p. 40)</p> <p>Cash Flow Statement, (p. 41)</p> <p>Statement of changes in equity, (p. 42)</p> <p>Notes, (p. 43 – p. 47)</p> <p>Review Report, (p. 48)</p>

Any information not listed in the cross-reference list but included in documents incorporated by reference is given for information purposes only.

Any documents themselves incorporated by reference in the documents listed above shall not form part of this Prospectus.

Availability of incorporated documents

Any document incorporated herein by reference can be obtained without charge at the offices of the Issuer as set out at the end of this Prospectus. In addition, such documents will be available free of charge from the specified office of the Principal Paying Agent as set out at the end of this Prospectus and will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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