

RWE
Aktiengesellschaft
Essen

Counter-motion by **VIP Vereinigung Institutionelle Privatanleger e.V.**, Cologne, 28 March 2011

“RWE AG Annual General Meeting on 20 April 2011—Counter-motion Pursuant to Section 126 of the German Stock Corporation Act regarding Item 7 on the Agenda

Ladies and Gentlemen,

With respect to the Annual General Meeting of RWE AG convened for 20 April 2011 in the German Federal Gazette of 8 March 2011, we – VIP Association of Institutional Shareholders e.V., represented by its Chairman Hans-Martin Buhlmann (www.VIP-cg.com) – announce that, in accordance with Section 126 of the German Stock Corporation Act, we as a shareholder of the company are filing the following (counter) motion with respect to the agenda and call on all shareholders to cast the same vote as VIP.

We – VIP e.V. (www.VIP-cg.com) – announce that we are filing the following motion regarding Item 7 on the Agenda of the Annual General Meeting:

“Mr. Ullrich Sierau shall not be elected to the Supervisory Board of RWE AG, but appointed to the Customer Advisory Board (2010 Annual Report, p. 15).”

Rationale

The composition of the shareholder representation on the Supervisory Board of RWE AG increasingly fails to appropriately reflect the company’s ownership structure. Based on data furnished by the municipal representatives on RWE’s Supervisory Board, they own approximately 25% of the company’s capital, but account for 4 of the 10 Supervisory Board members representing capital (40%). According to the Annual Report (p. 49), 27% non-German institutional investors are involved, and this comparable share is superficially reflected by 1 non-German (politician) from Austria.

The composition of the Supervisory Board is of special importance to the shareholders as regards potential conflicts of interest, which may arise for municipal representatives on the Supervisory Board. Besides being RWE shareholders, the municipalities have multiple conflicts of interest, as they are customers, licensors and site representatives. In addition, general political, global conflicts between generation methods as well as environmental performance targets are growing.

It remains to be seen how the municipal representatives will behave in debates on entrepreneurial decisions which are important to RWE, but go against municipal interests, including capital increases and investment decisions. According to the media, internal structures were proposed that are to reduce this influence, but may increase costs. Irrespective of the Supervisory Board elections, RWE should provide information on how the Supervisory Board handles these conflicts of interest in accordance with the German Corporate Governance Code, Item 5.5, and also on permanent conflicts Item 5.5.3 b.

In the future, the fact that the process of nominating candidates for the Supervisory Board elections and the criteria on which the selection is based are not transparent to shareholders will pose a problem. There is no meaningful information on why certain candidates were proposed.

In light of national and global demands, one must communicate how proposed candidates meet the criteria for the appropriate staffing of the Supervisory Board, going above and beyond municipal relationships. Since municipalities have disproportionately high representation on the Supervisory Board, it must become clear what experiences and mechanisms have been developed/planned for such conflicts of interest. The same applies to the nomination process. What this may have considered should have been integrated and communicated on time.

The nomination process should have been more transparent, including an independent, external evaluation of the Supervisory Board and a consultation with important shareholders concerning the criteria for selecting the candidates. The composition of the Supervisory Board resulting from the list of proposed candidates is unbalanced especially regarding the autonomy, diversity, age and international experience of the candidates overall and is inappropriate in certain individual respects.

Mr. Ullrich Sierau, who has been proposed by the Supervisory Board, has six appointments on supervisory boards and comparable committees in addition to his post as Mayor of the City of Dortmund (1 of which is a group-level office, if one can compare the activity of a mayor with that of a member of the board of management of a listed company). He further prides himself of membership in over 50 additional tasks (source: www.ullisierau.de). It remains to be seen whether he has enough time to spare to exercise his office at RWE.

It is a shareholder's obligation of devotion to the candidate and the company NOT to elect Mr. Sierau to the Supervisory Board and to recommend to the Executive Board that he be afforded the opportunity to work on the newly created Customer Advisory Board. The proposal of a more suitable candidate as defined in Item 5.5 of the Code is being considered in the event that the Nomination Committee fails to do so by the time the Annual General Meeting takes place.

We – VIP Association of Institutional Shareholders e.V. (www.VIP-cg.com) – point out that the issuer is obliged to make the above (counter) motion available to all shareholders in accordance with Section 126 of the German Stock Corporation Act. We would (gladly) be willing to represent the voting rights of third parties or follow instructions we receive on how to exercise voting rights.

Sincerely yours,

VIP Vereinigung Institutionelle Privatanleger e.V.

Hans-Martin Buhlmann

Chairman”