



**RWE Aktiengesellschaft**  
(Essen, Federal Republic of Germany)

### Subordinated Hybrid Capital Securities

RWE Aktiengesellschaft ("RWE" or the "Issuer") will issue Hybrid Capital Securities (the "Subordinated Notes") with an aggregate principal amount of USD [■] (the "Aggregate Principal Amount") on 30 July 2015 (the "Issue Date") at an issue price of [■] % of the Aggregate Principal Amount.

The Subordinated Notes will bear interest (referred to in the terms and conditions of the Subordinated Notes (the "Terms and Conditions" as "Remuneration") from and including the Issue Date to (but excluding) 30 March 2026 (the "First Call Date") at a rate of [■] % *per annum*, payable annually in arrear on 30 March in each year, commencing on 30 March 2016 and ending on the First Call Date. Thereafter, and unless previously redeemed, the Subordinated Notes, will bear Remuneration (i) from and including the First Call Date to (but excluding) 30 March 2046 (the "Second Modified Reset Remuneration Date") at the respective First Reset Remuneration Rate (each as defined in § 4(2)(a) of the Terms and Conditions) payable annually in arrear on 30 March in each year, commencing on 30 March 2027 and ending on the Second Modified Reset Remuneration Date, (ii) from and including the Second Modified Reset Remuneration Date to but excluding the immediately following Reset Date (each as defined in § 4(2) of the Terms and Conditions) and thereafter from each Reset Date (including) to the next following Reset Date at the respective Second Modified Reset Remuneration Rate (each as defined in § 4(2)(c) of the Terms and Conditions) payable annually in arrear on 30 March in each year, commencing on 30 March 2047 and on the Final Maturity Date for the period from 30 March 2075 (including) to the Final Maturity Date (excluding) (short last Remuneration period).

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(7) of the Terms and Conditions), the rate of remuneration payable on the Subordinated Notes may be increased by additional 5.00 % *per annum* above the otherwise Prevailing Remuneration 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). 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 are long-term securities and the Issuer is under no obligation to redeem the Subordinated Notes at any time prior to the Final Maturity Date. The Subordinated Notes are redeemable in whole but not in part only at the option of the Issuer on the First Call Date, as the case may be, and thereafter on every Remuneration Payment Date (as set out in § 5 of the Terms and Conditions) at their Aggregate Principal Amount plus any Remuneration accrued and any Deferred Remuneration Payments. 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, 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(7) 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 (as defined in the Terms and Conditions) and any Deferred Remuneration Payments (as set out in § 5(2) of the Terms and Conditions), (ii) in the case of a Rating Agency Event, a Tax Event or a Change of Control (a) at 101 % of their Aggregate Principal Amount if such redemption occurs prior to the respective First Call Date, or (b) 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 the First Call Date. The Subordinated Notes are also subject to early redemption in the case of minimal Outstanding Aggregate Principal Amount (as defined in § 5(6) 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, as amended, (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](http://www.bourse.lu)) and on the website of RWE Group ([www.rwe.com](http://www.rwe.com)). Application has been made to list the Subordinated Notes on the official list of the Luxembourg Stock Exchange and to admit them 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, as amended, (the "Regulated Market"). The Subordinated Notes will be issued in bearer form in denominations of USD 2,000.

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 and the Republic of Austria with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Luxembourg Act (each a "Notification"). By approving a prospectus, the Commission shall give no undertaking as to the economic and financial soundness of the operation or the quality or solvency of the issuer pursuant to Article 7(7) of the Luxembourg law on prospectuses for securities.

The Subordinated Notes have been assigned the following securities codes: ISIN XS1254119750, Common Code 125411975, WKN A13SHX

The issue price, Aggregate Principal Amount, fixed rate of remuneration and the issue proceeds of the Subordinated Notes, 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](http://www.bourse.lu)) on the pricing date which is expected to be on or about 23 July 2015.

Joint Lead Managers

Goldman Sachs International

HSBC

UBS Investment Bank

## RESPONSIBILITY STATEMENT

RWE Aktiengesellschaft ("**RWE**" or the "**Issuer**", together with its consolidated group companies, the "**RWE Group**") 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, 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 comes 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 and Northern

Ireland 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. The German versions of the English language Terms and Conditions are shown in the Prospectus for additional information. As to form and content and all rights and obligations of the Holders and the Issuer under the Subordinated Notes to be issued, German is the controlling legally binding language.

**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 does not constitute an offer or an invitation to subscribe for or purchase any Subordinated Notes.**

**In connection with the issue of the Subordinated Notes, Goldman Sachs International 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: "*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

Summaries are made up of disclosure requirements known as "*Elements*". These elements are numbered in Sections A – E (A.1 – E.7).

This summary (the "**Summary**") contains all the Elements required to be included in a summary for this type of Subordinated Notes and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the Summary because of the type of Subordinated Notes and Issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the Summary with the mention of "*not applicable*".

Element	Section A – Introduction and warnings	
A.1	Warnings	<p style="text-align: center;"><b>Warning that:</b></p> <ul style="list-style-type: none"> <li>• this Summary should be read as an introduction to the Prospectus;</li> <li>• any decision to invest in the Subordinated Notes should be based on consideration of the Prospectus as a whole by the investor;</li> <li>• where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus, before the legal proceedings are initiated; and</li> <li>• civil liability attaches only to the Issuer which has tabled the Summary including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Subordinated Notes.</li> </ul>
A.2	Consent to the use of the Prospectus	<p>Goldman Sachs International, HSBC Bank plc and UBS Limited (each a "<b>Manager</b>" and together, the "<b>Managers</b>") and/or further financial intermediary subsequently reselling or finally placing the Subordinated Notes is entitled to use the Prospectus for the subsequent resale or final placement of the Subordinated Notes during the period for the subsequent resale or final placement of the Subordinated Notes from 20 July 2015 to 30 July 2015, provided however, that the Prospectus is still valid in accordance with Article 11 (2) of the Luxembourg act relating to prospectuses for securities (<i>Loi relative aux prospectus pour valeurs mobilières</i>), as amended, which implements Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended.</p> <p>The Prospectus may only be delivered to potential investors together with all supplements published before such delivery. Any supplement to the Prospectus will be available for viewing in electronic form on the website of the Luxembourg Stock Exchange (<a href="http://www.bourse.lu">www.bourse.lu</a>).</p> <p>When using the Prospectus, each Manager and/or relevant further financial intermediary must make certain that it complies with all applicable laws and regulations in force in the respective jurisdictions.</p> <p><b>In the event of an offer being made by a Manager and/or further financial intermediary, the Manager and/or further financial intermediary shall provide information to investors on the terms and conditions of the offer at the time of that offer.</b></p>

Element	Section B – Issuer	
B.1	<b>Legal and commercial name</b>	RWE Aktiengesellschaft
B.2	<b>Domicile / Legal form / Legislation / Country of incorporation</b>	RWE Aktiengesellschaft (" <b>RWE</b> ") is a German stock corporation ( <i>Aktiengesellschaft</i> ) incorporated under the laws of the Federal Republic of Germany and operates under German law. It has its seat and is registered in Essen, Germany.
B.4b	<b>Known trends affecting the Issuer and the industries in which it operates</b>	<p>The European energy sector is undergoing fundamental change. Political intervention is making the business challenging. In addition, the subsidised expansion of renewable energy in Germany is causing the margins and utilisation of conventional power stations to decline. All of this is having a significant effect on RWE Group's earnings.</p> <p>In the past, electricity was generated almost only by large-scale power plants, whereas the role of the customer was limited to that of a buyer. Today, more and more households and businesses produce electricity themselves. In addition, ambitious goals regarding climate protection, the expansion of renewable energy and energy efficiency shape the regulatory framework of the energy sector. Comprehensive reforms of the energy sector are currently on the agendas of numerous European countries and the European Union.</p> <p>The RWE Group rises to these challenges by implementing substantial cost efficiency programs and helping to shape and enable the change.</p>
B.5	<b>Description of the Group and the Issuer's position within the Group</b>	<p>RWE is the parent company of the RWE Group.</p> <p>The RWE Group is divided into seven divisions based on national and functional criteria:</p> <ul style="list-style-type: none"> <li>• Conventional Power Generation</li> <li>• Supply / Distribution Networks Germany</li> <li>• Supply Netherlands / Belgium</li> <li>• Supply United Kingdom</li> <li>• Central Eastern and South Eastern Europe</li> <li>• Renewables</li> <li>• Trading / Gas Midstream</li> </ul> <p>The divisions are supported by in-house service providers: RWE IT, RWE Group Business Services, RWE Service and RWE Consulting. RWE as the group's head office concentrates on group-managing tasks.</p> <p>On 2 March 2015 RWE AG and the LetterOne Group completed the sale of RWE Dea AG. The enterprise value was approximately EUR 5.1 billion.</p>
B.9	<b>Profit forecast or estimate</b>	Not applicable. No profit forecast or estimate has been included.
B.10	<b>Nature of any qualifications in the audit report on historical financial information</b>	Not applicable. The audit reports with respect to the consolidated financial statements of RWE for the financial years ended 31 December 2013 and 31 December 2014 do not include any qualifications.

B.12	<b>Selected historical key financial information<sup>1</sup></b>			
	<b>Selected Balance Sheet information</b>			
	<b>Period from 1 Jan. to 31 March 2015 (unaudited)</b>	<b>Financial Year ended 31 Dec. 2014 (audited)</b>	<b>Financial Year ended 31 Dec. 2013 (audited)</b>	
	EUR in million			
Non-current assets	55,170	54,224	56,905	
Current assets	28,974	32,092	24,476	
<i>of which: Assets held for sale</i>	-	5,540	-	
Assets	84,144	86,316	81,381	
Equity	13,624	11,772	12,137	
Non-current liabilities	47,659	46,324	47,383	
Current liabilities	22,861	28,220	21,861	
<i>of which: Liabilities held for sale</i>	-	2,635	-	
Equity and liabilities	84,144	86,316	81,381	
	<b>Selected Income Statement information</b>			
	<b>Period from 1 Jan. to 31 March 2015 (unaudited)</b>	<b>Period from 1 Jan. to 31 March 2014 (unaudited)</b>	<b>Financial Year ended 2014 (audited)</b>	<b>Financial Year ended 2013 (audited)</b>
	EUR in million			
Revenue	13,891	13,450	46,149	49,749
Income from continuing operations before tax	1,068	1,444	2,246	-2,016
Income	2,346	1,123	2,057	-2,443
<i>of which: Income from discontinued operations</i>	1,524	42	364	312
Net income / income attributable to RWE AG shareholders	2,166	995	1,704	-2,757
Basic and diluted earnings per common and preferred share in EUR	3.52	1.62	2.77	-4.49
<i>of which: from discontinued operations</i>	2.48	0.07	0.59	0.50
	<b>Selected Cash Flow Statement information</b>			
	<b>Period from 1 Jan. to 31 March 2015 (unaudited)</b>	<b>Period from 1 Jan. to 31 March 2014 (unaudited)</b>	<b>Financial Year ended 2014 (audited)</b>	<b>Financial Year ended 2013 (audited)</b>
	EUR in million			
Cash flows from operating activities – CFO	-752	157	6,368	5,576
<i>of which: CFO of discontinued operations</i>	-125	264	812	773
Cash flows from investing activities (after transfer to contractual trust)	1,289	-172	-4,869	-2,338

	arrangements) – CFI <i>of which: CFI of discontinued operations</i>	-111	-144	-675	-639
	Cash flows from financing activities – CFF <i>of which: CFF of discontinued operations</i>	-541	-263	-2,200	-1,994
	Net change in cash and cash equivalents	23	-277	-693	1,226
	Cash and cash equivalents at end of the reporting period <i>of which: reported as "Assets held for sale"</i>	3,280	3,673	3,171	3,950
		-	-	-86	-
	<sup>1</sup> Prior-year figures in audited consolidated financial statements of the RWE Group as at and for the year ended 31 December 2014 and for the interim consolidated financial statements for the interim period ended 31 March 2015 were adjusted due to the first-time Adoption of IFRS 11 and presentation of Dea as a 'discontinued operation'.				
	<b>No material adverse change in the prospects of the Issuer</b>	There has been no material adverse change in the prospects of RWE since 31 December 2014.			
	<b>Significant change in the financial and trading position</b>	Not applicable. There has been no significant change in the financial or trading position of RWE since 31 March 2015.			
<b>B.13</b>	<b>Recent events</b>	<p><i>RWE raises additional hybrid capital</i></p> <p>In the middle of April 2015, RWE issued a total of EUR 1.25 billion hybrid bonds with a tenor of 60 years. The issuance targeted both institutional and retail investors and was conducted in two tranches. The bonds of the first tranche (EUR 700 million) have a coupon of 2.75 %, an issue price of 99.38 % and may be cancelled by RWE for the first time five-and-a-half years from their issue date. The second tranche (EUR 550 million) has a coupon of 3.5 %, an issue price of 100 % and may not be cancelled during the first ten years.</p> <p><i>RWE completes the sale of RWE Dea</i></p> <p>On 2 March 2015 RWE AG and the LetterOne Group completed the sale of RWE Dea AG. The enterprise value was approximately EUR 5.1 billion.</p> <p><i>RWE places dividend policy on broader basis</i></p> <p>In the middle of December 2014, the Executive Board of RWE AG decided to realign its dividend policy, a resolution endorsed by the Supervisory Board. The previous yardstick for the payout ratio, 40 % to 50 % of recurrent net income, shall become obsolete as of fiscal 2015. From then on, the dividend proposal by the Executive and Supervisory Boards shall be brought more in line with RWE's general economic situation and in particular orient itself towards the company's earnings, operating cash flow and debt position. Opportunities to invest in growth projects will also be considered.</p> <p><i>Nuclear fuel tax: Federal Fiscal Court refuses suspension of enforcement and the European Court of Justice rules the tax to comply with European Law</i></p> <p>At the end of November 2014, the Federal Fiscal Court (FFC) ruled that the German nuclear fuel tax must continue to be paid despite doubts about its legality. It thus overturned the judgments of the Hamburg and Munich Fiscal Courts, which had ruled in favour of a</p>			



		<p>suspension of the enforcement of the tax payment. Due to the FFC ruling, RWE Group paid withheld taxes to the German tax authorities for the Emsland (Lingen) nuclear power station at the end of 2014.</p> <p>The question whether the tax violates fundamental German or European law was expressly left unanswered. This is up to the jurisdiction of the Federal Constitutional Court and the European Court of Justice (ECJ). The ECJ ruled on 4 June 2015 that the nuclear fuel tax complies with European law. As yet, no date has been set for the ruling of the German Constitutional Court.</p> <p><i>RWE Group takes unprofitable generation capacity off the market</i></p> <p>In view of the significant deterioration in conditions underlying the conventional electricity generation market, in 2014 RWE Group took several gas-fired power stations offline temporarily or indefinitely. RWE Group also expects to take further generation capacity offline in 2015 and subsequent years. This applies to gas-fired, hard coal and lignite capacity.</p> <p><i>RWE Group successful in capacity auctions in the UK</i></p> <p>With the exception of one small station, all participating RWE Group power plants qualified for a subsidy in the first auction for the new UK capacity market that took place in December 2014. Together, they account for 8.0 gigawatts (GW) of secured capacity.</p>										
<b>B.14</b>	<b>Please see Element B.5</b>											
	<b>Statement of dependency upon other entities within the group</b>	Not applicable. RWE is not dependent upon other entities within the RWE Group.										
<b>B.15</b>	<b>Principal activities</b>	RWE is the parent company of a group of businesses engaged in the generation, transmission, transport, distribution, trading and sale of electricity and gas in Germany, the United Kingdom, the Benelux countries as well as some parts of Central Eastern and South Eastern Europe (including Turkey). Furthermore, the RWE Group runs a large trading operation for energy and energy related products in Europe with supporting activities in the US and Asia.										
<b>B.16</b>	<b>Major Shareholders</b>	<p>The results of RWE's recent shareholder identification offer the following picture of shareholding positions<sup>*</sup>:</p> <table> <tr> <td>RWEB GmbH</td> <td>15 %</td> </tr> <tr> <td>BlackRock Financial Management, Inc.</td> <td>5 %</td> </tr> <tr> <td>Other institutional shareholders</td> <td>66 %</td> </tr> <tr> <td>Private shareholders</td> <td>13 %</td> </tr> <tr> <td>Employee shareholders</td> <td>1 %</td> </tr> </table> <p><sup>*</sup> Percentages reflect shares in the subscribed capital (as of January 2015)</p>	RWEB GmbH	15 %	BlackRock Financial Management, Inc.	5 %	Other institutional shareholders	66 %	Private shareholders	13 %	Employee shareholders	1 %
RWEB GmbH	15 %											
BlackRock Financial Management, Inc.	5 %											
Other institutional shareholders	66 %											
Private shareholders	13 %											
Employee shareholders	1 %											

<b>B.17</b>	<b>Credit ratings of the Issuer or its debt securities</b>	RWE and the non-subordinated bonds issued by RWE are currently rated Baa1 <sup>1</sup> by Moody's Investors Service, Ltd. (" <b>Moody's</b> ") <sup>2,3</sup> and BBB+ <sup>1</sup> by Standard & Poor's Credit Market Services Europe Limited (" <b>Standard &amp; Poor's</b> ") <sup>4,3</sup> both with negative outlook. The ratings thus are in the investment-grade rating range. The short term credit ratings are P-2 <sup>1</sup> and A-2 <sup>1</sup> , respectively.
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<b>Element</b>	<b>Section C –Notes</b>	
<b>C.1</b>	<b>Class and type of the Subordinated Notes / Security Identification Number</b>	<p><b>Class</b> The Notes are subordinated and unsecured.</p> <p><b>Type</b> Subordinated Hybrid Capital Securities (the "<b>Subordinated Notes</b>")</p> <p>The security identification numbers of the Subordinated Notes are: <b>ISIN</b> XS1254119750 <b>Common Code</b> 125411975 <b>WKN</b> A13SHX</p>
<b>C.2</b>	<b>Currency</b>	The Subordinated Notes are issued in U.S. Dollar (" <b>USD</b> ").
<b>C.5</b>	<b>Restrictions on free Transferability</b>	Not applicable. The Subordinated Notes are freely transferable.
<b>C.8</b>	<b>Rights attached to the Subordinated Notes (including ranking of the Subordinated Notes and limitations to those rights)</b>	<p><b>Early redemption at the option of the Issuer</b> The Issuer may call and redeem (in whole but not in part) the Subordinated Notes on 30 March 2026 (the "<b>First Call Date</b>") or on any Remuneration Payment Date (as defined below) thereafter upon giving irrevocable notice of redemption to the Holders in accordance with the Terms and Conditions at their aggregate principal amount plus any Remuneration (as defined below) accrued to (but excluding) the redemption date and any Deferred Remuneration Payments (as defined below).</p> <p><b>Early redemption upon occurrence of a special event</b> If either a gross-up 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 irrevocable notice in accordance with the Terms and Conditions. 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.</p>

<sup>1</sup> A credit rating assesses the creditworthiness of an entity and informs an investor therefore 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.

<sup>2</sup> Moody's is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**").

<sup>3</sup> The European Securities and Markets Authority publishes on its website (<http://www.esma.europa.eu/page/Listregistered-and-certified-CRAs>) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

<sup>4</sup> Standard & Poor's is established in the European Community and is registered under the CRA Regulation.

		<p>If the Subordinated Notes are called upon the occurrence of a tax event or rating agency event, the Subordinated Notes will be redeemed (i) at 101 % of their aggregate principal amount plus any Remuneration accrued to but excluding the redemption date and any Deferred Remuneration Payments if such redemption occurs prior to the First Call Date, 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 the First Call Date.</p> <p><b>Early redemption in the case of Minimal Outstanding Aggregate Principal Amount</b></p> <p>In the event that the Issuer and/or any Subsidiary has, severally or jointly, purchased Subordinated Notes equal to or in excess of 80 % 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 irrevocable notice of redemption to the Holders in accordance with the Terms and Conditions (i) at 101 % of their aggregate principal amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments if such redemption occurs prior to the First Call Date, 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 the First Call Date.</p> <p><b>Early Redemption in the Event of a Change of Control</b></p> <p>In the event that any person or group, acting in concert, has gained Control (as defined below) over the Issuer (a "<b>Change of Control</b>"), 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 101 % of their aggregate principal amount plus any Remuneration accrued to but excluding the redemption date and any Deferred Remuneration Payments if such redemption occurs prior to the First Call Date, 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 the First Call Date.</p> <p>"<b>Control</b>" 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 (<i>Wertpapierübernahmegesetz</i>) of, in the aggregate, more than 50 % of the voting rights in a shareholder's meeting of the Issuer.</p> <p>The "<b>Change of Control Period</b>" shall commence on the date of the Change of Control, and shall end 180 days thereafter.</p> <p><b>Deferral of Remuneration and Payment of Deferred Remunerations</b></p> <p>Remuneration shall only be due and payable if the Issuer so elects. An 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. Any Remuneration not paid due to such an election of the Issuer shall constitute "<b>Deferred Remuneration Payments</b>". Deferred Remuneration Payments shall</p>
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		<p>not bear interest themselves.</p> <p>The Issuer may pay outstanding Deferred Remuneration Payments (in whole but not in part) at any time upon giving of notice in accordance with the Terms and Conditions.</p> <p>The Issuer shall be deemed to have declared outstanding Deferred Remuneration Payments (in whole but not in part) due and payable at the earliest of any of the following events:</p> <ul style="list-style-type: none"> <li>(i) the tenth business day following the occurrence of a Compulsory Payment Event (as defined below); or</li> <li>(ii) the due date for the redemption of the Subordinated Notes; or</li> <li>(iii) 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 a restructuring or an insolvency plan procedure (<i>Insolvenzplanverfahren</i>) or an amalgamation or reorganisation while solvent, where the continuing entity assumes substantially all of the assets and liabilities of the Issuer).</li> </ul> <p>A "<b>Compulsory Payment Event</b>" shall be deemed to have occurred upon any of the following events:</p> <ul style="list-style-type: none"> <li>(i) the date on which the shareholders of the Issuer have resolved at the annual general meeting on the proposal by the executive board (<i>Vorstand</i>) of the Issuer to pay a dividend on any 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 "<b>Shares of the Issuer</b>")); or</li> <li>(ii) the Issuer redeems share capital or the Issuer or any of its Subsidiaries (as defined below) repurchases or otherwise acquires any of the outstanding Shares of the Issuer (other than (x) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants, (y) as a result of the exchange or conversion of one class of shares for another class, or (z) in the case the Issuer receives shares as consideration for a sale of assets to third parties); or</li> <li>(iii) a remuneration payment date in relation to which the Issuer elects to pay a scheduled Remuneration on the Subordinated Notes; or</li> <li>(iv) the date on which the Issuer or any Subsidiary makes any payment or distribution in respect of any Parity Security (as defined below); or</li> <li>(v) the date on which the Issuer or any Subsidiary redeems, repurchases or otherwise acquires (in each case directly or indirectly) any Parity Security (including the Subordinated Notes).</li> </ul> <p>The cases (iv) and (v) above are subject to the provision that no Compulsory Payment Event occurs if</p> <ul style="list-style-type: none"> <li>(x) the Issuer or the relevant Subsidiary is obliged under the terms and conditions of such Parity Security to make such payment, such redemption, such repurchase or such other acquisition; or</li> <li>(y) if the Issuer or the relevant Subsidiary repurchases or otherwise acquires any Parity Security in whole or in part in a public tender offer or public exchange offer at a consideration per Parity Security below its par value.</li> </ul> <p><b>Status of the Subordinated Notes</b></p> <p>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</p>
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		<p>winding-up, dissolution or liquidation of the Issuer, rank (i) senior only to the Issuer's share capital (including the preference shares of the Issuer (<i>Vorzugsaktien</i>)), (ii) <i>pari passu</i> among themselves and <i>pari passu</i> with any Parity Security (as defined below) 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.</p> <p>The rights of the Holders towards the Issuer under the Subordinated Notes constitute direct, unsecured and subordinated rights in the meaning of § 39 paragraph 2 of the German Insolvency Regulation (<i>Insolvenzordnung</i>) 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 (including the preference shares of the Issuer (<i>Vorzugsaktien</i>)), (ii) <i>pari passu</i> among themselves and <i>pari passu</i> with any Parity Security 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 underlying the relevant claims.</p> <p>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, pursuant to § 39 paragraph 2 of the German Insolvency Regulation (<i>Insolvenzordnung</i>), be subordinated to the claims of all unsubordinated and (except as otherwise provided by mandatory provisions of law or as expressly provided for by the terms underlying the relevant claim) 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. Subject to this subordination provision, the Issuer may satisfy its obligations under the Subordinated Notes also from other distributable assets (<i>freies Vermögen</i>) of the Issuer.</p> <p>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.</p> <p><b>"Parity Security"</b> means (i) any securities or other instruments issued by the Issuer and claims towards the Issuer which are expressed to rank <i>pari passu</i> 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 <i>pari passu</i> with the Issuer's obligations under the Subordinated Notes. For the avoidance of doubt, this includes the Issuer's EUR 1.75 billion Subordinated Fixed to Floating Rate Notes issued in 2010 (ISIN XS0542298012), the Issuer's CHF 250 million Subordinated Resettable Fixed Rate Notes issued in 2011 (ISIN CH0136594352) the Issuer's CHF 150 million Subordinated Resettable Fixed Rate Notes issued in 2012 (ISIN CH0185803049), the Issuer's GBP 750 million Subordinated Hybrid Capital Securities issued in 2012 (ISIN XS0652913988), the Issuer's USD 1 billion Subordinated Hybrid Capital Securities issued in 2012 (ISIN XS0767140022) and the Issuer's EUR 700 million Subordinated Hybrid Capital Securities (ISIN XS1219498141) and EUR 550 million Subordinated Hybrid Capital Securities (ISIN XS1219499032) issued in 2015, respectively.</p> <p><b>"Subsidiary"</b> means any directly or indirectly majority-owned</p>
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		<p>subsidiary of the Issuer.</p> <p><b>Prohibition of Set-off</b> 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 any Holder against any of its obligations under the Subordinated Notes.</p> <p><b>Events of Default, Cross Default and Negative pledge</b> The Terms and Conditions neither contain any events of default clause, a cross default clause nor a negative pledge clause.</p>
<b>C.9</b>	<b>Please see Element C.8.</b>	
	<b>Interest rate</b>	<p>Unless previously redeemed in accordance with Terms and Conditions and subject to any deferral of Remuneration, the Subordinated Notes entitle the Holders to interest (referred to in the Prospectus as the "<b>Remuneration</b>") from and including 30 July 2015 (the "<b>Issue Date</b>") to, but excluding, 30 March 2026 (the "<b>First Call Date</b>") at a rate of [■] % <i>per annum</i> on their aggregate principal amount on the Subordinated Notes ("<b>Fixed Remuneration Period</b>").</p> <p>Thereafter, unless previously redeemed in accordance with the Terms and Conditions and subject to any remuneration deferral, the Subordinated Notes entitle the Holders to Remuneration:</p> <p>(i) from and including the First Call Date to but excluding 30 March 2046 (the "<b>Second Modified Reset Remuneration Date</b>") at a rate <i>per annum</i>, which shall be equal to the Reference Rate plus the initial margin and [■] % <i>per annum</i> (the "<b>Margin</b>"); and</p> <p>(ii) from and including the Second Modified Reset Remuneration Date to but excluding the immediately following Reset Date and thereafter from each Reset Date (including) to the next following Reset Date (excluding) ending on 30 July 2075 (the "<b>Final Maturity Date</b>") (excluding) at a rate <i>per annum</i>, which shall be equal to the respective Reference Rate plus the Modified Margin (as defined below).</p> <p>"<b>Modified Margin</b>" means the Margin plus [■] % <i>per annum</i>.</p> <p>"<b>Reference Rate</b>" means in each case the USD 10-year swap rate (the "<b>10-year Swap Rate</b>") on the basis of Reuters screen "ISDAFIX3" determined two Business Days prior to the beginning of the Reset Remuneration Period in accordance with the Terms and Conditions.</p> <p>"<b>Reset Date</b>" means the First Call Date and each day following every ten calendar years after the First Call Date.</p>
	<b>Interest commencement date</b>	30 July 2015
	<b>Interest payment dates</b>	30 March in each year (subject to any remuneration deferral) commencing on 30 March 2016 for the period from (and including) the Issue Date to (but excluding) 30 March 2016 (short first remuneration period) and on the Final Maturity Date for the period from 30 March 2075 to the Final Maturity Date (excluding) (short last remuneration period).
	<b>Underlying on which interest rate is based</b>	<p>Not applicable for the Fixed Remuneration Period from and including the Issue Date to but excluding the First Call Date. The Remuneration rate is not based on an underlying.</p> <p>The 10-year Swap Rate for reset remuneration periods from and including the First Call Date.</p>
	<b>Maturity date including repayment procedures</b>	Unless previously redeemed or purchased and cancelled, the Subordinated Notes will be redeemed on 30 July 2075.

		Payment of principal in respect of the Subordinated Notes plus any Remuneration accrued to but excluding the redemption date and any Deferred Remuneration Payments shall be made to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.
	<b>Indication of yield</b>	Not applicable. No yield is calculated.
	<b>Name of representative of the Holders</b>	Not applicable. No representative for all Holders has been appointed.
<b>C.10</b>	<b>Please see Element C.9.</b>	
	<b>Explanation how the value of the investment is affected in the case the Subordinated Notes have a derivative component in the interest payment</b>	Not applicable. The Subordinated Notes have no derivative component.
<b>C.11</b>	<b>Admission to trading on a regulated market or equivalent market</b>	Application has been made for admission to trading of the Subordinated Notes on the regulated market of the Luxembourg Stock Exchange.

<b>Element</b>	<b>Section D – Risks</b>	
	<b>Risks specific to RWE Aktiengesellschaft as Issuer</b>	
<b>D.2</b>	<b>Key information on the key risks that are specific to the Issuer</b>	<p>At present, there are no identifiable risks that could jeopardise the continued operation of RWE or the 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 which may affect RWE's ability to fulfill its obligations under the Subordinated Notes. These include:</p> <p>Market risks:</p> <ul style="list-style-type: none"> <li>• <i>Risks arising from the volatility of commodity prices:</i> The development of prices on commodity markets greatly influences RWE Group's earnings, especially in the field of electricity generation.</li> </ul> <p>Framework risks:</p> <ul style="list-style-type: none"> <li>• <i>Regulatory and political risks:</i> As a utility, RWE Group plans its capital expenditure for periods extending over decades, making the Group especially affected by changes in political framework conditions in the energy industry, both at the national and European level. However, comprehensive reforms of the energy sector are currently on the agendas of numerous European countries and the European Union.</li> <li>• <i>Risks resulting from CO<sub>2</sub> emissions and trading schemes:</i> There is a danger that individual EU member states may find the European Emissions Trading System (ETS) insufficient and impose additional burdens on companies through domestic regulations.</li> <li>• <i>Other legal and arbitration procedures:</i> Individual RWE Group companies are involved in litigation and arbitration proceedings due to their operations or the acquisition of companies. 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</li> </ul>

		<p>results.</p> <p>Operational risks:</p> <ul style="list-style-type: none"> <li>• <i>Risk of continuity of business activities and risks associated with corporate strategy:</i> The RWE Group operates technologically complex and interconnected production plants in all parts of RWE Group's value chain. Uninsured damage can be incurred by the lignite mining equipment, production facilities, power plant components and networks. Capital expenditure on property, plant and equipment, acquisitions and divestments give rise to major risks as it has a long-term effect on RWE Group's portfolio.</li> <li>• <i>Risk associated with information technology:</i> Risks are associated with the availability of networks and IT solutions as well as with the security of RWE Group's data. As the Group is making large investments in the IT infrastructure of subsidiaries there is a risk that the associated costs may be higher than anticipated.</li> </ul> <p>Financial market and credit risks:</p> <ul style="list-style-type: none"> <li>• <i>Financial risks:</i> The volatility in financial prices such as foreign exchange rates, interest rates, credit spreads or share prices can have a significant effect on RWE Group's earnings.</li> <li>• <i>Creditworthiness of business partners:</i> Business relations with key accounts, suppliers and trading partners expose the RWE Group to credit risks.</li> <li>• <i>Risks associated with Indebtedness:</i> Indebtedness risks arise, for example, if cash inflows and outflows fail to meet RWE's expectations. This may apply to the cash flows from operating activities, capital expenditure and proceeds from divestments. Moreover, transactions that do not have a direct effect on cash may influence RWE Group's indebtedness. For example, changes in discount rates in line with the market interest rate level can affect the net present value of provisions (discount rate risk).</li> <li>• <i>Liquidity risks:</i> Liquidity risks consist of the danger of the RWE Group's liquidity reserves no longer being sufficient to meet financial obligations in a timely manner.</li> </ul> <p>Other risks:</p> <ul style="list-style-type: none"> <li>• <i>Other earnings risks:</i> This includes reputation risks and risks associated with non-compliance and criminal offences committed by employees of the RWE Group.</li> </ul>
<b>Risks specific to the Subordinated Notes</b>		
D.3	<b>Key information on the key risks that are specific to the securities</b>	<p>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 holding and/or selling their Subordinated Notes or with regard to receiving payments of remuneration under the Subordinated Notes. These risks include the following:</p> <ul style="list-style-type: none"> <li>• Subordinated Notes may not be a suitable investment for all investors</li> <li>• Payments of Remuneration under the Subordinated Notes may be deferred at the election of the Issuer. The Holders cannot influence any decisions by the Issuer to defer interest payments or to optionally settle such Deferred Remuneration.</li> <li>• The Subordinated Notes are long-term securities. Holders have no right to call the Subordinated Notes for their redemption.</li> <li>• Holders are subject to the risk of total failure of the Issuer to make Remuneration and/or redemption payments.</li> <li>• The Subordinated Notes are subject to certain redemption risks.</li> </ul>



	<ul style="list-style-type: none"> <li>• Changes in the tax treatment of "hybrid" instruments are possible.</li> <li>• Claims under the Subordinated Notes are subordinated and only senior to the share capital of the Issuer. In any insolvency proceedings of the Issuer, the Holders may recover proportionally less than holders of unsubordinated and other subordinated liabilities of the Issuer, or nothing at all, and the remedies for Holders in the insolvency proceedings of the Issuer may be limited.</li> <li>• The Subordinated Notes do not include express events of default or a cross default.</li> <li>• There is no limitation on the Issuer to incur additional indebtedness ranking senior or <i>pari passu</i> with the Subordinated Notes.</li> <li>• An active trading market for the Subordinated Notes may not develop.</li> <li>• The Holders are exposed to risks relating to the reset of remuneration rates based to the 10 year Swap Rate. Remuneration rate reset may result in a decline of yield.</li> <li>• Resetable fixed rate securities have a market risk.</li> <li>• Risk of change in market value.</li> <li>• The credit rating of the Subordinated Notes may not reflect all associated risks.</li> </ul>
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Element	Section E – Offer	
<b>E.2b</b>	<b>Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks</b>	<p>The net proceeds from the issue will be used for general corporate purposes.</p> <p>Estimated total expenses of the issue for the Subordinated Notes amounts to EUR 350,000.</p> <p>Estimated net proceeds of the issue: [•]</p>
<b>E.3</b>	<b>A description of the terms and conditions of the offer</b>	<p><b>Aggregate Principal Amount:</b> USD [•]</p> <p><b>Issue Price:</b> [•] %</p> <p><b>Offer Period and determination of Pricing Details</b></p> <p>The Subordinated Notes will be offered to investors by the Managers during an offer period which will commence on or about 20 July 2015 and will be open until 30 July 2015 subject to shortening or extension. On the basis of the orders received by the Managers the issue price, the rate of remuneration for the fixed remuneration period, the Aggregate Principal Amount and the initial margin for the Subordinated Notes will be determined on the pricing date which is expected to be on or about 23 July 2015 and will be communicated to investors. The results of the offer will be included in a notification which will be filed with the Commission and published on the website of the Luxembourg Stock Exchange (<a href="http://www.bourse.lu">www.bourse.lu</a>) on or about the date of pricing and prior to the Issue Date (the "<b>Pricing Notice</b>"). 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 published in the same manner as the pricing details.</p> <p><b>Offer of the Subordinated Notes</b></p> <p>The Subordinated Notes will be sold to institutional investors in compliance with the offer to the public restrictions in the relevant</p>

		<p>countries. An offer to the public will be made in the Grand Duchy of Luxembourg, the Federal Republic of Germany, The Netherlands and Austria.</p> <p><b>Conditions and technical details of the Offer</b></p> <p>There are no conditions to which the offer is subject. Any offer to purchase Subordinated Notes to investors will be made through, and investors may submit their offers to buy Subordinated Notes, using the information system Bloomberg or any other commonly used information systems. Following the publication of the Pricing Notice the Managers will offer the Subordinated Notes upon request through banking institutions. Subscription rights for the Subordinated Notes will not be issued. Any investor who has submitted an order in relation to the Subordinated Notes whose order is accepted will receive a confirmation 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. There is no minimum or maximum amount of Subordinated Notes to be purchased. Investors may place offers to purchase Subordinated Notes in any amount.</p> <p><b>Confirmation in relation to an order and allotments as well as delivery of the Subordinated Notes</b></p> <p>Following the pricing of the Subordinated Notes and confirmation which orders have been accepted and which amounts have been allotted to particular investors delivery and payment of 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 account holding banks against payment of the Issue Price.</p> <p><b>Method of determination of the Issue Price, rate of remuneration for the fixed remuneration period and initial margin</b></p> <p>The fixed rate of remuneration, the issue price and the initial margin for the Subordinated Notes will each be determined at the time of pricing on the basis of a yield which will be determined on the basis of the orders of the investors which are received by the Managers during the offer period.</p>
E.4	<b>Any interest that is material to the issue/offer including conflicting interests</b>	Not applicable. So far as the Issuer is aware, no person involved in the offer of the Subordinated Notes is subject to any conflict of interest material to the offer.
E.7	<b>Estimated expenses charged to the investor by the issuer or the offeror</b>	Not applicable. No expenses will be charged to investors by the Issuer or the Managers.

**GERMAN TRANSLATION OF THE SUMMARY  
ZUSAMMENFASSUNG**

Zusammenfassungen sind zusammengesetzt aus Offenlegungspflichten, die als "*Punkte*" bekannt sind. Diese Punkte sind in die Abschnitte A – E (A.1 – E.7) nummeriert.

Diese Zusammenfassung (die "**Zusammenfassung**") enthält alle Punkte, die in eine Zusammenfassung für diese Art von Wertpapieren und diese Emittentin aufzunehmen sind. Da einige Punkte nicht zu berücksichtigen sind, kann die Nummerierung Lücken aufweisen.

Auch wenn ein Punkt wegen der Art der Wertpapiere und der Emittentin in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass bezüglich dieses Punktes keine relevante Information gegeben werden kann. In einem solchen Fall ist in der Zusammenfassung eine kurze Beschreibung des Punktes unter Bezeichnung als "*nicht anwendbar*" enthalten.

Punkt	Abschnitt A – Einleitung und Warnhinweise	
A.1	Warnhinweise	<p style="text-align: center;"><b><u>Warnhinweis, dass</u></b></p> <ul style="list-style-type: none"> <li>• die Zusammenfassung als Einleitung zum Prospekt verstanden werden sollte;</li> <li>• sich der Anleger bei jeder Entscheidung in die Nachrangigen Schuldverschreibungen zu investieren, auf den Prospekt als Ganzen stützen sollte;</li> <li>• ein Anleger, der wegen der in dem Prospekt enthaltenen Angaben Klage einreichen will, nach den nationalen Rechtsvorschriften seines Mitgliedstaats möglicherweise für die Übersetzung des Prospekts aufkommen muss, bevor das Verfahren eingeleitet werden kann; und</li> <li>• zivilrechtlich nur die Emittentin haftet, die die Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt hat, und dies auch nur für den Fall, dass die Zusammenfassung verglichen mit den anderen Teilen des Prospekts irreführend, unrichtig oder inkohärent ist oder verglichen mit den anderen Teilen des Prospekts wesentliche Angaben, die in Bezug auf Anlagen in die Nachrangigen Schuldverschreibungen für die Anleger eine Entscheidungshilfe darstellen, vermissen lassen.</li> </ul>
A.2	Zustimmung zur Verwendung des Prospekts	<p>Goldman Sachs International, HSBC Bank plc und UBS Limited (einzeln der "<b>Platzeur</b>" oder gemeinsam die "<b>Platzeure</b>") und/oder weitere Finanzintermediär, der die emittierten Wertpapiere nachfolgend weiter verkauft oder endgültig platziert, ist berechtigt, den Prospekt für den späteren Weiterverkauf oder die endgültige Platzierung der Wertpapiere während des Zeitraums vom 20. Juli 2015 bis 30. Juli 2015 für den späteren Weiterverkauf oder die endgültige Platzierung zu verwenden, vorausgesetzt jedoch, dass der Prospekt in Übereinstimmung mit Artikel 11 Abs. 2 des Luxemburger Wertpapierprospektgesetzes (<i>Loi relative aux prospectus pour valeurs mobilières</i>), in geänderter Fassung, welches die geänderte Richtlinie 2003/71/EG des Europäischen Parlaments und des Rates vom 4. November 2003 umsetzt, noch gültig ist.</p> <p>Der Prospekt darf potentiellen Investoren nur zusammen mit sämtlichen bis zur Übergabe veröffentlichten Nachträgen übergeben werden. Jeder Nachtrag zum Prospekt kann in elektronischer Form auf der Internetseite der Wertpapierbörse Luxemburg (<a href="http://www.bourse.lu">www.bourse.lu</a>) eingesehen werden.</p> <p>Bei der Nutzung des Prospektes hat jeder Platzeur und/oder jeweiliger weiterer Finanzintermediär sicherzustellen, dass er alle anwendbaren, in den jeweiligen Jurisdiktionen geltenden Gesetze</p>

		und Rechtsvorschriften beachtet. <b>Für den Fall, dass ein Platzeur und/oder weiterer Finanzintermediär ein Angebot macht, informiert dieser Platzeur und/oder weiterer Finanzintermediär die Anleger zum Zeitpunkt der Angebotsvorlage über die Angebotsbedingungen.</b>
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<b>Punkt</b>	<b>Abschnitt B – Die Emittentin</b>	
<b>B.1</b>	<b>Gesetzliche und kommerzielle Bezeichnung</b>	RWE Aktiengesellschaft
<b>B.2</b>	<b>Sitz / Rechtsform / geltendes Recht/ Land der Gründung</b>	Die RWE Aktiengesellschaft (" <b>RWE</b> ") ist eine nach dem Recht der Bundesrepublik Deutschland gegründete deutsche Aktiengesellschaft und ist unter deutschem Recht operativ tätig. Die Gesellschaft hat ihren Sitz und ist registriert in Essen.
<b>B.4b</b>	<b>Bereits bekannte Trends, die sich auf die Emittentin und die Branchen, in denen sie tätig ist, auswirken</b>	<p>Der europäische Energiesektor wandelt sich grundlegend. Politische Eingriffe erschweren das Geschäft. Außerdem führt der subventionierte Ausbau der erneuerbaren Energien in Deutschland zu rückläufigen Margen und Einsatzzeiten konventioneller Kraftwerke. All das hat massive Auswirkungen auf die Ertragslage des RWE Konzerns.</p> <p>In der Vergangenheit waren es fast ausschließlich Großkraftwerke, die den Strom erzeugten, während sich die Rolle des Kunden auf die des Abnehmers beschränkte. Heute produzieren immer mehr Haushalte und Betriebe ihren Strom selbst. Zugleich bestimmen ehrgeizige Ziele zum Klimaschutz, zum Ausbau der erneuerbaren Energien und zur Energieeffizienz den regulatorischen Rahmen im Energiesektor. Derzeit stehen in zahlreichen europäischen Ländern und auf Ebene der EU umfassende Reformen im Energiesektor auf der Agenda.</p> <p>Der RWE Konzern stellt sich diesen Herausforderungen – indem sie anspruchsvolle Kostensenkungsprogramme implementiert und den gesellschaftlichen Wandel mitgestaltet und ermöglicht.</p>
<b>B.5</b>	<b>Beschreibung der Gruppe und der Stellung der Emittentin innerhalb dieser Gruppe</b>	<p>RWE ist die Muttergesellschaft des RWE Konzerns.</p> <p>Der RWE Konzern ist in sieben Unternehmensbereiche aufgegliedert, die nach nationalen bzw. funktionalen Kriterien voneinander abgegrenzt sind:</p> <ul style="list-style-type: none"> <li>• Konventionelle Stromerzeugung</li> <li>• Vertrieb / Verteilnetze Deutschland</li> <li>• Vertrieb Niederlande / Belgien</li> <li>• Vertrieb Großbritannien</li> <li>• Zentralost- / Südosteuropa</li> <li>• Erneuerbare Energien</li> <li>• Trading / Gas Midstream</li> </ul> <p>Die Unternehmensbereiche werden durch interne Dienstleister RWE IT, RWE Group Business Services, RWE Service und RWE Consulting unterstützt. RWE nimmt im Konzern Holdingaufgaben wahr.</p> <p>Am 2. März 2015 haben die RWE AG und die LetterOne-Gruppe den Verkauf der RWE Dea AG abgeschlossen. Der Unternehmenswert betrug ca. EUR 5,1 Mrd.</p>
<b>B.9</b>	<b>Gewinnprognosen oder</b>	Nicht anwendbar. Es wurden keine Gewinnprognosen- oder

	<b>-schätzungen</b>	Schätzungen aufgenommen.			
<b>B.10</b>	<b>Art etwaiger Einschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen</b>	Nicht anwendbar. Die Bestätigungsvermerke für die Konzernabschlüsse der zum 31. Dezember 2013 und zum 31. Dezember 2014 endenden Geschäftsjahre enthalten keine Einschränkungen.			
<b>B.12</b>	<b>Ausgewählte wesentliche historische Finanzinformationen<sup>1</sup></b> <b>Ausgewählte Informationen aus der Bilanz</b>				
		<b>Zeitraum vom 1. Januar bis zum 31. März 2015 (ungeprüft)</b>	<b>Geschäftsjahr zum 31 Dez. 2014 (geprüft)</b>	<b>Geschäftsjahr zum 31 Dez. 2013 (geprüft)</b>	
		in Mio. EUR			
	Langfristiges Vermögen	55.170	54.224	56.905	
	Kurzfristiges Vermögen	28.974	32.092	24.476	
	<i>davon: Zur Veräußerung bestimmte Vermögenswerte</i>	-	5.540	-	
	<b>Aktiva</b>	<b>84.144</b>	<b>86.316</b>	<b>81.381</b>	
	Eigenkapital	13.624	11.772	12.137	
	Langfristige Schulden	47.659	46.324	47.383	
	Kurzfristige Schulden	22.861	28.220	21.861	
	<i>davon: Zur Veräußerung bestimmte Schulden</i>	-	2.635	-	
	<b>Passiva</b>	<b>84.144</b>	<b>86.316</b>	<b>81.381</b>	
	<b>Ausgewählte Informationen aus der GuV-Rechnung</b>				
		<b>Zeitraum vom 1. Januar bis zum 31. März 2015 (ungeprüft)</b>	<b>Zeitraum vom 1. Januar bis zum 31. März 2014 (ungeprüft)</b>	<b>Geschäftsjahr 2014 (geprüft)</b>	<b>Geschäftsjahr 2013 (geprüft)</b>
		in Mio. EUR			
	Umsatzerlöse	13.891	13.450	46.149	49.749
	Ergebnis fortgeführter Aktivitäten vor Steuern	1.068	1.444	2.246	-2.016
	Ergebnis	2.346	1.123	2.057	-2.443
	<i>davon: Ergebnis nicht fortgeführter Aktivitäten</i>	1.524	42	364	312
	Nettoergebnis/Ergebnisanteile der Aktionäre der RWE AG	2.166	995	1.704	-2.757
	Unverwässertes und verwässertes Ergebnis je Stamm- und Vorzugsaktie in EUR	3,52	1,62	2,77	-4,49
	<i>davon: nicht fortgeführter Aktivitäten in EUR</i>	2,48	0,07	0,59	0,50

<b>Ausgewählte Informationen aus der Kapitalflussrechnung</b>				
	<b>Zeitraum vom 1. Januar bis zum 31. März 2015 (ungeprüft)</b>	<b>Zeitraum vom 1. Januar bis zum 31. März 2014 (ungeprüft)</b>	<b>Geschäftsjahr 2014 (geprüft)</b>	<b>Geschäftsjahr 2013 (geprüft)</b>
in Mio. EUR				
Cash Flow aus laufender Geschäftstätigkeit – CFO	-752	157	6.368	5.576
<i>davon: CFO aus nicht fortgeführter Aktivitäten</i>	-125	264	812	773
Cash Flow aus der Investitionstätigkeit (nach Dotierung Contractual Trust Arrangement) – CFI	1.289	-172	-4.869	-2.338
<i>davon: CFI aus nicht fortgeführter Aktivitäten</i>	-111	-144	-675	-639
Cash Flow aus der Finanzierungstätigkeit – CFF	-541	-263	-2.200	-1.994
<i>davon: CFF aus nicht fortgeführter Aktivitäten</i>	260	-121	-62	-137
Veränderung der flüssigen Mittel	23	-277	-693	1.226
Flüssige Mittel zum Ende des Berichtszeitraums laut Konzernbilanz	3.280	3.673	3.171	3.950
<i>davon: als "Zur Veräußerung bestimmte Vermögenswerte" ausgewiesen</i>	-	-	-86	-
<sup>1</sup> In dem geprüften Konzernabschluss des RWE Konzerns zum 31. Dezember 2014 sowie im Konzernzwischenabschluss zum 31. März 2015 wurden aufgrund der Erstanwendung von IFRS 11 sowie der Darstellung der Dea als nicht fortgeführte Aktivität Vorjahreszahlen angepasst.				
<b>Keine wesentliche Verschlechterung der Aussichten der Emittentin</b>	Der Geschäftsausblick von RWE hat sich seit dem 31. Dezember 2014 nicht wesentlich negativ verändert.			
<b>Signifikante Veränderungen in der Finanz- bzw. Handelsposition</b>	Nicht anwendbar. Seit dem 31. März 2015 hat es keine signifikanten Änderungen der Finanz- bzw. Handelsposition von RWE gegeben.			
<b>B.13</b>	<b>Letzte Ereignisse</b>	<p><i>RWE nimmt neues Hybridkapital auf</i></p> <p>Mitte April 2015 hat die RWE AG Hybridanleihe im Gesamtwert von EUR 1,25 Mrd. mit 60-jähriger Laufzeit begeben. Die Emission richtete sich an institutionelle und private Anleger. Sie erfolgte in zwei Tranchen: Die Anleihen aus der ersten Tranche (EUR 700 Mio.) haben einen Kupon von 2,75 % bei einem Ausgabekurs von 99,38 % und können seitens RWE erstmals nach fünfeinhalb Jahren gekündigt werden; bei der zweiten Tranche (EUR 550 Mio.) mit einem Kupon von 3,5 % und einem Ausgabekurs von 100 % ist eine Kündigung frühestens nach zehn Jahren möglich.</p> <p><i>RWE schließt den Verkauf von RWE Dea ab</i></p> <p>Am 2. März 2015 haben die RWE AG und die LetterOne-Gruppe den Verkauf der RWE Dea AG abgeschlossen. Der Unternehmenswert</p>		

		<p>betrug ca. EUR 5,1 Mrd.</p> <p><i>RWE stellt Dividendenpolitik auf breitere Basis.</i></p> <p>Der Vorstand der RWE AG hat Mitte Dezember 2014 eine Neuausrichtung der Dividendenpolitik beschlossen, die vom Aufsichtsrat unterstützt wird. Die bisherige Bindung an eine Zielausschüttungsquote von 40 % bis 50 % des nachhaltigen Nettoergebnisses wird zum Geschäftsjahr 2015 aufgegeben. Der Dividendenvorschlag von Vorstand und Aufsichtsrat soll dann einen stärkeren Bezug zur wirtschaftlichen Gesamtlage des RWE Konzerns haben und sich insbesondere an der Ertragslage, dem operativen Cash Flow und der Verschuldungssituation orientieren. Falls sich Chancen für Wachstumsinvestitionen bieten, sollen auch sie einfließen.</p> <p><i>Kernbrennstoffsteuer: Bundesfinanzhof lehnt Aussetzung der Vollziehung ab und die Europäische Gerichtshof erklärt die Steuer für vereinbar mit europäischem Recht</i></p> <p>Ende November 2014 hat der Bundesfinanzhof (BFH) entschieden, dass die deutsche Kernbrennstoffsteuer trotz der bestehenden Zweifel an ihrer Rechtmäßigkeit zunächst weiter gezahlt werden muss. Damit hob er Beschlüsse der Finanzgerichte Hamburg und München auf, die im sogenannten vorläufigen Rechtsschutz auf Aussetzung der Steuervollziehung entschieden hatten. Aufgrund des BFH-Entscheids hat der RWE Konzern einbehaltene Steuern für das Kernkraftwerk Emsland (Lingen) Ende 2014 an den Fiskus abgeführt.</p> <p>Ausdrücklich offengelassen wird, ob die Steuer gegen das Grundgesetz oder gegen Europarecht verstößt. Dies zu klären ist Sache des Bundesverfassungsgerichts bzw. des Europäischen Gerichtshofs (EuGH). Der Europäische Gerichtshof hat am 4. Juni 2015 die Kernbrennstoffsteuer als vereinbar mit Europäischem Recht erklärt. Ein genaues Datum für die Entscheidung durch das Bundesverfassungsgericht steht noch nicht fest.</p> <p><i>RWE Konzern nimmt unrentable Erzeugungskapazitäten aus dem Markt</i></p> <p>Angesichts der stark verschlechterten Marktbedingungen in der konventionellen Stromerzeugung hat der RWE Konzern 2014 einige Gaskraftwerke saisonal oder unbefristet vom Markt genommen. Auch für 2015 und Folgejahre erwartet RWE die Außerbetriebnahme von Erzeugungskapazitäten. Dies betrifft Gas-, Steinkohle- und Braunkohlekraftwerke.</p> <p><i>RWE Konzern bei Kapazitätsauktion in Großbritannien erfolgreich</i></p> <p>In Dezember 2014 konnten sich bei der ersten Auktion für den neuen britischen Kapazitätsmarkt alle teilnehmenden Kraftwerke des RWE Konzerns – mit Ausnahme einer Kleinanlage – für eine Förderung qualifizieren. Zusammen kommen sie auf eine gesicherte Leistung von 8,0 Gigawatt (GW).</p>
<b>B.14</b>	<b>Bitte siehe Element B.5.</b>	
	<b>Angabe zur Abhängigkeit von anderen Unternehmen innerhalb der Gruppe</b>	Nicht anwendbar. RWE ist nicht von anderen Unternehmen innerhalb des RWE Konzerns abhängig.
<b>B.15</b>	<b>Haupttätigkeiten</b>	RWE ist die Muttergesellschaft einer Gruppe von Unternehmen, die im Bereich der Erzeugung, Übertragung, des Transports, der Verteilung, des Handels und des Vertriebs von Energie und Gas in Deutschland, in Großbritannien, der Benelux Region sowie einigen Regionen Zentralost- und Südosteuropas (einschließlich Türkei).

		Außerdem zählt der RWE Konzern zu den großen Händlern von Energie und energienahen Rohstoffen in Europa mit unterstützenden Tätigkeiten in den USA und Asien.
<b>B.16</b>	<b>Hauptantileisener</b>	Die letzte Erhebung der Aktionärstruktur hat Folgendes ergeben*: RWEB GmbH 15 % BlackRock Financial Management, Inc. 5 % Sonstige institutionelle Aktionäre 66 % Privataktionäre 13 % Belegschaftsaktionäre 1 % * Die Prozentangaben beziehen sich auf den Anteil am gezeichneten Kapital (Stand: Januar 2015)
<b>B.17</b>	<b>Kreditratings der Emittentin oder ihrer Schuldtitel</b>	RWE sowie die von RWE ausgegebenen nicht nachrangigen Anleihen werden derzeit von Moody's <sup>1,2</sup> mit "Baa1" <sup>3</sup> und von Standard & Poor's <sup>4</sup> mit "BBB+ <sup>3</sup> " bewertet, jeweils mit "negativem" Ausblick. Damit bewegt sich das Rating unverändert im Bereich "Investment Grade". Die Bonitätsnoten für kurzfristige RWE-Anleihen lauten "P-2" <sup>3</sup> bzw. "A-2" <sup>3</sup> .

<b>Punkt</b>	<b>Abschnitt C – Wertpapiere</b>	
<b>C.1</b>	<b>Gattung und Art der Wertpapiere / Wertpapierkennnummer</b>	<b>Gattung</b> Die Wertpapiere sind nachrangig und nicht besichert.
		<b>Art</b> Nachrangige Hybridkapital Schuldverschreibungen (die " <b>Nachrangigen Schuldverschreibungen</b> ").
		Die Wertpapierkennnummern der Schuldverschreibungen sind: <b>ISIN</b> XS1254119750 <b>Common Code</b> 125411975 <b>WKN</b> A13SHX
<b>C.2</b>	<b>Währung</b>	Die Wertpapiere sind in U.S. Dollar begeben (" <b>USD</b> ").
<b>C.5</b>	<b>Beschränkungen der freien Übertragbarkeit</b>	Nicht anwendbar. Die Wertpapiere sind frei übertragbar.

<sup>1</sup> Moody's hat seinen Sitz in der Europäischen Gemeinschaft und ist gemäß der Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen, in der jeweils geltenden Fassung (die "**Ratingagentur-Verordnung**") registriert.

<sup>2</sup> Die Europäische Wertpapier und Marktaufsichtsbehörde veröffentlicht auf ihrer Webseite (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) ein Verzeichnis der nach der Ratingagentur-Verordnung registrierten Ratingagenturen. Dieses Verzeichnis wird innerhalb von fünf Werktagen nach Annahme eines Beschlusses gemäß Artikel 16, 17 oder 20 der Ratingagentur-Verordnung aktualisiert. Die Europäische Kommission veröffentlicht das aktualisierte Verzeichnis im Amtsblatt der Europäischen Union innerhalb von 30 Tagen nach der Aktualisierung.

<sup>3</sup> Ein Kreditrating ist eine Einschätzung der Kreditwürdigkeit einer Rechtsperson und informiert den Anleger daher über die Wahrscheinlichkeit mit der die Rechtsperson in der Lage ist, angelegtes Kapital zurückzuzahlen. Es ist keine Empfehlung Wertpapiere zu kaufen, zu verkaufen oder zu halten und kann jederzeit durch die Ratingagentur geändert oder zurückgenommen werden

<sup>4</sup> Standard & Poor's hat seinen Sitz in der Europäischen Gemeinschaft und ist gemäß der Ratingagentur-Verordnung registriert.



C.8	<p><b>Rechte, die mit den Wertpapieren verbunden sind (einschließlich des Rangs der Wertpapiere und Beschränkungen dieser Rechte)</b></p>	<p><b>Vorzeitige Rückzahlung nach Wahl der Emittentin</b></p> <p>Die Emittentin kann die Nachrangigen Schuldverschreibungen am 30. März 2026 ("<b>Erster Rückzahlungstag</b>") sowie an jedem danach folgenden Vergütungszahlungstag (wie nachstehend definiert) nach unwiderruflicher Kündigungsmittelung an die Anleihegläubiger nach Maßgabe der Anleihebedingungen zu ihrem Gesamtnennbetrag zuzüglich bis zum Rückzahlungstag (ausschließlich) aufgelaufener Vergütungen (wie nachstehend definiert) und etwaiger Vergütungsrückstände (wie nachstehend definiert) kündigen und (insgesamt, jedoch nicht teilweise) zurückzahlen.</p> <p><b>Vorzeitige Rückzahlung nach Wahl der Emittentin bei Eintritt eines Speziellen Ereignisses</b></p> <p>Bei Eintritt eines Quellensteuer-Ereignisses, eines Steuerereignisses oder eines Ratingagenturereignisses ist die Emittentin berechtigt, die Nachrangigen Schuldverschreibungen jederzeit (insgesamt, jedoch nicht teilweise) durch eine unwiderrufliche Mitteilung nach Maßgabe der Anleihebedingungen zu kündigen.</p> <p>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 zu zahlen.</p> <p>Erfolgt die Kündigung aufgrund eines Steuerereignisses oder eines Ratingagenturereignisses hat die Emittentin (i) 101 % des Gesamtnennbetrags der Nachrangigen Schuldverschreibungen nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaige Vergütungsrückstände zu zahlen, soweit eine solche Rückzahlung vor dem Ersten Rückzahlungstag erfolgt, bzw. (ii) ihren Gesamtnennbetrag nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaiger Vergütungsrückstände zu zahlen, soweit eine solche Rückzahlung an oder nach dem Ersten Rückzahlungstag erfolgt.</p> <p><b>Vorzeitige Rückzahlung im Falle eines Minimalen Ausstehenden Nominalbetrages</b></p> <p>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) nach unwiderruflicher Kündigungsmittelung an die Anleihegläubiger nach Maßgabe der Anleihebedingungen kündigen und (i) zu 101 % des Gesamtnennbetrags nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaige Vergütungsrückstände zurückzahlen, soweit eine solche Rückzahlung vor dem Ersten Rückzahlungstag erfolgt, bzw. (ii) den ausstehenden Gesamtnennbetrag nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaiger Vergütungsrückstände zurückzahlen, soweit eine solche Rückzahlung am oder nach dem Ersten Rückzahlungstag erfolgt.</p> <p><b>Vorzeitige Rückzahlung bei Eintritt eines Kontrollwechsel</b></p> <p>In dem Fall, dass eine Person oder mehrere Personen, die gemeinsam handeln, die Kontrolle (wie nachstehend definiert) über die Emittentin erlangt haben (ein "<b>Kontrollwechsel</b>"), ist die Emittentin innerhalb des Kontrollwechselzeitraums (wie nachstehend definiert) jederzeit berechtigt, die Nachrangigen Schuldverschreibungen (insgesamt, jedoch nicht teilweise) zu kündigen und zurück zu</p>
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		<p>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 (i) zu 101 % des Gesamtnennbetrags nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaige Vergütungsrückstände zurückzahlen, soweit eine solche Rückzahlung vor dem Ersten Rückzahlungstag erfolgt, bzw. (ii) zum ausstehenden Gesamtnennbetrag nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaiger Vergütungsrückstände zurückzahlen, soweit eine solche Rückzahlung am oder nach dem Ersten Rückzahlungstag erfolgt.</p> <p><b>"Kontrolle"</b> 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.</p> <p>Der <b>"Kontrollwechselzeitraum"</b> beginnt am Tag des Kontrollwechsels und endet 180 Tage danach.</p> <p><b>Vergütungsaufschub und Nachzahlung von Vergütungsrückständen</b></p> <p>Aufgelaufene Vergütungen sind nur dann fällig und zahlbar, wenn sich die Emittentin für eine solche Zahlung entscheidet. Eine Nichtzahlung begründet keinen Verzug der Emittentin und keine anderweitige Verletzung ihrer Verpflichtungen aufgrund dieser Nachrangigen Schuldverschreibungen oder für sonstige Zwecke. Die aufgrund einer derartigen Entscheidung der Emittentin nicht gezahlte Vergütung stellt <b>"Vergütungsrückstände"</b> dar. Vergütungsrückstände werden nicht verzinst.</p> <p>Die Emittentin kann ausstehende Vergütungsrückstände jederzeit (insgesamt, jedoch nicht teilweise) nach Mitteilung nach Maßgabe der Anleihebedingungen zahlen.</p> <p>Bei Eintritt des frühesten der nachfolgenden Ereignisse gelten die ausstehenden Vergütungsrückstände (insgesamt, jedoch nicht teilweise) durch die Emittentin als für fällig und zahlbar erklärt:</p> <ul style="list-style-type: none"> <li>(i) der zehnte Geschäftstag nach Eintritt eines Obligatorischen Zahlungsereignisses (wie nachfolgend definiert); oder</li> <li>(ii) der Tag, an dem die Nachrangigen Schuldverschreibungen insgesamt zur Rückzahlung fällig sind; oder</li> <li>(iii) 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).</li> </ul> <p>Ein <b>"Obligatorisches Zahlungsereignis"</b> gilt bei Auftreten eines der folgenden Ereignisse als eingetreten:</p> <ul style="list-style-type: none"> <li>(i) der Tag, an dem die Aktionäre der Emittentin über den Vorschlag des Vorstands der Emittentin, eine Dividende auf Aktien der Emittentin (mit Ausnahme einer Dividende, Ausschüttung oder</li> </ul>
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		<p>Zahlung, die in Form von Stamm- oder Vorzugsaktien der Emittentin (die "<b>Aktien der Emittentin</b>") vorgenommen wird) zu zahlen, in der ordentlichen Hauptversammlung beschlossen haben; oder</p> <p>(ii) die Emittentin zahlt einen Teil ihres Aktienkapitals zurück oder die Emittentin oder eine ihrer Tochtergesellschaften (wie nachstehend definiert) kaufen ausstehende Aktien der Emittentin zurück oder erwerben diese anderweitig (ausgenommen (x) in Verbindung mit einem Mitarbeiterbeteiligungsprogramm oder einer ähnlichen Maßnahme zu Gunsten von Arbeitnehmern, leitenden Angestellten, Führungskräften oder Beratern, (y) als Ergebnis eines Umtauschs oder einer Wandlung einer Aktiengattung in eine andere oder (z) falls die Emittentin Aktien als Entgelt für einen Verkauf von Vermögenswerten an Dritte erhält); oder</p> <p>(iii) ein Vergütungszahlungstag, bezüglich dessen die Emittentin von ihrem Wahlrecht, die Zahlung einer vorgesehenen Vergütung auf die Nachrangigen Schuldverschreibungen vorzunehmen, Gebrauch macht; oder</p> <p>(iv) der Tag, an dem die Emittentin oder eine Tochtergesellschaft eine Zahlung oder Ausschüttung auf ein Gleichrangiges Wertpapier (wie nachstehend definiert) zahlt; oder</p> <p>(v) der Tag, an dem die Emittentin oder eine Tochtergesellschaft (jeweils direkt oder indirekt) ein Gleichrangiges Wertpapier (einschließlich der Nachrangigen Schuldverschreibungen) zurückzahlt, zurückkauft oder anderweitig erwirbt.</p> <p>Die vorgenannten Fälle (iv) und (v) unterliegen der Maßgabe, dass kein Obligatorisches Zahlungsereignis vorliegt, wenn</p> <p>(x) die Emittentin oder die betreffende Tochtergesellschaft gemäß den Anleihebedingungen des betreffenden Gleichrangigen Wertpapiers zu der Zahlung, zu der Rückzahlung, zu dem Rückkauf oder zu dem anderweitigen Erwerb verpflichtet ist; oder</p> <p>(y) die Emittentin oder die betreffende Tochtergesellschaft Gleichrangige Wertpapiere nach einem öffentlichen Rückkaufangebot oder öffentlichen Umtauschangebot mit einer unter dem Nennwert liegenden Gegenleistung je Gleichrangigem Wertpapier zurückkauft oder anderweitig erwirbt.</p> <p><b>Status der Nachrangigen Schuldverschreibungen</b></p> <p>Soweit nachstehend nichts anderes bestimmt ist, begründen die Nachrangigen Schuldverschreibungen direkte, nicht besicherte, nachrangige Verbindlichkeiten der Emittentin, die im Fall der Abwicklung, Auflösung oder Liquidation der Emittentin (i) nur den Aktien der Emittentin (einschließlich der Vorzugsaktien der Emittentin) im Rang vorgehen, (ii) untereinander und mit jedem Gleichrangigen Wertpapier im Rang gleich stehen und (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.</p> <p>Die Rechte der Anleihegläubiger aus den Nachrangigen Schuldverschreibungen gegenüber der Emittentin begründen direkte, nicht besicherte und nachrangige Rechte gegenüber der Emittentin im Sinne von § 39 Absatz 2 Insolvenzordnung, die im Fall der Insolvenz der Emittentin, eines Vergleichs oder eines anderen der Abwendung der Insolvenz der Emittentin dienenden Verfahrens (i)</p>
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		<p>nur den Aktien der Emittentin (einschließlich der Vorzugsaktien der Emittentin) im Rang vorgehen, (ii) untereinander und mit jedem Gleichrangigen Wertpapier im Rang gleich stehen und (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 der betreffenden Ansprüche unterliegen, ausdrücklich etwas anderes vorsehen.</p> <p>Im Fall (i) der 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 gemäß § 39 Absatz 2 Insolvenzordnung im Rang den Ansprüchen aller nicht nachrangigen und, soweit zwingende gesetzliche Vorschriften nichts anderes vorschreiben bzw. die Bedingungen, denen die betreffenden Ansprüche unterliegen, ausdrücklich etwas anderes vorsehen, 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. Unter Beachtung dieser Nachrangregelung bleibt es der Emittentin unbenommen, ihre Verbindlichkeiten aus den Nachrangigen Schuldverschreibungen auch aus dem sonstigen freien Vermögen zu bedienen.</p> <p>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.</p> <p><b>"Gleichrangige Wertpapiere"</b> 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 Wertpapieren 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 Wertpapieren sind. Dies beinhaltet auch die im Jahr 2010 durch die Emittentin begebenen Nachrangigen EUR 1,75 Milliarden fest zu variabel verzinslichen Schuldverschreibungen (ISIN XS0542298012), die im Jahr 2011 durch die Emittentin begebenen Nachrangigen CHF 250 Millionen Festverzinslichen Schuldverschreibungen mit Zinsanpassung (ISIN CH0136594352), die im Jahr 2012 durch die Emittentin begebenen CHF 150 Millionen Nachrangigen Festverzinslichen Schuldverschreibungen mit Zinsanpassung (ISIN CH0185803049), die im Jahr 2012 durch die Emittentin begebenen GBP 750 Millionen Nachrangigen Hybridkapital Schuldverschreibungen (ISIN XS0652913988), die im Jahr 2012 durch die Emittentin begebenen USD 1 Milliarde Nachrangigen Hybridkapital Schuldverschreibungen (ISIN XS0767140022), sowie die im Jahr 2015 durch die Emittentin begebenen EUR 700 Millionen Nachrangigen Hybridkapital Schuldverschreibungen (ISIN XS1219498141) und EUR 550 Millionen Nachrangigen Hybridkapital Schuldverschreibungen (ISIN XS1219499032).</p> <p><b>"Tochtergesellschaft"</b> bezeichnet jede direkte oder mittelbare mehrheitliche Tochtergesellschaft der Emittentin.</p>
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		<p><b>Aufrechnungsverbot</b></p> <p>Die Anleihegläubiger sind nicht berechtigt, Forderungen aus den Nachrangigen Schuldverschreibungen gegen mögliche Forderungen der Emittentin aufzurechnen. Die Emittentin ist nicht berechtigt, Forderungen gegenüber einem Anleihegläubiger gegen Verpflichtungen aus den Nachrangigen Schuldverschreibungen aufzurechnen.</p> <p><b>Kündigungsgründe (Events of Default), Drittverzug (Cross Default), Negativerklärung</b></p> <p>Die Anleihebedingungen sehen weder Kündigungsgründe vor, die die Anleihegläubiger berechtigen, die unverzügliche Rückzahlung der Nachrangigen Schuldverschreibungen zu verlangen, noch eine Drittverzugs Klausel oder Negativverpflichtung.</p>
C.9	<p>Siehe Element C.8.</p> <p><b>Zinssatz</b></p> <p><b>Verzinsungsbeginn</b></p> <p><b>Zinszahlungstag</b></p>	<p>Vorbehaltlich einer vorzeitigen Rückzahlung gemäß diesen Anleihebedingungen und eines etwaigen Vergütungsaufschubs berechtigen die Nachrangigen Schuldverschreibungen die Anleihegläubiger vom 30. Juli 2015 ("<b>Ausgabetag</b>") (einschließlich) bis zum 30. März 2026 ("<b>Erster Rückzahlungstag</b>") (ausschließlich) zu Zinsen (im Prospekt nachfolgend als die "<b>Vergütung</b>" bezeichnet) von [•] % <i>per annum</i> auf den Gesamtnennbetrag der Nachrangigen Schuldverschreibungen ("<b>Feste Vergütungszeitraum</b>").</p> <p>Danach und vorbehaltlich einer vorzeitigen Rückzahlung nach Maßgabe der Anleihebedingungen und eines etwaigen Vergütungsaufschubs wird eine Vergütung auf die Nachrangigen Schuldverschreibungen wie folgt gezahlt:</p> <p>(i) vom Ersten Rückzahlungstag (einschließlich) bis zum 30. März 2026 ("<b>Zweiter Modifizierter Reset Vergütungstag</b>") (ausschließlich) in Höhe des Referenzsatzes zuzüglich die ursprüngliche Kreditmarge und [•] % <i>per annum</i> (die "<b>Marge</b>");</p> <p>(ii) vom Zweiten Modifizierten Vergütungstag (einschließlich) bis zum unmittelbar darauffolgenden Reset Tag (ausschließlich) und danach von jedem folgenden Reset Tag (einschließlich) bis zu jedem darauffolgenden Reset Tag (ausschließlich) letztmals am 30. Juli 2025 ("<b>Endfälligkeitstag</b>") in Höhe des jeweiligen Referenzsatzes zuzüglich der Modifizierten Marge (wie nachstehend definiert).</p> <p>"<b>Modifizierte Marge</b>" bezeichnet die Marge zuzüglich [•] % <i>per annum</i>.</p> <p>"<b>Referenzsatz</b>" bezeichnet jeweils den USD 10-Jahres Swapsatz (der "<b>10-Jahres Swapsatz</b>") auf Basis des Reuters Bildschirm "ISDAFIX3" wie er zwei Geschäftstage vor Beginn des jeweiligen Reset-Vergütungszeitraums nach Maßgabe der Anleihebedingungen festgelegt wird.</p> <p>"<b>Reset Tag</b>" bezeichnet jeweils den Ersten Rückzahlungstag und jeden auf den Ersten Rückzahlungstag alle zehn Kalenderjahre folgenden Tag.</p> <p>30. Juli 2015</p> <p>30. März in jedem Jahr (vorbehaltlich eines etwaigen Vergütungsaufschubs), erstmals am 30. März 2016 für den Zeitraum vom Ausgabetag (einschließlich) bis zum 30. März 2016 (ausschließlich) (kurzer erster Vergütungszeitraum) sowie am Endfälligkeitstag für den Zeitraum vom 30. März 2025 (einschließlich) bis zum Endfälligkeitstag (ausschließlich) (kurzer letzter Vergütungszeitraum).</p>

	<b>Basiswert auf dem der Zinssatz basiert</b>	Nicht anwendbar für den Festen Vergütungszeitraum vom Ausgabebetag (einschließlich) bis zum Ersten Rückzahlungstag (ausschließlich). Der Vergütungssatz basiert nicht auf einem Basiswert.  Der 10-Jahres Swapsatz für Reset-Vergütungszeiträume ab dem Ersten Rückzahlungstag (einschließlich).
	<b>Fälligkeitstag einschließlich Rückzahlungsverfahren</b>	Soweit nicht bereits zuvor zurückgezahlt oder zurückgekauft und entwertet, werden die Nachrangigen Schuldverschreibungen am 30. Juli 2075 zurückgezahlt.  Zahlungen von Kapital nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaige Vergütungsrückstände in Bezug auf die Nachrangigen Schuldverschreibungen erfolgen an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.
	<b>Rendite</b>	Nicht anwendbar. Es wird keine Rendite berechnet.
	<b>Name des Vertreters der Inhaber der Wertpapiere</b>	Nicht anwendbar. Ein gemeinsamer Vertreter für alle Anleihegläubiger wurde nicht bestellt
<b>C.10</b>	<b>Bitte siehe Element C.9.</b>	
	<b>Erläuterung wie der Wert der Anlage beeinflusst wird, falls die Wertpapiere eine derivative Komponente bei der Zinszahlung aufweisen</b>	Nicht anwendbar. Die Nachrangigen Schuldverschreibungen weisen keine derivative Komponente auf.
<b>C.11</b>	<b>Einführung in einen regulierten Markt oder einem gleichwertigen Markt</b>	Für die Nachrangigen Schuldverschreibungen wurde die Zulassung zum Handel am regulierten Markt der Luxemburger Wertpapierbörse beantragt.

<b>Punkt</b>	<b>Abschnitt D – Risiken</b>	
	<b>Risiken, die der RWE Aktiengesellschaft als Emittentin eigen sind</b>	
<b>D.2</b>	<b>Zentrale Angaben zu den zentralen Risiken, die der Emittentin eigen sind</b>	Zur Zeit sind keine Risiken erkennbar welche den Fortbestand der RWE AG 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, was die Fähigkeit der RWE beeinträchtigen könnte, ihren Verpflichtungen unter den Nachrangigen Schuldverschreibungen nachzukommen. Zu diesen gehören u.a.:  Marktrisiken: <ul style="list-style-type: none"> <li>• <i>Risiken aus Commodity-Preisschwankungen:</i> Die Preisentwicklung an den Commodity-Märkten hat großen Einfluss auf das Ergebnis des RWE Konzerns, insbesondere in der Stromerzeugung.</li> </ul> Umfeldrisiken: <ul style="list-style-type: none"> <li>• <i>Regulatorische und politische Risiken:</i> Als Versorger plant der</li> </ul>

		<p>RWE Konzern seine Investitionen für Zeiträume, die Jahrzehnte umfassen. Daher ist das Unternehmen in besonderer Weise von Veränderungen der energiepolitischen Rahmenbedingungen betroffen, und zwar auf nationaler wie auf europäischer Ebene. Derzeit stehen in zahlreichen europäischen Ländern und auf Ebene der EU umfassende Reformen im Energiesektor auf der Agenda.</p> <ul style="list-style-type: none"> <li>• <i>Risiken aus CO<sub>2</sub>-Emissionen und Handelssystemen:</i> Es besteht die Gefahr, dass einzelne EU-Mitgliedstaaten das europäische Emissionshandelssystem nicht für ausreichend halten und die Unternehmen durch nationale Regelungen zusätzlich belasten.</li> <li>• <i>Sonstige Rechts- und Schiedsverfahren:</i> Einzelne Gesellschaften des RWE Konzerns sind durch ihren Geschäftsbetrieb oder durch Unternehmenskäufe in Gerichtsprozesse und Schiedsverfahren involviert. Mitunter werden auch außergerichtliche Ansprüche gegen sie geltend gemacht. Darüber hinaus sind Konzernunternehmen an verschiedenen behördlichen Verfahren direkt beteiligt oder zumindest von deren Ergebnissen betroffen.</li> </ul> <p>Operative Risiken:</p> <ul style="list-style-type: none"> <li>• <i>Risiko der Kontinuität des Geschäftsbetriebs und unternehmensstrategische Risiken:</i> Auf sämtlichen Stufen der Wertschöpfung betreibt der RWE Konzern technologisch komplexe, vernetzte Produktionsanlagen. An den Tagebaugeräten, Förderanlagen, Kraftwerkskomponenten und Netzen können nicht versicherte Schäden auftreten. Sachinvestitionen, Akquisitionen und Desinvestitionen können wegen ihrer langfristigen Auswirkungen auf das Portfolio mit hohen Risiken verbunden sein.</li> <li>• <i>Risiken verbunden mit Informationstechnologie:</i> Das Unternehmen kann nicht vollständig ausschließen, dass Mängel bei der Verfügbarkeit der IT-Infrastrukturen und der Sicherheit der Datenbestands auftreten. Da die RWE Gruppe hohe Investitionen in die IT-Infrastruktur von Tochtergesellschaften vornimmt, besteht das Risiko, dass die Kosten dafür möglicherweise höher ausfallen als zunächst veranschlagt.</li> </ul> <p>Finanzmarkt- und Kreditrisiken:</p> <ul style="list-style-type: none"> <li>• <i>Finanzwirtschaftliche Risiken:</i> Schwankungen von Marktzinsen sowie Währungs- und Aktienkursen können das Konzernergebnis stark beeinflussen.</li> <li>• <i>Bonität von Geschäftspartnern:</i> Aus Geschäftsbeziehungen des RWE Konzerns mit Großkunden, Lieferanten und Handelspartnern ergeben sich Kreditrisiken.</li> <li>• <i>Verschuldungsrisiko:</i> Verschuldungsrisiken ergeben sich u. a. daraus, dass Mittelzuflüsse unter oder Mittelabflüsse über Erwartungen des RWE Konzerns liegen. Solche Abweichungen könnten etwa bei dem Cash Flow aus der laufenden Geschäftstätigkeit, den Ausgaben für Investitionen und den Erlösen aus Desinvestitionen auftreten. Des Weiteren besteht die Möglichkeit, dass Vorgänge, die nicht unmittelbar zahlungswirksam sind, die Verschuldung beeinflussen. Ein Beispiel dafür sind Veränderungen der Rückstellungsbarwerte infolge von marktzinsbedingten Anpassungen der Diskontierungssätze (Diskontierungszinsrisiko).</li> <li>• <i>Liquiditätsrisiken:</i> Es besteht darin, dass der RWE Konzern</li> </ul>
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		<p>möglicherweise nicht über genügend flüssige Mittel verfügen, um die finanziellen Verpflichtungen fristgerecht zu erfüllen.</p> <p>Sonstige Risiken:</p> <ul style="list-style-type: none"> <li>• <i>Sonstige Ergebnisrisiken</i>: Dazu zählen u. a. Reputationsrisiken oder Risiken aus Compliance-Verstößen oder kriminellen Handlungen von Beschäftigten des Konzerns.</li> </ul>
<b>Punkt</b>	<b>Risiken, die den Wertpapieren eigen sind</b>	
<b>D.3</b>	<b>Zentrale Angaben zu den zentralen Risiken, die den Wertpapieren eigen sind</b>	<p>Die Investition in die Nachrangigen Schuldverschreibungen beinhaltet bestimmte Risiken, die sich aus den Eigenschaften der Nachrangigen Schuldverschreibungen ergeben und die zu erheblichen Verlusten für die Anleihegläubiger führen können, die Nachrangige Schuldverschreibungen halten und/oder verkaufen oder in Bezug auf den Erhalt von Vergütungen auf die Nachrangigen Schuldverschreibungen. Diese Risiken umfassen die folgenden:</p> <ul style="list-style-type: none"> <li>• Die Nachrangigen Schuldverschreibungen sind nicht für alle Investoren geeignet.</li> <li>• Vergütungszahlungen aufgrund der Nachrangigen Schuldverschreibungen können unter Umständen im Ermessen der Emittentin aufgeschoben werden. Anleihegläubiger können eine Entscheidung der Emittentin, Vergütungszahlungen aufzuschieben oder solche Vergütungsrückstände freiwillig nachzuzahlen, nicht beeinflussen.</li> <li>• Die Nachrangigen Schuldverschreibungen sind langfristige Wertpapiere. Anleihegläubiger haben kein Recht, die Rückzahlung zu verlangen.</li> <li>• Anleihegläubiger sind dem Risiko des Ausfalls der Emittentin und/oder der Garantin ausgesetzt, Vergütungszahlungen und/oder Rückzahlungen zu leisten.</li> <li>• Die Nachrangigen Schuldverschreibungen unterliegen bestimmten Rückzahlungsrisiken.</li> <li>• Änderungen in der steuerlichen Behandlung von "Hybrid" Instrumenten sind möglich.</li> <li>• Ansprüche aufgrund der Nachrangigen Schuldverschreibungen sind nachrangig und gehen nur dem Aktienkapital der Emittentin im Rang vor. In einem Insolvenzverfahren über das Vermögen der Emittentin erhalten die Anleihegläubiger Zahlungen auf ihre Ansprüche erst, nachdem sämtliche anderen nachrangigen und nicht-nachrangigen Gläubiger der Emittentin vollständig, oder gar nicht, wegen ihrer Ansprüche befriedigt wurden. Die Einflussmöglichkeiten der Anleihegläubiger im Rahmen eines solchen Insolvenzverfahrens sind beschränkt.</li> <li>• Die Schuldverschreibungen enthalten keine ausdrücklichen Bestimmungen zu Kündigungsgründen oder Drittverzug (<i>Cross Default</i>).</li> <li>• Die Emittentin unterliegt keinen Beschränkungen bei der Aufnahme weiterer Verbindlichkeiten, die im gleichen Rang mit den Nachrangigen Verbindlichkeiten stehen oder diesen vorgehen.</li> <li>• Es wird sich möglicherweise kein liquider Markt für den Handel mit Nachrangigen Schuldverschreibungen entwickeln.</li> <li>• Anleihegläubiger sind Risiken im Zusammenhang mit dem</li> </ul>



		<p>Reset der Vergütung mittels des 10 Jahres Swapsatzes ausgesetzt. Der Reset des Vergütungssatzes kann zu einer Ertragsminderung führen.</p> <ul style="list-style-type: none"> <li>• Schuldverschreibungen mit Vergütungsanpassungen unterliegen einem Marktrisiko.</li> <li>• Die Schuldverschreibungen unterliegen einem Marktpreisrisiko.</li> <li>• Das Kreditrating der Nachrangigen Schuldverschreibungen reflektiert möglicherweise nicht sämtliche Risiken einer Investition in die Nachrangigen Schuldverschreibungen.</li> </ul>
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Punkt	Abschnitt E – Angebot	
E.2b	<b>Gründe für das Angebot und Zweckbestimmung der Erlöse, sofern diese nicht in der Gewinnerzielung und/oder der Absicherung bestimmter Risiken liegen</b>	<p>Die Nettoerlöse der Emission werden für allgemeine Unternehmenszwecke verwandt.</p> <p>Geschätzte Gesamtkosten der Emission betragen EUR 350.000.</p> <p>Geschätzter Nettoerlös der Emission: [●]</p>
E.3	<b>Beschreibung der Angebotskonditionen</b>	<p><b>Gesamtnennbetrag:</b> USD [●]</p> <p><b>Ausgabepreis:</b> [●] %</p> <p><b>Angebotszeitraum und Preisfestsetzung</b></p> <p>Die Nachrangigen Schuldverschreibungen werden den Investoren von den Platzeuren während einer Angebotsperiode, die am, oder um den 20. Juli 2015 beginnt und bis zum 30. Juli 2015 offen ist (vorbehaltlich einer Verkürzung oder Verlängerung), angeboten. Auf der Grundlage dieser Angebote, die die Platzeuren erhalten, wird der Ausgabepreis, der Vergütungssatz für die Festzinsperiode, der Gesamtnennbetrag sowie die Marge für die Nachrangigen Schuldverschreibungen am Preisfindungstag, der voraussichtlich am oder um den 23. Juli 2015 sein wird, und den Investoren mitgeteilt wird, errechnet. Die Ergebnisse der Angebote sind in einer Mitteilung, die bei der Commission einzureichen und am oder um den Preisfindungstag, jedoch vor dem Begebungstag (die "<b>Preismitteilung</b>"), auf der Internetseite der Luxemburger Börse (<a href="http://www.bourse.lu">www.bourse.lu</a>) zu veröffentlichen. Sollten die Emittentin und die Platzeure eine Verkürzung oder Verlängerung des Angebotszeitraumes festlegen, die das Ergebnis veränderter Marktbedingungen sein könnte, müssen solche Veränderungen in gleicher Weise wie die Preisdetails veröffentlicht werden.</p> <p><b>Angebot der Nachrangigen Schuldverschreibungen</b></p> <p>Die Nachrangigen Schuldverschreibungen werden institutionellen Anlegern in allen relevanten Staaten in Übereinstimmung mit den Beschränkungen des öffentlichen Angebots verkauft. Ein öffentliches Angebot erfolgt in Großherzogtum Luxemburg, der Bundesrepublik Deutschland, den Niederlanden und Österreich.</p> <p><b>Bedingungen und Einzelheiten des Angebots</b></p> <p>Es gibt keine Bedingungen, denen das Angebot unterliegt. Jegliche Angebote an Investoren zum Erwerb von Nachrangigen Schuldverschreibungen erfolgen durch – und Investoren mögen ihr Angebot zum Erwerb von Nachrangigen Schuldverschreibungen dort einreichen – das Informationssystem Bloomberg, oder andere übliche</p>

		<p>Informationssysteme. Nach Veröffentlichung der Preismitteilung bieten die Platzeure die Nachrangigen Schuldverschreibungen über nachfragende Kreditinstitute an. Bezugsrechte für Nachrangigen Schuldverschreibungen werden nicht ausgegeben. Jeder Investor, der einen Auftrag bezüglich von Nachrangigen Schuldverschreibungen erteilt hat und dessen Auftrag angenommen wurde, erhält eine Bestätigung, hinsichtlich der jeweiligen Zuteilung der Nachrangigen Schuldverschreibungen. Bevor ein Investor eine Bestätigung der Platzeure dahingehend erhält, dass seine Bestellung für Nachrangige Schuldverschreibungen angenommen wurde, hat der Investor die Möglichkeit, seine Bestellung zu reduzieren oder zu widerrufen. Es gibt keinen Mindest- oder Höchstbetrag beim Kauf von Nachrangigen Schuldverschreibungen. Investoren können Kaufangebote für Nachrangigen Schuldverschreibungen in jeglicher Höhe abgeben.</p> <p><b>Angebotsbestätigung und Zuweisung sowie Übertragung der Nachrangigen Schuldverschreibungen</b></p> <p>Nach Preisfestsetzung der Nachrangigen Schuldverschreibungen und Bestätigung, welche Angebote und welche Beträge einzelner Investoren akzeptiert und bewilligt wurden, erfolgt die Übertragung und Zahlung der Nachrangigen Schuldverschreibungen innerhalb von fünf Geschäftstagen nach dem Tag der Preisfestsetzung der Nachrangigen Schuldverschreibungen und Bestätigung der Zuteilung an die Investoren. Die Nachrangigen Schuldverschreibungen werden durch Buchungseintrag durch das Clearing System und dessen kontoführenden Kreditinstitute gegen Zahlung des Ausgabepreises übertragen.</p> <p><b>Feststellungsmethode/Ermittlung des Ausgabepreises, des Vergütungssatzes für die feste Vergütungsperiode und der anfänglichen Marge</b></p> <p>Der feste Vergütungssatz, der Ausgabepreis und die anfängliche Marge für die Nachrangigen Schuldverschreibungen werden jeweils bei Preisfestsetzung auf der Basis einer Rendite durch Zugrundelegung der von den Platzeuren erhaltenen Angebote der Investoren während der Angebotsperiode bestimmt.</p>
<b>E.4</b>	<b>Beschreibung aller für die Emission/das Angebot wesentlichen, auch kollidierenden Interessen</b>	Nicht anwendbar. Soweit der Emittentin bekannt ist, liegen bei keiner Person, die bei dem Angebot der Wertpapiere beteiligt ist, Interessenkonflikte vor, die einen Einfluss auf die Wertpapiere haben könnten.
<b>E.7</b>	<b>Schätzung der Ausgaben, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden</b>	Nicht anwendbar. Den Anleihegläubigern werden keine Ausgaben von der Emittentin und den Platzeuren in Rechnung gestellt.

## 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 RWE AKTIENGESELLSCHAFT AND RWE GROUP

**At present, there are no identifiable risks that could jeopardise the continued operation of RWE or the 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 which may affect RWE's ability to fulfill its obligations under the Subordinated Notes. These include:**

#### **Market risks**

##### *Risk arising from the volatility of commodity prices*

The development of prices on commodity markets greatly influences RWE Group's earnings, especially in the field of electricity generation. For example, further decreases in electricity prices may reduce the value of the power plants and of certain electricity purchase contracts concluded at firm prices. Although RWE Group has already had to recognise substantial impairments in the past, there is still a risk of further impairments. Commodity price risks faced by the generation and supply companies within the Group are managed through hedging rules established by RWE AG. The Group limits the exposure of its power stations to such risks by selling forward most of their electricity up to three years in advance and hedging the price of the required fuel and CO<sub>2</sub> emission allowances at the same time. Forward markets are used to limit price risks in RWE Supply & Trading's gas midstream business.

The RWE Group is also exposed to the risks arising from its longterm gas procurement agreements. These risks were reduced by conducting successful price revisions with gas suppliers. Only with Gazprom does a final solution remain to be found. However, following the most recent price revision with Gazprom, which concluded in February 2014, the contract will not curtail Group's earnings for the period until the middle of 2016 and the associated risk is therefore reduced significantly.

#### **Framework risks**

##### *Regulatory and political risks*

As a utility, RWE Group plans its capital expenditure for periods extending over decades, making RWE Group especially affected by changes in political framework conditions in the energy industry, both at the national and European level. Comprehensive reforms of the energy sector are currently on the agendas of numerous European countries and the European Union. One of the issues being debated is how to ensure security of supply in view of the increasing volume of fluctuating electricity feed-ins and the significant decline in the profitability of conventional power plants observed recently. The United Kingdom and France have opted for the introduction of a technology neutral capacity market. It remains to be seen which path Germany will take. Should the German government also decide to introduce a capacity market, RWE Group believes that, if the market is designed appropriately, the conventional power stations needed to ensure the supply of electricity can be operated profitably. However, the reforms may fail to achieve their full desired effect or give preferential treatment to specific energy sources. In such an event, RWE Group's earnings in conventional electricity generation may worsen further.

RWE Group is exposed to substantial regulatory risks especially in the field of nuclear energy, the framework conditions of which have deteriorated significantly in Germany. The 13th amendment to the German Nuclear

Energy Act (NEA), which became effective at the beginning of August 2011, nullified the lifetime extension for German nuclear power plants introduced in 2010 and required the immediate shutdown of eight of the country's 17 reactors. Staggered decommissioning dates were established for the remaining units. The risk concerning the nuclear power stations that are still online is that they may not be able to make full use of the transferable electricity generation allotments which they are entitled to according to the NEA. The RWE Group believes the 13th amendment to the NEA is unconstitutional because the operators of the reactors affected will not be compensated and the decommissioning dates were established without sound justification. Therefore, in February and August 2012, the RWE Group filed constitutional complaints. It appears as if the German Constitutional Court will reach a judgement on the matter this year. Before the enforcement of the 13th amendment to the German Nuclear Energy Act, the federal and state administrations had ordered a three-month shutdown for seven German nuclear power plants. The moratorium affected RWE Power's Biblis A and B reactors. In 2013, the competent administrative courts handed down a legally enforceable ruling, finding that the moratorium orders for Biblis were illegal. At the end of August 2014, RWE Power filed a suit for damages against the State of Hesse and the Federal Republic of Germany with the Essen District Court, which has jurisdiction in this matter.

The nuclear fuel tax, which has been levied since 2011, also imposes substantial burdens on RWE Group's earnings. The RWE Group filed a suit with the competent fiscal courts as it believes that the levy is not legal. In January 2013, the Hamburg Fiscal Court referred the point of the constitutionality of the nuclear fuel tax to the German Constitutional Court for a ruling. Moreover, in December 2013 the Hamburg Fiscal Court decided to refer the same matter in parallel proceedings to the European Court of Justice (ECJ). RWE Group's motions for a stay of the enforcement of the nuclear fuel tax were denied by the court of highest jurisdiction, the German Federal Fiscal Court, in November 2014. On 4 June 2015, the ECJ ruled that the nuclear fuel tax complies with European law. As yet, no date has been set for the ruling of the German Constitutional Court.

The RWE Group is also exposed to earnings risks by the search for a site for a final storage facility for highly radioactive waste. The German Site Selection Act, which entered into force at the end of July 2013, will make the process much more expensive. The costs of the selection process will be borne by the nuclear power plant operators. RWE Group has accrued provisions for the expected additional burdens. However, it cannot be ruled out that political resistance renders the selection of a location difficult, causing further delays and burdens.

Energy markets outside of Germany have also been subject to increases in regulatory intervention. The difficult budgetary situation numerous European countries are facing plays a role. For example, the Spanish government made drastic retrospective cuts to the subsidies for renewable energy plants. In the dialogue RWE Group maintains with policymakers, it stresses that reliable framework conditions are the basic precondition for companies to invest in energy infrastructure. Moreover, in the Spanish matter, RWE Group filed a suit with the International Centre for Settlement of Investment Disputes (ICSID) and hopes that the outcome will limit the effects of the subsidy cut on RWE Group's earnings.

Regulatory intervention to the detriment of energy utilities can be observed not only in the electricity generation sector, but also in the supply business. One example of this is the drastic cuts to electricity and gas tariffs ordered by the Hungarian government.

In the present political environment, the RWE Group is exposed to risks associated with approvals when building and operating production facilities. This particularly affects the opencast mines, power stations and wind farms. If their operation is interrupted or curtailed, this can result in significant production and earnings shortfalls. Furthermore, there is a danger of new-build projects either receiving late or no approval, or of granted approvals being withdrawn. Depending on the progress of construction work and the contractual obligations to suppliers, this can have a very negative financial impact. For example, the hard coal-fired power station at Eemshaven in the Netherlands, which is scheduled to begin commercial production this year, is exposed to this type of risk. RWE Group tries to limit this risk as much as possible by preparing its applications for approval with great care and ensuring that approval processes are handled competently.

In parts of the energy business the Group is also exposed to risks in relation to competition law. In March 2013, the German Federal Cartel Office instigated proceedings against several district heat suppliers, including an RWE company. The authority suspects abusive pricing, but RWE Group believes its tariffs are appropriate. Further risks arise from the regulation of energy trading transactions, which has been tightened significantly by two EU regulations. The Regulation on Wholesale Energy Market Integrity and Transparency (REMIT) entered into force in December 2011, with the aim of preventing insider trading and market manipulation in electricity and gas trading. Market participants are obliged to publish insider information. Furthermore, they must register

themselves and, starting in October 2015, also register their wholesale transactions. In addition to REMIT, the European Market Infrastructure Regulation (EMIR), an EU regulation which entered into force in August 2012, also has a substantial effect on the trading business. Companies which conclude a considerable number of speculative trades have to settle certain derivative transactions via clearing points, pledging more financial collateral than previously. Moreover, the companies have to enter all their transactions into a register. The RWE Group is affected by REMIT and EMIR, but currently believes that it does not have the clearing and collateral obligations set out in EMIR. RWE Group expects a significant increase in reporting and transaction costs in energy trading. Another risk lies in the fact that companies such as RWE Supply & Trading, which trade commodity derivatives, will require a permit for the provision of financial services under the German Banking Act starting in 2017. The additional regulatory requirements resulting from this may lead to substantial additional costs.

The incentive-based regulation of electricity and gas networks in Germany also harbours earnings risks. The second five-year regulatory period for electricity transmission system operators began on 1 January 2014. RWE Group has not yet been notified of the revenue caps imposed on its electricity network companies by the regulatory authorities. There is a risk of the upper limits being too low, failing to reflect the actual development of costs.

The German government has tasked itself with reviewing the incentive-based regulation system. This is scheduled to be done this year. In an evaluation report published at the beginning of 2015, the German Federal Network Agency presented various alternatives and made recommendations for the future regulation of German electricity and gas networks. Based on this report, RWE Group assumes that the current system will remain in place. However, this does not rule out adjustments, which may increase or decrease revenue even more than under the current regulations.

#### *Risks resulting from CO<sub>2</sub> emissions and trading schemes*

Lignite and hard coal power plants account for a large proportion of RWE Group's electricity generation portfolio. RWE Group's specific carbon dioxide emissions are therefore above the sector average. By 2020, RWE Group aims to reduce its CO<sub>2</sub> emissions to 0.62 metric tons per megawatt hour of electricity generated compared to 0.745 metric tons in 2014, partly through the expansion of renewable energy and the use of modern conventional power plants. By taking technical and financial measures, the Group has reduced its CO<sub>2</sub> risk for the third emissions trading period, which ends in 2020, to such a degree that an increase in the price of emission allowances would probably not have a material effect on the earnings. However, there is a danger that individual EU countries may find the European Emissions Trading System insufficient and impose additional burdens on companies through domestic regulations. An example of this is the German 'Climate Protection Action Plan 2020' which is scheduled to be enshrined in law in 2015. The first draft of the German Ministry for Economic Affairs and Energy to impose a climate levy on old power stations would have curtailed earnings significantly. If it had been implemented, on the whole, German electricity production from lignite would most likely become unprofitable. On 1 July 2015 the governing coalition abandoned this first draft and decided on the bundle of alternative measures including the move of 2.7 GW of old coal-plants into a capacity reserve for which utilities will be remunerated. Details of this proposition are still to be announced.

As so there is a risk of utilities being obliged to achieve further emission reductions, which are only possible by closing coal-fired power stations prematurely. This may cause the situation in conventional electricity generation to deteriorate even further.

#### *Other legal and arbitration procedures*

Individual RWE Group companies are involved in litigation and arbitration proceedings due to their operations or the acquisition of companies. Out-of-court claims have been filed against some of them. Furthermore, Group companies are directly involved in various procedures with public authorities or are at least affected by their results. RWE Group has accrued provisions for potential losses resulting from pending proceedings before ordinary courts and arbitration courts. However, the claims asserted against RWE Group exceed the provisions considerably in some cases.

### **Operational risks**

#### *Risk of continuity of business activities and risks associated with corporate strategy*

The RWE Group operates technologically complex and interconnected production plants in all parts of RWE Group's value chain. Uninsured damage can be incurred by the lignite mining equipment, production facilities,

power plant components and networks. In addition, the construction of new plants can be delayed due to accidents, faulty materials, late deliveries or lengthy approval procedures. As far as possible, RWE Group mitigates these risks through diligent plant and project management. The Group's network business is exposed to the risk of facilities being damaged by force majeure such as severe weather conditions.

Capital expenditure on property, plant and equipment, acquisitions and divestments may give rise to major risks as it has a long-term effect on RWE Group's portfolio. Income achieved from projects involving capital expenditure on property, plant and equipment and intangible assets may fall short of expectations. Furthermore, prices paid for acquisitions may prove to be too high in hindsight. Valuation allowances may have to be recognised for such cases. Planned asset disposals are at risk of not being implemented if offers do not meet RWE Group's price expectations. In addition, they are exposed to indemnity and warranty risks.

#### *Risk associated with information technology*

RWE Group's business processes are supported by secure and effective data processing systems. Nevertheless, RWE Group cannot fully rule out a lack of availability of IT infrastructure or a breach in the security of RWE Group's data. As the Group is making large investments in the IT infrastructure of subsidiaries there is a risk that the associated costs may be higher than anticipated.

### **Financial market and credit risks**

#### *Financial risks*

The volatility in financial prices such as foreign exchange rates, interest rates, credit spreads or share prices can have a significant effect on RWE Group's earnings. Such fluctuations can severely impact RWE Group's results, capital and/or its liquidity position.

RWE has been assigned credit ratings by Moody's Investors Service, Ltd. ("**Moody's**")<sup>1,3</sup>, and Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**")<sup>2,3</sup>, 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 9 April 2015, Standard & Poor's affirmed RWE's "BBB+" corporate credit rating and long term senior unsecured debt rating but revised the outlook from "stable" to "negative". The short term rating "A-2" was also kept unchanged. On 23 June 2015, Moody's affirmed RWE's "Baa1" corporate credit rating and the long term senior unsecured debt rating but revised the outlook from "stable" to "negative". The short term rating "P-2" was not changed. The subordinated bonds of RWE are rated BBB- by Standard & Poor's and Baa3 by Moody's.

Credit ratings play a critical role in determining the costs for entities accessing the capital market in order to borrow funds and the rate of interest they can achieve. A decrease in credit ratings by either of the credit agencies may increase borrowing costs or even jeopardise further issuance. The prices of the existing bonds may deteriorate following a downgrade. Rating downgrades may also result in higher need for collateralisation and thus need for higher financing volumes. RWE Group's acceptability by counterparties may deteriorate, too.

#### *Creditworthiness of business partners*

Business relations with key accounts, suppliers and trading partners expose the RWE Group to credit risks. Risk arises from the possibility that the Group's counterparty may not be willing or able to fulfil their contractual obligations. Such risks apply especially in times of economic crisis.

#### *Risks associated with Indebtedness*

Indebtedness risks arise, for example, if cash inflows and outflows fail to meet RWE Group's expectations. This may apply to the cash flows from operating activities, capital expenditure and proceeds from divestments. Moreover, transactions that do not have a direct effect on cash may influence RWE Group's indebtedness. For

<sup>1</sup> Moody's is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**").

<sup>2</sup> Standard & Poor's is established in the European Community and is registered under the CRA Regulation.

<sup>3</sup> The European Securities and Markets Authority publishes on its website (<http://www.esma.europa.eu/page/Listregistered-and-certified-CRAs>) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

example, changes in discount rates in line with the market interest rate level can affect the net present value of provisions (discount rate risk).

At the end of Q1/2015, RWE Group's net debt stood at EUR 27.7 billion. Three quarters of this amount was attributable to the provisions (nuclear, pensions and mining). The net financial debt amounted to EUR 6.2 billion.

#### *Liquidity risks*

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

There is no certainty that the RWE Group will always be able to raise funds in the equity, debt or money markets. There is also a remote risk of a complete market shut down due to reasons outside of the RWE Group's sphere of influence.

#### **Other risks**

##### *Other earnings risks*

This includes reputation risks and risks associated with non-compliance and criminal offences committed by employees of the Group.

## **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 be deferred at the election of the Issuer. The Holders cannot influence any decisions by the Issuer to defer interest payments or to optionally settle such Deferred Remuneration.**

The Issuer has the option to defer any payment of Remuneration on the Subordinated Notes by giving notice to the Holders in accordance with the Terms and Conditions. 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 be made no later than when the specific events set out in § 4(6)(b) of the Terms and Conditions occur. 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 Holders cannot influence any decisions by the Issuer to defer payments of Remuneration or to optionally settle such Deferred Remuneration. Failure to pay Remuneration as a result of a deferral will not constitute a default of the Issuer or a breach of any other obligations under the Notes or for any other purpose.

Any deferral of Remuneration payments will likely have an adverse effect on the market price of the Subordinated Notes. In addition, as a result of the Remuneration deferral provision of the Subordinated Notes, the market price of the Subordinated Notes may be more volatile than the market prices of other debt securities on which interest accrues that is not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

### **The Subordinated Notes are are long-term securities. Holders have no right to call the Subordinated Notes for their redemption.**

The Subordinated Notes will be redeemed on 30 July 2075, unless they have been previously redeemed or repurchased and cancelled. The Issuer is under no obligation to redeem the Subordinated Bonds at any time prior to such date. 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 or a long period and may not recover their investment before the end of this period.



Certain market expectations may exist among investors in the Subordinated Notes with regard to the Issuer making use of a right to call the Subordinated Notes for early redemption. Should the Issuer's actions diverge from such expectations, the market value of the Subordinated Notes and the development of an active public market could be adversely affected.

**Holders are subject to the risk of failure of the Issuer to make Remuneration and/or redemption payments.**

Any person who purchases the Subordinated Notes is relying on the creditworthiness of the Issuer and has no rights against any other person. Holders are subject to the risk of failure of the Issuer to make Remuneration and/or redemption payments that the Issuer is obliged to make under the Subordinated Notes. A materialisation of the credit risk may result in a failure of the Issuer to make interest and/or Remuneration payments under the Subordinated Notes.

In addition, even if the likelihood that the Issuer will be in a position to fully perform all obligations under the Subordinated Notes, when they fall due, actually has not decreased, market participants could nevertheless be of that opinion. Market participants may in particular be of such opinion, if market participants' assessment of the creditworthiness of corporate debtors in general or debtors operating in the industries sector adversely change. If any of these risks occur, third parties would only be willing to purchase the Subordinated Notes for a lower price than before the materialisation of said risk. The market value of the Subordinated Notes may therefore decrease.

**The Subordinated Notes are subject to certain redemption risks.**

Holders should be aware that the Subordinated Notes may be redeemed at the option of the Issuer (in whole but not in part) at its Aggregate Principal Amount (i) on the First Call Date or on any 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 is also subject to early redemption (in whole, but not in part) at the Issuer's option upon the occurrence of a Tax Event or a Rating Agency Event (each as defined in § 5(3) of the Terms and Conditions) or a Change of Control (as defined in § 5(7) of the Terms and Conditions) (i) at 101 % of its Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments (as set out in § 5(3) of the Terms and Conditions) if such redemption occurs prior to the First Call Date, or (ii) at its 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 the First Call Date. Investors will, other than the 101 % of the Aggregate Principal Amount, not receive any compensation in light of the 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, severally or jointly, purchased Subordinated Notes equal to at least 80 % of the Aggregate Principal Amount of the Subordinated Notes initially issued, the remaining Subordinated Notes may be called and redeemed (in whole but not in part) (i) at 101 % of its Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments (as set out in § 5(3) of the Terms and Conditions) if such redemption occurs prior to the First Call Date, or (ii) at its 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 the First Call Date. Investors will, other than the 101 % of the Aggregate Principal Amount, not receive any compensation in light of such early redemption of the Subordinated Notes.

In the event of an early redemption of the Subordinated Notes, a Holder is exposed to the risk that his investment will have a lower than expected yield and to the risks connected with any reinvestment of the cash proceeds received as a result of the early redemption.

**Changes in the tax treatment of "hybrid" instruments are possible.**

In 2014, the OECD has published, in the context of its base erosion and profit shifting (BEPS) project, a report on how to neutralise the effects of hybrid mismatch arrangements, which encompass any arrangement that exploits a difference in the tax treatment of an entity or instrument under the laws of two or more tax

jurisdictions to produce a mismatch in tax outcomes where that mismatch has the effect of lowering the aggregate tax burden of the parties to the arrangement. This report, *inter alia*, aims at a situation where payments under any instrument are tax deductible in the country of the issuer but not taxed in the country of the recipient. In such a situation, the OECD recommends, as a primary rule, that the payer jurisdiction denies the deduction. As a consequence of this report, several countries are working on national legislation to implement such recommendation. In the Federal Republic of Germany, for example, a task force comprising officials of the German Federal as well as the States' Ministries of Finance was established to develop draft legislation in this respect. Depending on the outcome of possible legislative changes, the payments of Remuneration under the Subordinated Notes may no longer be tax deductible in the Federal Republic of Germany. This would give rise to a Tax Event pursuant to § 5(2) of the Terms and Conditions and would entitle the Issuer to early call and redeem the Subordinated Notes.

**Claims under the Subordinated Notes are subordinated and only senior to the share capital of the Issuer. In any insolvency proceedings of the Issuer, the Holders may recover proportionally less than holders of unsubordinated and other subordinated liabilities of the Issuer, or nothing at all, 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, or nothing at all.

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 participate in any creditors' committee (*Gläubigerausschuss*) and 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.

In the event of insolvency plan proceedings (*Insolvenzplanverfahren*) the Holders generally would have no voting right on the adoption of an insolvency plan presented by the Issuer, the relevant insolvency administrator or custodian (§§ 237 and 246 of the German Insolvency Code (*Insolvenzordnung*)). In addition, their claims would be waived after the adoption of the insolvency plan unless the insolvency plan makes an exception to this general rule (§ 225 paragraph 1 German Insolvency Code).

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.

**The Subordinated Notes do not include express events of default or a cross default.**

The Holders of the Subordinated Notes should be aware that the Terms and Conditions of the Subordinated Notes do not contain any express event of default provisions. There will also not be any cross default under the Subordinated Notes.

**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. In addition, under the Subordinated Notes, the Issuer will not be restricted from issuing or repurchasing their other securities. Holders of Subordinated Notes will not be protected under the terms of the Subordinated Notes in

the event of a highly leveraged transaction, a reorganisation or a restructuring, merger or similar transaction that may adversely affect Holders.

**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, 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.

**The Holders are exposed to risks relating to the reset of remuneration rates based to the 10 year Swap Rate. Remuneration rate reset may result in a decline of yield.**

From and including the First Call Date to but excluding the date on which the Issuer redeems the Subordinated Notes in whole and not in part pursuant to § 5 of the Terms and Conditions, the Subordinated Notes entitle the Holders to Remuneration at a rate which will be determined on each Reset Date (as defined in § 4(2) of the Terms and Conditions) at the 10 year Swap Rate (as defined in § 4(2) of the Terms and Conditions) for the relevant Reset Remuneration Period (as defined in § 4(2) of the Terms and Conditions) plus the relevant margin. The Holders of securities with a fixed remuneration rate that will be reset during the term of the securities, as will be the case for the Subordinated Notes, if not previously redeemed are exposed to the risk of fluctuating remuneration rate levels and uncertain Remuneration income. Potential investors should be aware that the performance of the 10 year Swap Rate cannot be anticipated. Due to varying Remuneration income, potential investors are not able to determine a definite yield to maturity of the Subordinated Notes at the time they purchase them, therefore their return on investment cannot be compared with that of investments having longer fixed interest periods. In addition, after Remuneration Payment Dates, Holders are exposed to the reinvestment risk if market interest rates decline. That is, Holders may reinvest the Remuneration income paid to them only at the relevant lower interest rates then prevailing.

Potential investors in the Subordinated Notes should bear in mind that neither the current nor the historical level of the 10 year Swap Rate is an indication of the future development of such 10 year Swap Rate.

Furthermore, during each Reset Remuneration Period, it cannot be ruled out that the price of the Subordinated Notes may fall as a result of changes in the market interest rate, as the market interest rate fluctuates. During each of these periods, the Holders are exposed to the risks as described under "—Resetable Fixed rate securities have a market risk."

**Resetable 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 the First Call Date (with a reset of the initial fixed rate on every Reset Date 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 with a fixed interest rate would typically fall. If the market interest rate falls, the price of the Subordinated Notes with a fixed interest rate would typically increase. Holders should be aware that movements in these market interest rates can adversely affect the market price of the Subordinated Notes and can lead to losses for the Holders if they sell the Subordinated Notes.

**Risk of change in market value.**

The market value of the Subordinated Notes is influenced by a change in the creditworthiness (or the perception thereof) of the Issuer and by the credit rating of the Issuer and a number of other factors including, but not limited to, market interest, rate of return and certain market expectations with regard to the Issuer

making use of a right to call the Subordinated Notes for redemption on the First Call Date or a certain Remuneration Payment Date thereafter.

The value of the Subordinated Notes depends on a number of interacting factors, including, but not limited to, economic and political events in Germany or elsewhere, factors affecting the capital markets in general and the stock exchanges on which the Subordinated Notes are traded. The price at which a Holder can sell the Subordinated Notes might be considerably below the issue price or the purchase price paid by such Holder.

**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. If the ratings of the Subordinated Notes were to be lowered, this may have a negative impact on the trading price 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.

## CONSENT TO THE USE OF THE PROSPECTUS

Each Manager and/or each further financial intermediary subsequently reselling or finally placing Subordinated Notes issued hereunder is entitled to use the Prospectus in the Grand Duchy of Luxembourg, the Federal Republic of Germany, The Netherlands and the Republic of Austria for the subsequent resale or final placement of the Subordinated Notes during the period for the subsequent resale or final placement of the Subordinated Notes from 20 July 2015 to 30 July 2015, that the Prospectus is still valid in accordance with Article 11(2) of the Luxembourg Law which implements Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended. The Issuer accepts responsibility for the information given in this Prospectus also with respect to such subsequent resale or final placement of the Subordinated Notes.

The Prospectus may only be delivered to potential investors together with all supplements published before such delivery. Any supplement to the Prospectus is available for viewing in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website of RWE AG ([www.rwe.com](http://www.rwe.com)).

When using the Prospectus, each Manager and/or relevant further financial intermediary must make certain that it complies with all applicable laws and regulations in force in the respective jurisdictions.

**In the event of an offer being made by a Manager and/or a further financial intermediary the Manager and/or the further financial intermediary shall provide information to investors on the terms and conditions of the offer at the time of that offer.**

**Any Manager and/or a further financial intermediary using the Prospectus shall state on its website that it uses the Prospectus in accordance with this consent and the conditions attached to this consent.**

## 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

#### Nachrangigen Hybridkapital 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:

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

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

**"Aktien der Emittentin"** hat die in § 4(6)(c)(i) festgelegte Bedeutung.

**"Anleihegläubiger"** hat die in § 2(4) festgelegte Bedeutung.

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

**"Ausgabetag"** bedeutet 30. Juli 2015.

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

**"Berechnungsstelle"** hat die in § 9(2) festgelegte Bedeutung.

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

**"CBL"** hat die in § 2(3) festgelegte Bedeutung.

**"Clearingsystem"** hat die in § 2(3) festgelegte Bedeutung.

### TERMS AND CONDITIONS of the

#### Subordinated Hybrid Capital Securities 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:

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

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

**"Shares of the Issuer"** has the meaning specified in § 4(6)(c)(i).

**"Holder"** has the meaning specified in § 2(4).

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

**"Issue Date"** means 30 July 2015.

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

**"Calculation Agent"** has the meaning specified in § 9(2).

**"Reference Period"** has the meaning specified in § 4(3).

**"CBL"** has the meaning specified in § 2(3).

**"Clearing System"** has the meaning specified in § 2(3).

" <b>Dauerglobalurkunde</b> " hat die in § 2(2)(a) festgelegte Bedeutung.	" <b>Permanent Global Note</b> " has the meaning specified in § 2(2)(a).
" <b>Depotbank</b> " hat die in § 13(3) festgelegte Bedeutung.	" <b>Custodian</b> " has the meaning specified in § 13(3).
" <b>Eigenkapitalanrechnung-Ratingherabstufung</b> " hat die in § 5(3)(b) festgelegte Bedeutung.	" <b>Equity Credit Rating Downgrade</b> " has the meaning specified in § 5(3)(b).
" <b>Endfälligkeitstag</b> " hat die in § 5(1) festgelegte Bedeutung.	" <b>Final Maturity Date</b> " has the meaning specified in § 5(1).
" <b>Emittentin</b> " hat die in § 2(1) festgelegte Bedeutung.	" <b>Issuer</b> " has the meaning specified in § 2(1).
" <b>Erster Reset Vergütungssatz</b> " hat die in § 4(2)(a) festgelegte Bedeutung.	" <b>First Reset Remuneration Rate</b> " has the meaning specified in § 4(2)(a).
" <b>Erster Rückzahlungstag</b> " hat die in § 4(1) festgelegte Bedeutung.	" <b>First Call Date</b> " has the meaning specified in § 4(1).
" <b>Euroclear</b> " hat die in § 2(3) festgelegte Bedeutung.	" <b>Euroclear</b> " has the meaning specified in § 2(3).
" <b>Festvergütungs-Zahlungstag</b> " hat die in § 4(1) festgelegte Bedeutung.	" <b>Fixed Remuneration Payment Date</b> " has the meaning specified in § 4(1).
" <b>Finanzierungsgesellschaft</b> " hat die in § 12(1) festgelegte Bedeutung.	" <b>Finance Subsidiary</b> " has the meaning specified in § 12(1).
" <b>Folge Reset Vergütungszahlungstag</b> " hat die in § 4(2)(b) festgelegte Bedeutung.	" <b>Consecutive Reset Remuneration Payment Date</b> " has the meaning specified in § 4(2)(b).
" <b>Gesamtnennbetrag</b> " hat die in § 2(1) festgelegte Bedeutung.	" <b>Aggregate Principal Amount</b> " has the meaning specified in § 2(1).
" <b>Geschäftstag</b> " bezeichnet einen Tag, der ein Tag (außer einem Samstag oder Sonntag) ist, an dem Geschäftsbanken und Devisenmärkte Zahlungen in London und New York abwickeln und 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.	" <b>Business Day</b> " means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in London and New York and 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.
" <b>Gleichrangiges Wertpapier</b> " hat die in § 3(1) festgelegte Bedeutung.	" <b>Parity Security</b> " has the meaning specified in § 3(1).
" <b>Globalurkunden</b> " hat die in § 2(2)(a) festgelegte Bedeutung.	" <b>Global Notes</b> " has the meaning specified in § 2(2)(a).
" <b>Hauptzahlstelle</b> " hat die in § 9(1) festgelegte Bedeutung.	" <b>Principal Paying Agent</b> " has the meaning specified in § 9(1).
" <b>Kontrolle</b> " hat die in § 5(7)(b) festgelegte Bedeutung.	" <b>Control</b> " has the meaning specified in § 5(7)(b).
" <b>Kontrollwechsel</b> " hat die in § 5(7)(a) festgelegte Bedeutung.	" <b>Change of Control</b> " has the meaning specified in § 5(7)(a).
" <b>Kontrollwechselzeitraum</b> " hat die in § 5(7)(c)	" <b>Change of Control Period</b> " has the meaning

festgelegte Bedeutung.	specified in § 5(7)(c).
" <b>Marge</b> " hat die in § 4(2)(a) festgelegte Bedeutung.	" <b>Margin</b> " has the meaning specified in § 4(2)(a).
" <b>Modifizierte Marge</b> " hat die in § 4(2)(b) festgelegte Bedeutung.	" <b>Modified Margin</b> " has the meaning specified in § 4(2)(b).
" <b>Moody's</b> " hat die in § 4(4)(b) festgelegte Bedeutung.	" <b>Moody's</b> " has the meaning specified in § 4(4)(b).
" <b>Nachrangige Schuldverschreibungen</b> " hat die in § 2(1) festgelegte Bedeutung.	" <b>Subordinated Notes</b> " has the meaning specified in § 2(1).
" <b>Nennbetrag</b> " hat die in § 2(1) festgelegte Bedeutung.	" <b>Principal Amount</b> " has the meaning specified in § 2(1).
" <b>Neue Anleiheschuldnerin</b> " hat die in § 12(1) festgelegte Bedeutung.	" <b>New Debtor</b> " has the meaning specified in § 12(1).
" <b>Obligatorisches Zahlungsereignis</b> " hat die in § 4(6)(c) festgelegte Bedeutung.	" <b>Compulsory Payment Event</b> " has the meaning specified in § 4(6)(c).
" <b>Quellensteuer-Ereignis</b> " hat die in § 5(3) festgelegte Bedeutung.	" <b>Gross-up Event</b> " has the meaning specified in § 5(3).
" <b>Ratingagenturen</b> " hat die in § 4(4)(b) festgelegte Bedeutung.	" <b>Rating Agencies</b> " has the meaning specified in § 4(4)(b).
" <b>Ratingagenturereignis</b> " hat die in § 5(3)(b) festgelegte Bedeutung.	" <b>Rating Agency Event</b> " has the meaning specified in § 5(3)(b).
" <b>Ratingherabstufung</b> " hat die in § 4(4)(a) festgelegte Bedeutung.	" <b>Downgrade</b> " has the meaning specified in § 4(4)(a).
" <b>Referenz Reset Tag</b> " hat die in § 4(2)(c) festgelegte Bedeutung.	" <b>Reference Reset Date</b> " has the meaning specified in § 4(2)(c).
" <b>Referenzsatz</b> " hat die in § 4(2)(c) festgelegte Bedeutung.	" <b>Reference Rate</b> " has the meaning specified in § 4(2)(c).
" <b>Relevante Ratingagentur</b> " hat die in § 5(3)(b) festgelegte Bedeutung.	" <b>Relevant Rating Agency</b> " has the meaning specified in § 5(3)(b).
" <b>Reset-Bildschirmseite</b> " hat die in § 4(2)(c) festgelegte Bedeutung.	" <b>Reset Screen Page</b> " has the meaning specified in § 4(2)(c).
" <b>Reset-Referenzbanken</b> " hat die in § 4(2)(c) festgelegte Bedeutung.	" <b>Reset Reference Banks</b> " has the meaning specified in § 4(2)(c).
" <b>Reset-Referenzbankensatz</b> " hat die in § 4(2)(c) festgelegte Bedeutung.	" <b>Reset Reference Bank Rate</b> " has the meaning specified in § 4(2)(c).
" <b>Reset Tag</b> " hat die in § 4(2)(c) festgelegte Bedeutung.	" <b>Reset Date</b> " has the meaning specified in § 4(2)(c).
" <b>Reset-Vergütungssatz</b> " hat die in § 4(2)(d) festgelegte Bedeutung.	" <b>Reset Remuneration Rate</b> " has the meaning specified in § 4(2)(d).
" <b>Reset-Vergütungszeitraum</b> " hat die in § 4(2)(c) festgelegte Bedeutung.	" <b>Reset Remuneration Period</b> " has the meaning specified in § 4(2)(c).



**"Rückzahlungstag"** bezeichnet den Tag, an dem die Nachrangigen Schuldverschreibungen nach Maßgabe dieser Anleihebedingungen zur Rückzahlung fällig werden.

**"Steuerereignis"** hat die in § 5(3) festgelegte Bedeutung.

**"Standard & Poor's"** hat die in § 4(4)(b) festgelegte Bedeutung.

**"Tochtergesellschaft"** hat die in § 3(1) festgelegte Bedeutung.

**"Vereinigte Staaten"** hat die in § 2(2)(b) festgelegte Bedeutung.

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

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

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

**"Vergütungszahlungstag"** bezeichnet jeden Festvergütungs-Zahlungstag, jeden Zweiten Modifizierter Reset Vergütungszahlungstag und jeden Folge Reset Vergütungszahlungstag.

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

**"Zahlstelle"** hat die in § 9(5) festgelegte Bedeutung.

**"Zusätzliche Beträge"** hat die in § 7(1) festgelegte Bedeutung.

**"Zweiter Modifizierter Reset Vergütungstag"** hat die in § 4(2)(a) festgelegte Bedeutung.

**"Zweiter Modifizierter Reset Vergütungssatz"** hat die in § 4(2)(b) festgelegte Bedeutung.

**"Redemption Date"** means the day on which the Subordinated Notes become due for redemption in accordance with these Terms and Conditions.

**"Tax Event"** has the meaning specified in § 5(3).

**"Standard & Poor's"** has the meaning specified in § 4(4)(b).

**"Subsidiary"** has the meaning specified in § 3(1).

**"United States"** has the meaning specified in § 2(2)(b).

**"Remuneration"** has the meaning specified in § 4(3).

**"Remuneration Calculation Period"** has the meaning specified in § 4(3).

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

**"Remuneration Payment Date"** means any Fixed Remuneration Payment Date, any Second Modified Reset Remuneration Payment Date and any Consecutive Reset Remuneration Payment Date.

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

**"Paying Agent"** has the meaning specified in § 9(5).

**"Additional Amounts"** has the meaning specified in § 7(1).

**"Second Modified Reset Remuneration Date"** has the meaning specified in § 4(2)(a).

**"Second Modified Reset Remuneration Rate"** has the meaning specified in § 4(2)(b).

## § 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"**) wird in U.S. Dollar (**"USD"**) im Gesamtnennbetrag von USD [■] (in Worten: U.S. Dollar [■]) (der **"Gesamtnennbetrag"**) mit einem jeweiligen Nennbetrag von USD 2.000 (der **"Nennbetrag"**) begeben.

(2) *Vorläufige Globalurkunde, Dauerglobalurkunde, Austausch.*

## § 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 U.S. dollar (**"USD"**) in the aggregate principal amount of USD [■] (in words: USD [■]) (the **"Aggregate Principal Amount"**) in a principal amount of USD 2,000 each (the **"Principal Amount"**).

(2) *Temporary Global Note, Permanent Global Note, Exchange.*

(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 Hauptzahlstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

(b) Die Vorläufige Globalurkunde wird frühestens an einem Tag (der "**Austauschtag**") gegen die Dauerglobalurkunde austauschbar, der 40 Tage nach dem Ausgabetag der durch die Vorläufige Globalurkunde verbrieften Nachrangigen Schuldverschreibungen liegt. 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 Schuldverschreibungen über solche Finanzinstitute halten). Falls Zahlungen von Vergütungen oder Vergütungsrückständen auf durch eine Vorläufige Globalurkunde verbrieft Nachrangige Schuldverschreibungen bevorstehen, erfolgen sie erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist für jede solche Zahlung von Vergütung oder Vergütungsrückständen erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Ausgabetag 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, Taunusanlage 12, 60325 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

(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 Principal Paying Agent. Definitive notes and interest coupons shall not be issued.

(b) The Temporary Global Note shall be exchangeable for the Permanent Global Note from a date (the "**Exchange Date**") 40 days after the Issue Date of the Subordinated Notes represented by the Temporary Global Note. 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 or Deferred Remuneration, if any, on 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 or Deferred 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, Taunusanlage 12, 60325 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.,

Schuldverschreibungen erfüllt sind. Clearingsystem meint Clearstream Banking S.A., Luxembourg ("**CBL**") und Euroclear Bank SA/NV ("**Euroclear**") sowie jeden Funktionsnachfolger.

Luxembourg ("**CBL**") and Euroclear Bank SA/NV ("**Euroclear**") as well as any successor in such capacity.

(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.

(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 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 (einschließlich der Vorzugsaktien der Emittentin) im Rang vorgehen, (ii) untereinander und mit jedem Gleichrangigen Wertpapier im Rang gleich stehen und (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 im Sinne von § 39 Absatz 2 Insolvenzordnung, 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 (einschließlich der Vorzugsaktien der Emittentin) im Rang vorgehen, (ii) untereinander und mit jedem Gleichrangigen Wertpapier im Rang gleich stehen und (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, denen die betreffenden Ansprüche unterliegen, ausdrücklich etwas anderes vorsehen.

Im Fall (i) der 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

### § 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 (including the preference shares of the Issuer (*Vorzugsaktien*)), (ii) *pari passu* among themselves and *pari passu* with any Parity Security and, (iii) junior to all other present and future 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 within the meaning of § 39(2) of the German Insolvency Act (*Insolvenzordnung*) 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 (including the preference shares of the Issuer (*Vorzugsaktien*)), (ii) *pari passu* among themselves and *pari passu* with any Parity Security and, (iii) junior to all other present and future 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 underlying the relevant claims.

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, pursuant to

dienenden Verfahrens, gehen die Rechte der Anleihegläubiger gegenüber der Emittentin gemäß § 39 Absatz 2 Insolvenzordnung im Rang den Ansprüchen aller nicht nachrangigen und, soweit zwingende gesetzliche Vorschriften nichts anderes vorschreiben bzw. die Bedingungen, denen die betreffenden Ansprüche unterliegen, ausdrücklich etwas anderes vorsehen, nachrangigen Gläubiger nach, so dass Zahlungen auf die Nachrangigen Schuldverschreibungen solange nicht erfolgen, wie die Ansprüche dieser nicht nachrangigen und nachrangigen Gläubiger gegen die Emittentin nicht zuvor vollständig erfüllt sind. Unter Beachtung dieser Nachrangregelung bleibt es der Emittentin unbenommen, ihre Verbindlichkeiten aus den Nachrangigen Schuldverschreibungen auch aus dem sonstigen freien Vermögen zu bedienen.

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.

**"Gleichrangiges Wertpapier"** 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. Dies beinhaltet auch die im Jahr 2010 durch die Emittentin begebenen Nachrangigen EUR 1,75 Milliarden fest zu variabel verzinslichen Schuldverschreibungen (ISIN XS0542298012), die im Jahr 2011 durch die Emittentin begebenen Nachrangigen CHF 250 Millionen Festverzinslichen Schuldverschreibungen mit Zinsanpassung (ISIN CH0136594352), die im Jahr 2012 durch die Emittentin begebenen CHF 150 Millionen Nachrangigen Festverzinslichen Schuldverschreibungen mit Zinsanpassung (ISIN CH0185803049), die im Jahr 2012 durch die Emittentin begebenen GBP 750 Millionen Nachrangigen Hybridkapital Schuldverschreibungen (ISIN XS0652913988), die im Jahr 2012 durch die Emittentin begebenen USD 1 Milliarde Nachrangigen Hybridkapital Schuldverschreibungen (ISIN XS0767140022) sowie die im Jahr 2015 durch die Emittentin begebenen EUR 700 Millionen Nachrangigen Hybridkapital Schuldverschreibungen (ISIN XS1219498141) und EUR 550 Millionen Nachrangigen Hybridkapital Schuldverschreibungen (ISIN XS1219499032).

§ 39(2) of the German Insolvency Act (*Insolvenzordnung*), be subordinated to the claims of all unsubordinated and (except as otherwise provided by mandatory provisions of law or as expressly provided for by the terms underlying the relevant claim) 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. Subject to this subordination provision, the Issuer may satisfy its obligations under the Subordinated Notes also from other distributable assets (*freies Vermögen*) of the Issuer.

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 Security"** 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 a keep well agreement by the Issuer, and the obligations under such guarantee or a keep well agreement rank *pari passu* with the Issuer's obligations under the Subordinated Notes. For the avoidance of doubt, this includes the Issuer's EUR 1.75 billion Subordinated Fixed to Floating Rate Notes issued in 2010 (ISIN XS0542298012), the Issuer's CHF 250 million Subordinated Resettable Fixed Rate Notes issued in 2011 (ISIN CH0136594352) the Issuer's CHF 150 million Subordinated Resettable Fixed Rate Notes issued in 2012 (ISIN CH0185803049), the Issuer's GBP 750 million Subordinated Hybrid Capital Securities issued in 2012 (ISIN XS0652913988), the Issuer's USD 1 billion Subordinated Hybrid Capital Securities issued in 2012 (ISIN XS0767140022) and the Issuer's EUR 700 million Subordinated Hybrid Capital Securities (ISIN XS1219498141) and EUR 550 million Subordinated Hybrid Capital Securities (ISIN XS1219499032) issued in 2015, respectively.

**"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 einem Anleihegläubiger 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 any Holder against any of its obligations under the Subordinated Notes.

#### § 4

#### VERGÜTUNG, VERGÜTUNGS-AUFSCHUB

(1) *Vergütung für den Festen Vergütungszeitraum.* Vorbehaltlich einer vorzeitigen Rückzahlung gemäß diesen Anleihebedingungen und der weiteren Bestimmungen dieses § 4 (insbesondere § 4(5)) berechtigen die Nachrangigen Schuldverschreibungen die Anleihegläubiger vom Ausgabebetrag (einschließlich) bis zum 30. März 2026 (der **"Erste Rückzahlungstag"**) (ausschließlich) zu einer Vergütung von [■] % *per annum* auf ihren Gesamtnennbetrag. Die Vergütung ist jährlich nachträglich am 30. März eines jeden Jahres, erstmals am 30. März 2016 für den Zeitraum vom Ausgabebetrag (einschließlich) bis zum 30. März 2016 (ausschließlich) (kurzer erster Vergütungszeitraum), und bis zum Ersten Rückzahlungstag fällig (jeweils ein **"Festvergütungs-Zahlungstag"**).

(2) *Vergütung für Reset-Vergütungszeiträume.*  
 (a) Vorbehaltlich einer vorzeitigen Rückzahlung gemäß diesen Anleihebedingungen und der weiteren Bestimmungen dieses § 4 (insbesondere § 4(5)) wird eine Vergütung auf die Nachrangigen Schuldverschreibungen vom Ersten Rückzahlungstag (einschließlich) bis zum 30. März 2046 (**"Zweiter Modifizierter Reset Vergütungstag"**) (ausschließlich) wie folgt gezahlt:

Die Nachrangigen Schuldverschreibungen berechtigen die Anleihegläubiger zu einer Vergütung in Höhe des jeweiligen Referenzsatzes zuzüglich [■] %<sup>1</sup> *per annum* (die **"Marge"**) (zusammen jeweils der **"Erste Reset Vergütungssatz"**) auf ihren Gesamtnennbetrag. Die Vergütung ist jährlich nachträglich am 30. März eines jeden Jahres, erstmals am 30. März 2027, bis zum Zweiten Modifizierten Reset Vergütungstag fällig (jeweils ein **"Zweiten Modifizierter Reset Vergütungszahlungstag"**).

(b) Vorbehaltlich einer vorzeitigen Rückzahlung gemäß diesen Anleihebedingungen und der weiteren Bestimmungen dieses § 4 (insbesondere § 4(5)) wird

#### § 4

#### REMUNERATION, REMUNERATION DEFERRAL

(1) *Remuneration for the Fixed Remuneration Period.* 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)) the Subordinated Notes entitle the Holders to Remuneration from (and including) the Issue Date to (but excluding) 30 March 2026 (the **"First Call Date"**) at a rate of [■] % *per annum* on their Aggregate Principal Amount. Such Remuneration shall be payable annually in arrear on 30 March of each year, commencing on 30 March 2016 for the period from (and including) the Issue Date to (but excluding) 30 March 2016 (short first Remuneration Period), and ending on the First Call Date (each a **"Fixed Remuneration Payment Date"**).

(2) *Remuneration for Reset Remuneration Periods.*  
 (a) 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 First Call Date to (but excluding) 30 March 2046 (the **"Second Modified Reset Remuneration Date"**) shall be paid as follows:

The Subordinated Notes entitle the Holders to Remuneration at a rate *per annum* which shall be equal to the respective Reference Rate plus [■] %<sup>1</sup> *per annum* (the **"Margin"**) (each together the **"First Reset Remuneration Rate"**) on their Aggregate Principal Amount, payable annually in arrear on 30 March of each year, commencing on 30 March 2027 and ending on the Second Modified Reset Remuneration Date (each a **"Second Modified Reset Remuneration Payment Date"**).

(b) 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

<sup>1</sup> Entspricht der ursprünglichen Kreditmarge zuzüglich 0,25 % *per annum*.  
 Being equal to the initial margin plus 0.25 % *per annum*.

eine Vergütung auf die Nachrangigen Schuldverschreibungen vom Zweiten Modifizierten Reset Vergütungstag (einschließlich) bis zum unmittelbar darauffolgenden Reset Tag (ausschließlich) und danach von jedem folgenden Reset Tag (einschließlich) bis zu jedem darauffolgendem Reset Tag (ausschließlich) bis zum Endfälligkeitstag (wie in § 5(1) definiert) (ausschließlich) wie folgt gezahlt:

Die Nachrangigen Schuldverschreibungen berechtigen die Anleihegläubiger zu einer Vergütung in Höhe des jeweiligen Referenzsatzes zuzüglich  $[\blacksquare] \%^2$  *per annum* (die "**Modifizierte Marge**") (zusammen jeweils der "**Zweite Modifizierte Reset Vergütungssatz**") auf ihren Gesamtnennbetrag. Die Vergütung ist jährlich nachträglich am 30. März eines jeden Jahres, erstmals am 30. März 2047 (jeweils ein "**Folge Reset Vergütungszahlungstag**") sowie am Endfälligkeitstag für den Zeitraum vom 30. März 2075 (einschließlich) bis zum Endfälligkeitstag (ausschließlich) (kurzer letzter Vergütungszeitraum) fällig.

(c) "**Referenzsatz**" für einen Reset-Vergütungszeitraum bezeichnet jeweils den 10-Jahres Swapsatz (der "**10-Jahres Swapsatz**") wie er zwei Geschäftstage vor Beginn des jeweiligen Reset Vergütungszeitraums festgelegt wird (der "**Referenz Reset Tag**"). Der Referenzsatz für einen Reset Vergütungszeitraum wird von der Berechnungsstelle festgelegt und ist das rechnerische Mittel der nachgefragten und angebotenen Sätze für den jährlichen Festzinszahlungsstrom (berechnet auf einer 30/360 Tageberechnungsbasis) einer fixed-for-floating U.S. Dollar Zinsswaptransaktion, (x) die eine 10-jährige Laufzeit hat und am Referenz Reset Tag beginnt, (y) 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 (z) deren variabler Zahlungsstrom auf dem 3-Monats LIBOR Satz beruht (berechnet auf einer Actual/360 Tageberechnungsbasis), wie es am Referenz Reset Tag um 11:00 Uhr (New York City Zeit) auf dem Reuters Bildschirm "ISDAFIX3" unter der Überschrift "11:00 AM New York time" (auf dem solche Überschriften von Zeit zur Zeit erscheinen) (die "**Reset-Bildschirmseite**") angezeigt wird.

"**Reset Tag**" bezeichnet jeweils den Ersten Rückzahlungstag und jeden auf den Ersten Rückzahlungstag alle zehn Kalenderjahre folgenden Tag.

"**Reset-Vergütungszeitraum**" bezeichnet jeden

§ 4(5)) Remuneration from (and including) the Second Modified Reset Remuneration Date to (but excluding) the immediately following Reset Date and thereafter from each Reset Date (including) to the next following Reset Date (excluding) to the Final Maturity Date (as defined in § 5(1)) (excluding) shall be paid as follows:

The Subordinated Notes entitle the Holders to Remuneration at a rate *per annum* which shall be equal to the respective Reference Rate plus  $[\blacksquare] \%^2$  *per annum* (the "**Modified Margin**") (each together the "**Second Modified Reset Remuneration Rate**") on their Aggregate Principal Amount, payable annually in arrear on 30 March, commencing on 30 March 2047 (each a "**Consecutive Reset Remuneration Payment Date**"), and on the Final Maturity Date for the period from 30 March 2075 (including) to the Final Maturity Date (excluding) (short last Remuneration Period).

(c) "**Reference Rate**" for any Reset Remuneration Period means in each case the 10-year swap rate (the "**10-year Swap Rate**") determined two Business Days prior to the beginning of the relevant Reset Remuneration Period (the "**Reference Reset Date**"). The Reference Rate for a Reset Remuneration Period will be determined by the Calculation Agent and will 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 U.S. dollar interest rate swap transaction which (x) has a term of 10 years commencing on the Reference Reset Date, (y) 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 (z) has a floating leg based on the 3-months LIBOR rate (calculated on an Actual/360 day count basis), as such arithmetic mean appears on the Reuters screen "ISDAFIX3" under the heading "11:00 AM New York time" (as such headings and captions may appear from time to time) as of 11.00 a.m. (New York City time) (the "**Reset Screen Page**") on the Reference Reset Date.

"**Reset Date**" means each of the First Call Date and each day following every ten calendar years after the First Call Date.

"**Reset Remuneration Period**" means each period

<sup>2</sup> Entspricht der ursprünglichen Kreditmarge zuzüglich 1,00 % *per annum*.  
Being equal to the initial margin plus 1,00 % *per annum*.

Zeitraum ab dem Ersten Rückzahlungstag (einschließlich) bis zum nächstfolgenden Reset Tag (ausschließlich) und nachfolgend ab jedem Reset Tag (einschließlich) bis zu dem jeweils nächstfolgenden Reset Tag (ausschließlich).

Für den Fall, dass der 10-Jahres Swapsatz am Referenz Reset Tag nicht auf der Reset-Bildschirmseite erscheint, ist der 10-Jahres Swapsatz der Reset-Referenzbanksatz am Referenz Reset Tag. Der "**Reset-Referenzbanksatz**" ist der Prozentsatz, der auf Basis der 10-Jahres Swapsatz-Quotierungen, die der Berechnungsstelle ungefähr um 11:00 Uhr (New York City Ortszeit) von fünf führenden Swap-Händlern im Interbankenhandel (die "**Reset-Referenzbanken**") gestellt werden, am Referenz Reset Tag festgelegt wird. Wenn mindestens drei Quotierungen genannt werden, wird der Reset-Referenzbanksatz 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. Kann der Reset-Referenzbanksatz nicht gemäß der vorhergehenden Bestimmungen dieses Absatzes bestimmt werden, entspricht der jeweilige Rest-Referenzbanksatz dem durch die Berechnungsstelle festgelegten 10-Jahres Swapsatz, welcher zuletzt auf der Reset-Bildschirmseite verfügbar war.

Hierbei bedeuten die "**10-Jahres Swapsatz-Quotierungen**" das rechnerische Mittel der nachgefragten und angebotenen Sätze für den jährlichen Festzinsszahlungsstrom (berechnet auf einer 30/360 Tagesberechnungsbasis) einer fixed-for-floating U.S. Dollar Zinsswap-Transaktion, (i) die eine 10 jährige Laufzeit hat und am Referenz Reset Tag beginnt, (ii) 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 3-Monats LIBOR Satz beruht (berechnet auf einer Actual/360 Tageberechnungsbasis).

(d) Unverzüglich nach Bestimmung des Referenzsatzes wird die Berechnungsstelle den jeweiligen Reset-Vergütungssatz für die Nachrangigen Schuldverschreibungen bestimmen und die jeweilige Vergütung berechnen.

"**Reset-Vergütungssatz**" bezeichnet jeweils den Ersten Reset Vergütungssatz und den Zweiten Modifizierten Reset Vergütungssatz.

(e) Die Berechnungsstelle wird veranlassen, dass der Reset-Vergütungssatz und die auf jede

from (and including) the First Call Date to (but excluding) the next following Reset Date and thereafter from (and including) each Reset Date to (but excluding) the next following Reset Date.

In the event that the 10-year Swap Rate does not appear on the Reset Screen Page on the Reference Reset Date, the 10-year Swap Rate will be the Reset Reference Bank Rate on such Reference Reset Date. "**Reset Reference Bank Rate**" means the percentage rate determined on the basis of the 10-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., New York City time), on the Reference Reset Date. If at least three quotations are provided, the Reset Reference Bank 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). If the Reset Reference Bank Rate cannot be determined pursuant to the foregoing provisions of this paragraph, the relevant Reset Reference Bank Rate shall be equal to the last 10-year Swap Rate available on the Reset Screen Page, as determined by the Calculation Agent.

The "**10-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 U.S. dollar interest rate swap transaction which transaction (i) has a term of 10 years and commencing on the Reference Reset Date, (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 3- months LIBOR rate (calculated on an Actual/360 day count basis).

(d) Promptly after the determination of the Reference Rate, the Calculation Agent shall determine the relevant Reset Remuneration Rate for each Subordinated Note and calculate the relevant Remuneration.

"**Reset Remuneration Rate**" means each of the First Reset Remuneration Rate and the Second Modified Reset Remuneration Rate.

(e) The Calculation Agent will cause the Reset Remuneration Rate and the Remuneration payable

Nachrangige Schuldverschreibung zahlbare Vergütung 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) *Berechnung der Vergütung.* Die an dem jeweiligen Vergütungszahlungstag zu zahlende Vergütung je Nachrangiger Schuldverschreibung (die "**Vergütung**") ergibt sich, indem der jeweils Anwendbare Vergütungssatz und der Vergütungsberechnungszeitraum (wie nachstehend definiert) auf jeden Nennbetrag je Nachrangiger Schuldverschreibung angewendet werden, wobei der daraus resultierende Betrag auf den nächsten Dollarcent auf- oder abgerundet wird, und 0,5 oder mehr eines Dollarcent aufgerundet werden. Eine Vergütung, die für einen beliebigen Zeitraum (der "**Vergütungsberechnungszeitraum**") zu berechnen ist, wird auf der Basis der Anzahl von Tagen in dem betreffenden Vergütungsberechnungszeitraum (einschließlich des ersten aber ausschließlich des letzten Tages dieses Zeitraums), geteilt durch die Anzahl der Tage in der Bezugsperiode, in die der betreffende Vergütungsberechnungszeitraum fällt, berechnet.

"**Bezugsperiode**" bezeichnet den Zeitraum von jedem Vergütungszahlungstag (einschließlich) bis zum nächsten Vergütungszahlungstag (ausschließlich), wobei (i) für Zwecke der Bestimmung der maßgeblichen Bezugsperiode jeweils der 30. März eines Jahres als Zinszahlungstag (ii) für die Berechnung der Vergütung für den Vergütungsberechnungszeitraum vom Ausgabetag bis zum ersten Vergütungszahlungstag als Bezugsperiode der Zeitraum vom 30. März 2015 (einschließlich) bis zum 30. März 2016 (ausschließlich) und (iii) für die Berechnung der Vergütung für den am Endfälligkeitstag endenden Vergütungsberechnungszeitraum als Bezugsperiode der Zeitraum vom 30. März 2075 (einschließlich) bis zum 30. Juli 2075 (ausschließlich) gilt.

(4) *Vergütung bei Ratingherabstufung nach Eintritt eines Kontrollwechsels.* Sofern die Emittentin nicht die Nachrangigen Schuldverschreibungen (insgesamt, jedoch nicht teilweise) gemäß § 5(7) zurückzahlt, erhöht sich der für die Vergütung auf die Nachrangigen Schuldverschreibungen ansonsten Anwendbare Vergütungssatz um zusätzliche 5 % *per annum* ab (und einschließlich) dem 120 Tage nach einer Ratingherabstufung, die in Folge eines Kontrollwechsels innerhalb des Kontrollwechselzeitraums vorgenommen wird, folgenden Geschäftstag.

per Subordinated Note 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, no later than on the eighth Business Day after its determination.

(3) *Calculation of Remuneration.* Remuneration payable per Subordinated Note on the respective Remuneration Payment Date (the "**Remuneration**") shall be calculated by applying the Prevailing Remuneration Rate and the Remuneration Calculation Period (as defined below) to each principal amount per Subordinated Note and rounding the resulting figure to the nearest Dollarcent with 0.5 or more of a Dollarcent being rounded upwards. If Remuneration is to be calculated for any period of time (the "**Remuneration Calculation Period**") it shall be calculated on the basis of the number of days in such Remuneration Calculation Period (from (and including) the first day of such period to (but excluding) the last) divided by the number of days in the respective Reference Period in which the relevant Remuneration Calculation Period falls.

"**Reference Period**" means the period from (and including) each Remuneration Payment Date to (but excluding) the next Remuneration Payment Date, provided that, (i) for the purposes of determining the relevant Reference Period 30 March of any year shall be deemed to be a Remuneration Payment Date, (ii) for determining Remuneration for the Remuneration Calculation Period from the Issue Date to the first Remuneration Payment Date, the Reference Period shall be the period from (and including) 30 March 2015 to (but excluding) 30 March 2016 and (iii) for determining Remuneration for the Remuneration Calculation Period ending on the Final Maturity Date, the Reference Period shall be the period from (and including) 30 March 2075 to (but excluding) the 30 July 2075.

(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(7), the rate of Remuneration payable on the Subordinated Notes will be subject to an increase by additional 5 % *per annum* above the otherwise Prevailing Remuneration 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) 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, soweit eine andere Ratingagentur von der Emittentin benannt worden ist, ein vergleichbares Rating.

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

(5) *Vergütungsaufschub*. Vergütungen sind an dem jeweiligen Vergütungszahlungstag nur dann fällig und zahlbar, wenn sich die Emittentin für eine solche Zahlung entscheidet. Eine solche Nichtzahlung, die in Bezug auf die jeweilige Vergütung nur insgesamt erfolgen kann, 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 die Vergütung 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.

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

(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) Bei Eintritt des frühesten der nachfolgenden Ereignisse gelten die ausstehenden Vergütungsrückstände (insgesamt, jedoch nicht teilweise) von der Emittentin als für fällig und zahlbar

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

(5) *Remuneration Deferral*. Remuneration shall only be due and payable on the respective Remuneration Payment Date if the Issuer so elects. An election not to pay Remuneration, which can only be made regarding the whole respective 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 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.

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.

(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) The Issuer shall be deemed to have declared outstanding Deferred Remuneration Payments (in whole but not in part) due and payable at the earliest of the following events:

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| <p>(i) der zehnte Geschäftstag nach Eintritt eines Obligatorischen Zahlungseignisses (wie nachstehend definiert); oder</p>   | <p>(i) the tenth Business day following the occurrence of a Compulsory Payment Event (as defined below); or</p>  |
| <p>(ii) der Tag, an dem die Nachrangigen Schuldverschreibungen insgesamt zur Rückzahlung fällig sind; oder</p>   | <p>(ii) the due date for the redemption of the Subordinated Notes; or</p>  |
| <p>(iii) der Tag, an dem die Hauptversammlung die freiwillige Auflösung der Emittentin beschließt oder an dem eine Verfügung zur Auflösung, Abwicklung oder Liquidation ergeht (sofern dies nicht für 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).</p> | <p>(iii) 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 a restructuring or an insolvency plan procedure (<i>Insolvenzplanverfahren</i>) or an amalgamation or reorganisation while solvent where the continuing entity assumes substantially all of the assets and liabilities of the Issuer).</p> |
- (c) Ein "**Obligatorisches Zahlungseignis**" gilt bei Auftritt eines der folgenden Ereignisse als eingetreten:
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| <p>(i) der Tag, an dem die Aktionäre der Emittentin über den Vorschlag des Vorstands der Emittentin, eine Dividende auf Aktien der Emittentin (mit Ausnahme einer Dividende, Ausschüttung oder Zahlung, die in Form von Stamm- oder Vorzugsaktien der Emittentin (die "<b>Aktien der Emittentin</b>") vorgenommen wird) zu zahlen, in der ordentlichen Hauptversammlung beschlossen haben; oder</p>   | <p>(c) A "<b>Compulsory Payment Event</b>" shall be deemed to have occurred upon any of the following events:</p>  |
| <p>(ii) 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 (x) in Verbindung mit einem Mitarbeiterbeteiligungsprogramm oder einer ähnlichen Maßnahme zu Gunsten von Arbeitnehmern, leitenden Angestellten, Führungskräften oder Beratern, (y) als Ergebnis eines Umtauschs oder einer Wandlung einer Aktiegattung in eine andere oder (z) falls die Emittentin Aktien als Entgelt für einen Verkauf von Vermögenswerten an Dritte erhält); oder</p> | <p>(i) the date on which the shareholders of the Issuer have resolved at the annual general meeting on the proposal by the executive board (<i>Vorstand</i>) of the Issuer to pay a dividend on any 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 "<b>Shares of the Issuer</b>")); or</p>  |
| <p>(iii) ein Vergütungszahlungstag, bezüglich dessen die Emittentin von ihrem Wahlrecht, die Zahlung einer vorgesehenen Vergütung auf die Nachrangigen Schuldverschreibungen vorzunehmen, Gebrauch macht; oder</p>  | <p>(ii) 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 (x) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants, (y) as a result of the exchange or conversion of one class of shares for another class, or (z) in the case the Issuer receives shares as consideration for a sale of assets to third parties); or</p> |
| <p>(iv) der Tag, an dem die Emittentin oder eine Tochtergesellschaft eine Zahlung oder</p>  | <p>(iii) a Remuneration Payment Date in relation to which the Issuer elects to pay a scheduled Remuneration on the Subordinated Notes; or</p>  |
| <p></p>   | <p>(iv) the date on which the Issuer or any Subsidiary makes any payment or distribution in respect of</p>   |

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| <p>Ausschüttung auf ein Gleichrangiges Wertpapier zahlt oder vornimmt; oder</p> <p>(v) der Tag, an dem die Emittentin oder eine Tochtergesellschaft (jeweils direkt oder indirekt) ein Gleichrangiges Wertpapier (einschließlich der Nachrangigen Schuldverschreibungen) zurückzahlt, zurückkauft oder anderweitig erwirbt.</p> <p>In den vorgenannten Fällen (iv) und (v) tritt kein Obligatorisches Zahlungsereignis ein, wenn</p> <p>(x) die Emittentin oder die betreffende Tochtergesellschaft gemäß den Emissionsbedingungen des betreffenden Gleichrangigen Wertpapiers zu der Zahlung, zu der Rückzahlung, zu dem Rückkauf oder zu dem anderweitigen Erwerb verpflichtet ist; oder</p> <p>(y) die Emittentin oder die betreffende Tochtergesellschaft Gleichrangige Wertpapiere nach einem öffentlichen Rückkaufangebot oder öffentlichen Umtauschangebot zu einer unter dem Nennwert liegenden Gegenleistung je Gleichrangigem Wertpapier zurückkauft oder anderweitig erwirbt.</p> <p>(7) <i>Ende der Vergütungszahlungen.</i> 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.</p> | <p>any Parity Security; or</p> <p>(v) the date on which the Issuer or any Subsidiary redeems, repurchases or otherwise acquires (in each case directly or indirectly) any Parity Security (including the Subordinated Notes).</p> <p>The cases (iv) and (v) above are subject to the provision that no Compulsory Payment Event occurs if</p> <p>(x) the Issuer or the relevant Subsidiary is obliged under the terms and conditions of such Parity Security to make such payment, such redemption, such repurchase or such other acquisition; or</p> <p>(y) if the Issuer or the relevant Subsidiary repurchases or otherwise acquires any Parity Security in whole or in part in a public tender offer or public exchange offer at a consideration per Parity Security below its par value.</p> <p>(7) <i>Cessation of Remuneration Payments.</i> 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 Remuneration 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.</p> |
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## § 5 RÜCKZAHLUNG UND RÜCKKAUF

- (1) *Endfälligkeit.* Sofern nicht bereits zuvor zurückgezahlt oder zurückgekauft und entwertet, werden die Nachrangigen Schuldverschreibungen am 30. Juli 2075 (der "**Endfälligkeitstag**") zu ihrem Gesamtnennbetrag nebst Vergütungen, die bis zum Endfälligkeitstag (ausschließlich) aufgelaufen sind, sowie etwaiger Vergütungsrückstände zurückgezahlt.
- (2) *Kündigungsrecht der Emittentin und vorzeitige Rückzahlung bei einem Quellensteuer-Ereignis, einem Steuerereignis oder einem Ratingagenturereignis.*
- (a) Bei Eintritt eines Quellensteuer-Ereignisses, eines Steuerereignisses oder eines Ratingagenturereignisses ist die Emittentin berechtigt, die Nachrangigen Schuldverschreibungen jederzeit

## § 5 REDEMPTION AND PURCHASE

- (1) *Final Maturity.* Unless previously redeemed or repurchased and cancelled, the Subordinated Notes will be redeemed on 30 July 2075 (the "**Final Maturity Date**") at their Aggregate Principal Amount plus any Remuneration accrued to but excluding the Final Maturity Date and any Deferred Remuneration Payments.
- (2) *Issuer Call Right and Early Redemption due to a Gross-up Event, a Tax Event or a Rating Agency Event.*
- (a) If either a Gross-up 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

(insgesamt, jedoch nicht teilweise) durch eine unwiderrufliche Mitteilung gemäß § 11 unter Einhaltung einer Frist von mindestens 30 und höchstens 60 Tagen 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 Ratingagenturereignisses oder eines Steuerereignisses hat die Emittentin (i), die Nachrangigen Schuldverschreibungen zu 101 % ihres Gesamtnennbetrags nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaiger Vergütungsrückstände zurückzuzahlen soweit eine solche Rückzahlung vor dem Ersten Rückzahlungstag 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 Ersten Rückzahlungstag erfolgt, zurückzuzahlen.

(b) Im Fall eines Quellensteuer-Ereignisses kann eine Kündigungsmittteilung 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 Kündigungsmittteilung nur zeitgleich mit oder nach einer Mitteilung der Emittentin über den Eintritt und die relevanten Umstände eines Ratingagenturereignisses nach Maßgabe von § 11 gemacht werden.

Die Emittentin hat der Hauptzahlstelle vor Abgabe einer Kündigungsmittteilung 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

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 a Rating Agency Event or a Tax Event the Subordinated Notes will be redeemed (i) at 101 % of their Aggregate Principal Amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments if such redemption occurs prior to the First Call Date, 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 the First Call Date.

(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 specifying the relevant circumstances.

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.

zahlen.

(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 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 "**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;

Zahlungen, die von der Emittentin in Bezug auf die Nachrangigen Schuldverschreibungen zahlbar sind,

(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 laws or 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.

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;

payments by the Issuer on the Subordinated Notes are no longer, or within 90 days of the date of that

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 (i) eine Ergänzung, Klarstellung oder Änderung der Eigenkapitalanrechnungskriterien bei irgendeiner der Ratingagenturen eingetreten ist, von der die Emittentin ein *sponsored rating* erhalten hat, 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 (die "**Relevante Ratingagentur**"), oder, (ii) wenn eine Eigenkapitalanrechnung-Ratingherabstufung erfolgt ist, und dies jeweils zu einer geringeren Eigenkapitalanrechnung der Nachrangigen Schuldverschreibungen als der jeweiligen Eigenkapitalanrechnung geführt hat, welche die Relevante Ratingagentur am Ausgabetag festgelegt hat, oder, wenn die Eigenkapitalanrechnung nicht am Ausgabetag festgelegt wurde, derjenigen an dem Tag, an dem die Eigenkapitalanrechnung das erste Mal festgelegt wurde.

Eine "**Eigenkapitalanrechnung-Ratingherabstufung**" tritt ein, wenn ein angefordertes Kreditrating (*Credit Rating*) für langfristige vorrangige unbesicherte Finanzverbindlichkeiten der Emittentin unter Investment Grade fällt. 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, soweit eine andere Ratingagentur von der Emittentin benannt worden ist, ein vergleichbares Rating.

(4) *Kündigungsrecht und vorzeitige Rückzahlung nach Wahl der Emittentin.*

Die Emittentin kann die Nachrangigen Schuldverschreibungen (insgesamt, jedoch nicht teilweise) an jedem Tag eines Zeitraums von 90 Tagen vor und bis einschließlich (i) dem Ersten Rückzahlungstag oder (ii) jedem danach folgenden Vergütungszahlungstag nach unwiderruflicher Kündigungsmitteilung an die Anleihegläubiger gemäß § 11 unter Einhaltung einer Frist von mindestens 30 Tagen kündigen.

Eine solche Kündigungsmitteilung verpflichtet die Emittentin, die Nachrangigen Schuldverschreibungen zu ihrem Gesamtnennbetrag zuzüglich bis zum

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 (i) an amendment, clarification or change has occurred in the equity credit criteria of 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**") or if (ii) an Equity Credit Rating Downgrade has occurred and, in each case, has resulted in a lower *equity credit* for the Subordinated Notes than the respective *equity credit* assigned by the Relevant Rating Agency on the Issue Date, or if *equity credit* is not assigned on the Issue Date, at the date when the *equity credit* is assigned for the first time.

An "**Equity Credit Rating Downgrade**" occurs if a solicited credit rating for the Issuer's long-term senior unsecured debt falls below investment grade. 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 and, where another rating agency has been designated by the Issuer, a comparable rating.

(4) *Issuer Call Right and Early Redemption at the Option of the Issuer.*

The Issuer may call and redeem the Subordinated Notes (in whole but not in part) on any day during a period of 90 days up to and including (i) the First Call Date or (ii) any Remuneration Payment Date thereafter upon giving not less than 30 days' irrevocable notice of redemption to the Holders in accordance with § 11.

Such notice of redemption shall oblige the Issuer to redeem the Subordinated Notes at their Aggregate Principal Amount plus Remuneration accrued to but

Rückzahlungstag (ausschließlich) aufgelaufener Vergütungen und etwaiger Vergütungsrückstände zurückzuzahlen.

(5) *Rückkauf von Nachrangigen Schuldverschreibungen.* Die Emittentin oder Tochtergesellschaften 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) *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 teilweise) nach unwiderruflicher Kündigungsmittelung an die Anleihegläubiger gemäß § 11 unter Einhaltung einer Frist von mindestens 30 und höchstens 60 Tagen kündigen und zu einem Betrag zurückzahlen, der (i) 101 % des Gesamtnennbetrags, nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaiger Vergütungsrückstände, entspricht, soweit eine solche Rückzahlung vor dem Ersten Rückzahlungstag erfolgt, bzw. (ii) dem ausstehenden Gesamtnennbetrag nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaiger Vergütungsrückstände entspricht, soweit eine solche Rückzahlung am oder nach dem Ersten Rückzahlungstag erfolgt.

(7) *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 Kündigungsmittelung 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

excluding the Redemption Date and any Deferred Remuneration Payments.

(5) *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.

(6) *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 % 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 redemption to the Holders in accordance with § 11 (i) at 101 % of their Aggregate Principal Amount, plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments, if such redemption occurs prior to the First Call Date, 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 the First Call Date.

(7) *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

erfolgten vorherigen Kündigungsmittelung 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 101 % des Gesamtnennbetrags, nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, entspricht, soweit eine solche Rückzahlung vor dem Ersten Rückzahlungstag erfolgt, bzw. (ii) dem Gesamtnennbetrag entspricht, nebst Vergütungen, die bis zum Rückzahlungstag (ausschließlich) aufgelaufen sind, sowie etwaiger Vergütungsrückstände entspricht, soweit eine solche Rückzahlung am oder nach dem Ersten Rückzahlungstag 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 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.

101 % of their Aggregate Principal Amount, plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments, if such redemption occurs prior to the First Call Date, 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 the First Call Date. 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, more than 50 % 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, and shall end 180 days thereafter.

## § 6 ZÄHLUNGEN

(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 U.S. Dollar 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 Zahlungen von Vergütungen oder Vergütungsrückständen 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

## § 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 U.S. dollar. 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 or Deferred Remunerations 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.* If the due date for



Fälligkeitstag für die Zahlung von Kapital und/oder Vergütungen kein Geschäftstag ist, erfolgt die Zahlung, erst am nächstfolgenden Geschäftstag; Anleihegläubiger sind nicht berechtigt, Zinsen oder eine andere Entschädigung wegen eines solchen Zahlungsaufschubs zu verlangen.

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

(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 payments of Remuneration or Deferred Remunerations in respect of the Subordinated Notes, whether in cash or otherwise, shall be made unless such payment is made outside the United States.

## § 7 BESTEUERUNG

## § 7 TAXATION

(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 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:

(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 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) 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

(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) 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

(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

werden) oder dort besichert sind; oder

(c) als unmittelbare oder mittelbare Folge (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.

(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.

## § 8 VORLEGUNGSFRIST

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Nachrangigen

(c) are deducted or withheld as a direct or indirect consequence of (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) *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 Terms and Conditions to "*principal*" shall include any redemption amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions 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 PRESENTATION PERIOD

The presentation period of the Subordinated Notes provided in § 801 paragraph 1 sentence 1 of the

Schuldverschreibungen auf 10 Jahre verkürzt.

German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to 10 years.

**§ 9**

**ZAHLSTELLEN UND BERECHNUNGSSTELLE**

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

Deutsche Bank Aktiengesellschaft  
Issuer Services  
Taunusanlage 12  
60325 Frankfurt am Main  
Bundesrepublik Deutschland

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

Deutsche Bank Aktiengesellschaft  
Issuer Services  
Taunusanlage 12  
60325 Frankfurt am Main  
Bundesrepublik Deutschland

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

**§ 9**

**PAYING AGENTS AND CALCULATION AGENT**

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

Deutsche Bank Aktiengesellschaft  
Issuer Services  
Taunusanlage 12  
60325 Frankfurt am Main  
Federal Republic of Germany

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

Deutsche Bank Aktiengesellschaft  
Issuer Services  
Taunusanlage 12  
60325 Frankfurt am Main  
Federal Republic of Germany

(3) *Agent of the Issuer*. The Principal Paying Agent 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 Terms and Conditions 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 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, erfolgen alle die Nachrangigen Schuldverschreibungen betreffenden Mitteilungen durch elektronische Publikation auf der Internetseite der Luxemburger Börse ([www.bourse.lu](http://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 Clearingsystem 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.

### § 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 Neue Anleiheschuldnerin alle Verpflichtungen

### § 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, all notices concerning the Subordinated Notes shall be made by means of electronic publication on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any 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 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 New Debtor assumes all obligations of the

der Emittentin in Bezug auf die Nachrangigen Schuldverschreibungen übernimmt;

(b) 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;

(c) 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;

(d) 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) 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) 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) 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

(h) 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.

Für die Zwecke dieses § 12 bedeutet "**Finanzierungsgesellschaft**" eine mehrheitliche

Issuer in respect of the Subordinated Notes;

(b) 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;

(c) 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;

(d) 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;

(e) 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;

(f) 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;

(g) 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

(h) 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.

For purposes of this § 12, "**Finance Subsidiary**" shall mean any majority-owned subsidiary whose purpose

Tochtergesellschaft der Emittentin, deren Unternehmenszweck in der Aufnahme von Finanzierungsmitteln zur Finanzierung der Emittentin und anderer Konzerngesellschaften besteht.

(2) *Bezugnahmen.* Im Fall einer Schuldnerersetzung nach Maßgabe von § 12(1) gelten Bezugnahmen in diesen Anleihebedingungen auf die Emittentin als eine solche auf die Neue Anleiheschuldnerin soweit anwendbar und jede Bezugnahme auf die Bundesrepublik Deutschland als eine solche auf den Staat, in welchem die Neue Anleiheschuldnerin steuerlich ansässig ist. Die Emittentin ist berechtigt, infolge der Ersetzung notwendige Anpassungen der Anleihebedingungen vorzunehmen.

(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 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 Anleihegläubiger 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

is to raise financing for the Issuer and other group entities.

(2) *References.* In the event of a substitution pursuant to §12 (1), references in these Terms and Conditions to the Issuer shall be a reference to the New Debtor if applicable and any reference to the Federal Republic of Germany shall be a reference to the New Debtor's country of domicile for tax purposes. The Issuer may make such adjustments of the Terms and Conditions as are necessary as a result of the substitution.

(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 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

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 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.

Der folgende Absatz in Kursivschrift ist nicht Bestandteil der Anleihebedingungen.

*Sofern nicht das der Emittentin durch Standard & Poor's erteilte Rating mindestens "BBB+" (oder eine solche von Standard & Poor's dann verwendete gleichartige Klassifikation) beträgt und die Emittentin sich sicher ist, dass ein solches Rating infolge der Rückzahlung oder des Rückkaufs nicht unter diesen Wert fallen würde, beabsichtigt die Emittentin (ohne dadurch eine Rechtspflicht zu übernehmen) während des Zeitraums vom Ausgabetag der Wertpapiere (einschließlich) bis zum Zweiten Modifizierten Reset Vergütungstag (ausschließlich), im Fall (i) einer vorzeitigen Rückzahlung der Nachrangigen Schuldverschreibungen (vorzeitige Rückzahlung nach Wahl der Emittentin in anderen Fällen als nach Eintritt eines Quellensteuer-Ereignisses, eines Steuer-*

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.

#### § 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.

The following paragraph in italics does not form part of the Terms and Conditions.

*Unless the rating assigned by Standard & Poor's to the Issuer is at least "BBB+" (or such similar nomenclature then used by Standard & Poor's) and the Issuer is comfortable that such rating would not fall below this level as a result of such redemption or repurchase the Issuer intends (without thereby assuming a legal obligation), during the period from (and including) the Issue Date of the Subordinated Notes to (but excluding) the Second Modified Reset Remuneration Date, in the event of (i) an early redemption of the Subordinated Notes (early redemption at the option of the Issuer other than upon occurrence of a Gross-up Event, a Tax Event, a Rating Agency Event (except if occurred as a result of a change in methodology at Standard & Poor's) or for*

ereignisses, eines Ratingagenturereignisses (außer wenn als Folge einer Änderung der Methodologie von Standard & Poor's eingetreten) oder aufgrund Kontrollwechsels), oder (ii) eines Rückkaufs von Nachrangigen Schuldverschreibungen in Höhe von mehr als (x) 10 % des ursprünglich ausgegebenen Gesamtnennbetrags der Nachrangigen Schuldverschreibungen während einer Frist von 12 aufeinander folgenden Monaten oder (y) 25 % des ursprünglich ausgegebenen Gesamtnennbetrags der Nachrangigen Schuldverschreibungen während einer Frist von 10 aufeinander folgenden Jahren, sofern die Nachrangigen Schuldverschreibungen eine Eigenkapitalanrechnung (oder eine solche von Standard & Poor's dann verwendete gleichartige Klassifikation) aufweisen, die Nachrangigen Schuldverschreibungen nur zurückzahlen oder zurückzukaufen soweit nicht die Höhe der Eigenkapitalanrechnung, welche Standard & Poor's dem Gesamtnennbetrag der zurückzahlenden oder zurückzukaufenden Nachrangigen Schuldverschreibungen zum Zeitpunkt ihrer Ausgabe erteilt hat, die Höhe der Eigenkapitalanrechnung, welche Standard & Poor's den Nettoerlösen, die die Emittentin oder eine Tochtergesellschaft während einer Frist von 360 Tagen vor dem Tag der Rückzahlung oder des Rückkaufs aus dem Verkauf oder der Ausgabe von nachrangigen Schuldverschreibungen durch die Emittentin oder jener Tochtergesellschaft an Dritte (ausgenommen Konzerngesellschaften der Emittentin) erhält, erteilt hat, übersteigt (wobei in jedem dieser Fälle Änderungen der Hybrid Rating Methodologie oder einer anderen relevanten Methodologie oder deren Auslegung seit Ausgabe der Nachrangigen Schuldverschreibungen berücksichtigt werden). Die Absicht der Emittentin zur Ersetzung gilt jedoch, auch während der ersten fünf Jahre nach dem Ausgabebetrag, nicht für Rückkäufe von Nachrangigen Schuldverschreibungen mit einem Gesamtnennbetrag bis zum Standard & Poor's Überschussbetrag. **"Standard & Poor's Überschussbetrag"** bezeichnet den gesamten Nennbetrag der insgesamt ausstehenden Hybridanleihen der Emittentin, der die maximale Anrechnungsgrenze, bezogen auf die angepasste gesamte Kapitalisierung (adjusted total capitalisation) der Emittentin, nach der in diesem Zeitpunkt anwendbaren Standard & Poor's Methodologie überschreitet.

Verwendete Begriffe, die im vorstehenden Satz nicht definiert wurden, haben dieselbe Bedeutung wie in den Anleihebedingungen.

reasons of a Change of Control), or (ii) a repurchase of the Subordinated Notes of more than (x) 10 % of the Aggregate Principal Amount of the Subordinated Notes originally issued in any period of 12 consecutive months or (y) 25 % of the Aggregate Principal Amount of the Subordinated Notes originally issued in any period of 10 consecutive years, if the Subordinated Notes are assigned an "equity credit" (or such similar nomenclature then used by Standard & Poor's), that it will redeem or repurchase the Subordinated Notes only to the extent the amount of "equity credit" which was assigned by Standard & Poor's to the Aggregate Principal Amount of the Subordinated Notes to be redeemed or repurchased at the time of their issuance does not exceed the "equity credit" assigned by Standard & Poor's to the net proceeds received by the Issuer or any Subsidiary during the 360-day period prior to the date of such redemption or repurchase from the sale or issuance of subordinated securities by the Issuer or such Subsidiary to third party purchasers (other than group entities of the Issuer) (but in each case taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Subordinated Notes). However, the replacement intention of the Issuer, including during the period of five years following the Issue Date, shall not apply for repurchases of Subordinated Notes with an aggregate amount up to the Standard & Poor's Excess Amount. **"Standard & Poor's Excess Amount"** means the aggregate principal amount of outstanding hybrid capital of the Issuer exceeding the maximum aggregate principal amount of hybrid capital for which Standard & Poor's under its then prevailing methodology would recognise equity credit based on the Issuer's adjusted total capitalisation.

Terms used but not defined in the preceding sentence shall have the meaning set out in the Terms and Conditions.



## RWE AKTIENGESELLSCHAFT AS ISSUER AND RWE GROUP

### Statutory Auditors

Statutory auditors of RWE are PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main ("**PwC**"). The office in charge is located at Friedrich-List-Straße 20, 45128 Essen, Germany. PwC is a member of the Wirtschaftsprüferkammer, Rauchstraße 26, 10787 Berlin, Germany. PwC has audited the consolidated financial statements of RWE for the years 2014 and 2013.

### Selected Financial Information<sup>1</sup>

The selected financial information below was extracted without adjustments to the figures from the audited consolidated financial statements of the RWE Group as at and for the year ended 31 December 2014 and the unaudited condensed consolidated interim financial statements of RWE Group for the period from 1 January 2015 to 31 March 2015 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

### Selected Balance Sheet information

	Period from 1 Jan. to 31 March 2015 (unaudited)	Financial year ended 31 December 2014 (audited)	Financial year ended 31 December 2013 (audited)
	EUR in million		
Non-current assets	55,170	54,224	56,905
Current assets:	28,974	32,092	24,476
<i>of which: Assets held for sale</i>	-	5,540	-
Assets	84,144	86,316	81,381
Equity	13,624	11,772	12,137
Non-current liabilities	47,659	46,324	47,383
Current liabilities:	22,861	28,220	21,861
<i>of which: Liabilities held for sale</i>	-	2,635	-
Equity and liabilities	84,144	86,316	81,381

### Selected Income Statement information

	Period from 1 Jan. to 31 March 2015 (unaudited)	Period from 1 Jan. to 31 March 2014 (unaudited)	Financial year ended 2014 (audited)	Financial year ended 2013 (audited)
	EUR in million			
Revenue	13,891	13,450	46,149	49,749
Income from continuing operations before tax	1,068	1,444	2,246	-2,016
Income	2,346	1,123	2,057	-2,443
<i>of which: Income from discontinued operations</i>	1,524	42	364	312
Net income / income attributable to RWE AG shareholders	2,166	995	1,704	-2,757

	Period from 1 Jan. to 31 March 2015 (unaudited)	Period from 1 Jan. to 31 March 2014 (unaudited)	Financial year ended 2014 (audited)	Financial year ended 2013 (audited)
EUR in million				
Basic and diluted earnings per common and preferred share in EUR	3.52	1.62	2.77	-4.49
<i>of which: from discontinued operations</i>	2.48	0.07	0.59	0.50

### **Selected Cash Flow Statement information**

	Period from 1 Jan. to 31 March 2015 (unaudited)	Period from 1 Jan. to 31 March 2014 (unaudited)	Financial year ended 2014 (audited)	Financial year ended 2013 (audited)
EUR in million				
Cash flows from operating activities – CFO	-752	157	6,368	5,576
<i>of which: CFO of discontinued operations</i>	-125	264	812	773
Cash flows from investing activities (after transfer to contractual trust arrangements) – CFI	1,289	-172	-4,869	-2,338
<i>of which: CFI of discontinued operations</i>	-111	-144	-675	-639
Cash flows from financing activities – CFF	-541	-263	-2,200	-1,994
<i>of which: CFF of discontinued operations</i>	260	-121	-62	-137
Net change in cash and cash equivalents	23	-277	-693	1,226
Cash and cash equivalents at end of the reporting period	3,280	3,673	3,171	3,950
<i>of which: reported as "Assets held for sale"</i>	-	-	-86	-

<sup>1</sup> Prior-year figures in audited consolidated financial statements of the RWE Group as at and for the year ended 31 December 2014 and for the interim consolidated financial statements for the interim period ended 31 March 2015 were adjusted due to the first-time Adoption of IFRS 11 and presentation of Dea as a 'discontinued operation'.

### **General Information about RWE Aktiengesellschaft**

RWE was founded on 25 April 1898 as Rheinisch-Westfälisches Elektrizitätswerk Aktiengesellschaft with its seat in Essen, Germany.

RWE Aktiengesellschaft (both the legal and commercial name of RWE) is incorporated with unlimited duration in Germany and operates under German law. It has its seat and is registered in Essen, Germany with the local court of Essen under HRB 14525. The address of its registered office is Opernplatz 1, 45128 Essen, Germany (Telephone: +49 (0) 201 1200).

### **Business Overview – Principal Activities and Principal Markets**

RWE is the parent company of a group of businesses engaged in the generation, transmission, transport, distribution, trading and sale of electricity and gas in Germany, the United Kingdom, the Benelux countries as

well as some parts of Central Eastern and South Eastern Europe (including Turkey). The tables below present the number of RWE's gas and electricity customers in its key markets as well as RWE's market share in these regions.

*RWE's customers (residential and commercial) by country (€ in million)*

Country	Gas	Electricity
Germany	1,290	6,693
Netherlands	1,969	2,176
Belgium	211	328
UK	2,169	3,387
Czech Republic	1,397	265
Slovakia	119	-
Hungary	-	2,116
Poland	-	895
Croatia	-	98
<b>Total</b>	<b>7,155</b>	<b>15,958</b>

As of 31 December 2014

*Market share - Sales to end-customers and redistributors*

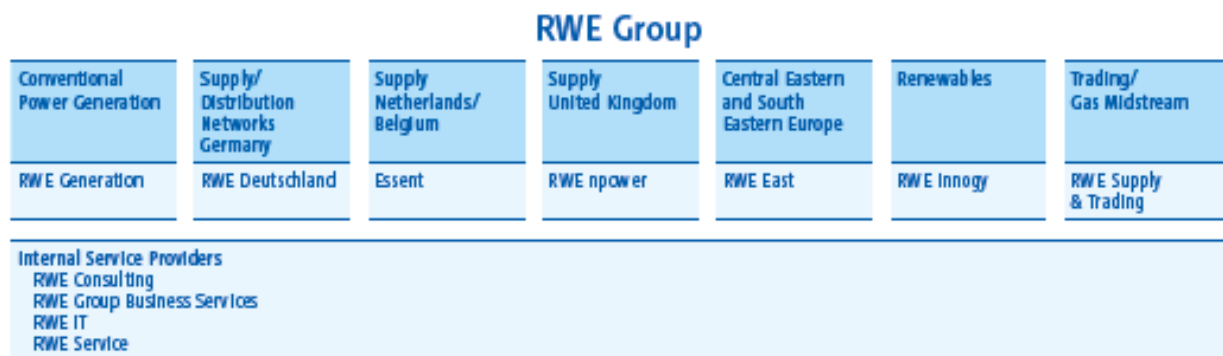
Country	Gas	Electricity
Germany	11%	23%
Netherlands	11%	10%
UK	5%	14%
Centra and Eastern Europe	34%	24%

As of 31 December 2014

Furthermore, the RWE Group runs a large trading operation for energy and energy related products in Europe with supporting activities in the US and Asia.

With its renewable business the RWE Group has widened its regional focus beyond the above mentioned European countries in the expansion of renewable energy.

## Organisational Structure



As of 31 March 2015.

### RWE Group divisions

RWE Group is divided into seven divisions based on national and functional criteria with RWE as the parent company. As the group's head office it concentrates on group-managing tasks.

With effect as of 1 January 2013, RWE established a European generation company headquartered in Germany as a "Societas Europaea" (SE). The company manages all of RWE Group's conventional power stations in Germany, the Benelux countries, Turkey and the United Kingdom. In addition, RWE Group Business Services GmbH took up commercial operation. Groupwide back-office functions such as accounting, purchasing

and HR management were pooled there, creating substantial synergies. RWE is increasingly running its functional business units like profit centres. Standardised processes are pooled in shared service centres and specialised know-how in centres of expertise. On 1 January 2014 the Group established RWE Retail. Among other things, this new management unit is in charge of the groupwide supply strategy. Furthermore, it coordinates and pools regional activities if this leads to synergies and accelerates product innovations. The RWE Retail management team consists of six members of the management boards of RWE Group supply companies, who are fulfilling their new tasks in addition to their regular ones.

On 2 March 2015 RWE AG and the LetterOne Group completed the sale of RWE Dea AG (on 31 December still reported as discontinued operation). The enterprise value was approximately EUR 5.1 billion.

## **Recent Events**

The critical situation in the conventional electricity generation business caused RWE Group to take further measures to strengthen its finances and earnings.

### ***RWE raises additional hybrid capital***

In the middle of April 2015, RWE issued a total of EUR 1.25 billion hybrid bonds with a tenor of 60 years. The issuance targeted both institutional and retail investors and was conducted in two tranches. The bonds of the first tranche (EUR 700 million) have a coupon of 2.75 %, an issue price of 99.38 % and may be cancelled by RWE for the first time five-and-a-half years from their issue date. The second tranche (EUR 550 million) has a coupon of 3.5 %, an issue price of 100 % and may not be cancelled during the first ten years.

### ***RWE completes the sale of RWE Dea***

On 2 March 2015 RWE AG and the LetterOne Group completed the sale of RWE Dea AG. The enterprise value was approximately EUR 5.1 billion.

### ***RWE places dividend policy on broader basis***

In the middle of December 2014, the Executive Board of RWE AG decided to realign its dividend policy, a resolution endorsed by the Supervisory Board. The previous yardstick for the payout ratio, 40 % to 50 % of recurrent net income, shall become obsolete as of fiscal 2015. From then on, the dividend proposal by the Executive and Supervisory Boards shall be brought more in line with RWE Group's general economic situation and in particular orient itself towards the company's earnings, operating cash flow and debt position. Opportunities to invest in growth projects will also be considered. The Executive Board and the Supervisory Board will continue to accord high importance to the dividend. Sustainability, continuity and reasonable judgement are major criteria for determining it. One way of doing justice to these criteria is to take into account the previous year's dividend payment when deciding on the dividend proposal. However, this will not go hand in hand with the determination of a minimum dividend. The following dividend were paid for the last five years:

- 2014: EUR 1/share paid in 2015,
- 2013: EUR 1/share paid in 2014,
- 2012: EUR 2/share paid in 2013,
- 2011: EUR 2/share paid in 2012 and
- 2010: EUR 3.5/share paid in 2011

### ***Nuclear fuel tax: Federal Fiscal Court refuses suspension of enforcement and the European Court of Justice rules the tax to comply with European Law***

At the end of November 2014, the Federal Fiscal Court (FFC) ruled that the German nuclear fuel tax must continue to be paid despite doubts about its legality. It thus overturned the judgements of the Hamburg and Munich Fiscal Courts, which had ruled in favour of a suspension of the enforcement of the tax payment. Due to the FFC ruling, RWE Group paid withheld taxes to the German tax authorities for the Emsland (Lingen) nuclear power station at the end of 2014. No backpayments had to be made for the Gundremmingen B and C blocks. The rationale provided by the FFC for its ruling was that effectively, a cancellation of the tax enforcement would be the same as a suspension of the Nuclear Fuel Act. It stated that, according to the jurisdiction of the Federal Constitutional Court, this can only be done under very specific conditions, which do not apply to the case in point. The question whether the tax violates fundamental German or European law was expressly left unanswered. This is up to the jurisdiction of the Federal Constitutional Court and the European Court of Justice

(ECJ). The ECJ ruled on 4 June 2015 that the nuclear fuel tax complies with European law. As yet, no date has been set for the ruling of the German Constitutional Court.

#### *RWE Group takes unprofitable generation capacity off the market*

In view of the significant deterioration in conditions underlying the conventional electricity generation market, in 2014 RWE Group took several gas-fired power stations offline temporarily or indefinitely. However, some of these stations have only been mothballed, enabling them to be recommissioned if market conditions improve. Other power plants were shut down only during the period from April to September. In the spring and summer, gas-fired power stations are hardly used due to the amount of electricity being put onto the system from photovoltaic units. RWE Group also expects to take further generation capacity offline in 2015 and subsequent years. This applies to gas-fired, hard coal and lignite capacity.

#### **RWE Group successful in capacity auctions in the UK**

With the exception of one small station, all participating RWE Group power plants qualified for a subsidy in the first auction for the new UK capacity market that took place in December 2014. Together, they account for 8.0 gigawatts (GW) of secured capacity. They include the Pembroke, Staythorpe, Little Barford, Didcot B and Great Yarmouth gas-fired power stations as well as the Aberthaw hard coal-fired power plant. All in all, 65.0 GW in generation capacity were represented in the auction, which took place from 16 to 18 December 2014. Of this capacity, 49.3 GW will receive a payment of £ 19.40 per kilowatt during the first subsidy period, which runs from 1 October 2018 to 30 September 2019. The subsidisation will be extended to three years for 3.1 GW and to 15 years for 2.4 GW as these volumes relate to modernised or new plant. The subsidy period for RWE Group power stations is limited to one year. Since the £ 19.40 payment set during the auction is based on 2012 price levels and develops in line with the UK consumer price index, the subsidy actually paid out will probably be slightly higher.

#### **Trend Information**

There has been no material adverse change in the prospects of RWE since 31 December 2014.

However, for several years now there have been developments in the field of energy policy that in the past negatively affected the business of RWE Group and might also affect the future development of RWE Group's business. For example, the subsidisation of renewable energy in Germany has resulted in the rapid rise in the number of wind turbines and solar panels. This has put wholesale electricity prices under substantial pressure and pushed conventional power plants out of the market, both in Germany and in neighbouring markets such as the Netherlands. Declining margins, especially of gas-fired power stations, have already caused RWE Group to recognise considerable impairments. Should market conditions continue to deteriorate, RWE Group will be at risk of having to perform further write-downs.

#### **General economic environment**

Based on initial forecasts, global economic output will increase by about 3 % in 2015, expanding slightly more than in 2014. By contrast, the Eurozone is expected to post continued moderate growth of approximately 1 %. The prospects for Germany's economy seem to be a little brighter: the Ifo Economic Research Institute forecasts a gain of 1.5 %. Stimulus is expected to come primarily from the robust employment level and an increase in disposable income. In the Netherlands and Belgium, gross domestic product (GDP) will also probably rise by more than 1 %. The United Kingdom may well post growth of over 2 %. Estimates for RWE Group's Central Eastern European markets have GDP advancing by some 3 % in Poland, with Slovakia, the Czech Republic and Hungary lagging slightly behind, recording an increase of 2.5 %.

RWE Group's forecast for this year's energy consumption is based on the aforementioned assumptions concerning economic developments. In addition, RWE Group assumes that temperatures in 2015 will be normal and therefore lower overall than in 2014, which was characterised by very mild weather. If these conditions materialise, the Group expects that demand for electricity will be stable or rise marginally in Germany, the Netherlands and the United Kingdom. However, the increase in consumption driven by the expanding economy and possibly colder weather will probably be contrasted by the adverse effects on demand caused by the mounting trend towards energy savings. Electricity usage in Central Eastern Europe is likely to advance. Growth of 2 % has been predicted for both Poland and Hungary. Consumption of gas is anticipated to rise across all RWE Group markets, largely driven by an increased need for heating caused by the weather. The forecasted economic growth could also stimulate demand for gas, whereas energy-saving measures will have a counteracting effect. The RWE Group does not expect the electricity generation sector to provide any notable stimulus as the market conditions for gas-fired power stations remain unfavourable, especially in Germany.

There is still no end in sight to the slump on commodity markets. This is evidenced by the development of the 2015 forward prices of hard coal, gas, electricity and CO<sub>2</sub> emission allowances. However, the development of commodity prices after 2014 will have less of an impact on RWE Group's earnings in the current fiscal year as almost all of the electricity generation for 2015 was sold forward and the prices of the required fuel and emission allowances were secured. The average price the RWE Group realised for electricity produced by its German lignite-fired and nuclear power stations is lower than the EUR 48 per megawatt hour (MWh) recorded in the previous year.

### ***Political environment***

Energy and climate protection were once again at the very top of the political agenda in 2014. Last October, the EU heads of state and government agreed to reduce greenhouse gas emissions by at least 40 % by 2030 compared to 1990. In order to accomplish this, they want renewable energy to be expanded, energy efficiency to be improved and the Emissions Trading System to be reformed. In Germany and the United Kingdom, RWE Group's main markets for generation, policymakers explored how to ensure the availability of a sufficient level of conventional generation capacity in the future. Whereas the United Kingdom has already found a solution by introducing a technology-neutral capacity market, it remains to be seen which course Germany will chart.

#### *EU Summit adopts new goals regarding climate protection, renewable energy and energy savings*

EU member states intend to emit at least 40 % less greenhouse gases in 2030 than in 1990. This is the target on which the heads of state and government agreed at the summit in October 2014 in Brussels. In order to accomplish this, the sectors involved in CO<sub>2</sub> emissions trading such as electricity production must reduce carbon dioxide emissions by 43 % compared to 2005. In other sectors such as transport, households and agriculture, savings of 30 % are envisaged in order to achieve the climate protection goal. For these sectors, the EU will impose national reduction targets depending on gross domestic product, ranging from 0 % to 40 %. The climate protection goal is flanked by the requirement for at least 27 % of the demand for energy to be covered by renewable sources by 2030. Furthermore, the country representatives have issued a non-binding statement of intent that energy consumption in the EU will then be at least 27 % lower than could be expected under the current framework conditions. These two goals will not be broken down into national requirements.

#### *EU wants to strengthen Emissions Trading System through introduction of market stability reserve*

To achieve its ambitious climate protection goal, the EU intends to strengthen the European Emissions Trading System by making the supply of CO<sub>2</sub> certificates more flexible. The intention is to introduce what is termed a 'market stability reserve' in which emission allowances are 'deposited' by EU member states when the market has a substantial surplus of certificates, as is currently the case. The surplus would be calculated once a year and corresponds to the difference between the certificates issued and used since 2008. According to the concept, if the established cap is exceeded, the number of certificates auctioned in the following years is reduced accordingly and the emission allowances withheld are added to the reserve. Vice versa, if the established floor is not reached, a corresponding number of certificates is taken from the reserve and put on the market. So far, the introduction of the market stability reserve has been scheduled for the beginning of the fourth emission trading period, which starts in 2021. Some countries, such as Germany and the United Kingdom, are in favour of bringing the introduction forward to 2017. The legislative procedure in the European Parliament and in the Council of the European Union is underway and will most probably be concluded this year.

#### *EU Commission establishes legal framework for European green energy subsidies*

In April 2014, the European Commission adopted new regulations governing state aid in the fields of environmental protection and energy. In so doing, it established a binding framework within which the member states' national subsidies comply with EU competition law and can therefore be approved. The new regulations replace guidelines which expired in 2014. The EU Commission's intention is to bring the subsidisation of renewable energy more in line with the market. Over the long term, fixed feed-in tariffs should be replaced by competition-promoting mechanisms such as tender procedures for the allocation of state subsidies. It is also envisaged that green energy be increasingly marketed directly by the producers. In the Commission's opinion, the rebates on the levy to fund the subsidisation of renewable energy, which is granted to companies in Germany, may not distort competition within Europe. Therefore, the guidelines stipulate that such relief be granted only to a limited number of energy-intensive sectors within the EU. In its guidelines, the EU Commission also embraces the plans of some countries to create a capacity mechanism. This type of mechanism makes a major contribution to security of supply as power producers are compensated for providing

secured power plant capacity in addition to receiving income from the sale of electricity. This is becoming increasingly important due to the rising feed-ins of fluctuating amounts of wind and solar power. So far, the EU Commission has been of the opinion that capacity mechanisms should only be created if concerns about insufficient generation capacity cannot be put to rest by taking other measures, for example by expanding networks or making the demand for electricity more flexible. A capacity mechanism introduced by one country should be accessible to the energy utilities of other EU member states.

The EU Commission under Jean-Claude Juncker, which was restaffed in November 2014, accords high importance to energy policy and intends to explore the prospects of harmonising the design of the electricity market across Europe. There is a chance of this resulting in a real European framework for capacity mechanisms.

#### *Germany reforms green energy subsidies*

At the end of June 2014, the German Lower House passed the "Act for the fundamental reform of the German Renewable Energy Act (REA) and for amendments to further provisions of German energy law". The objective is to gain better control over green energy expansion and to rein in the associated costs. The act took effect on 1 August after the German Upper House approved it in the middle of July. It envisages that 2.5 gigawatts (GW) in net installed capacity from both solar panels and onshore wind turbines be added every year. If this threshold is exceeded or not reached, a reduced or increased feed-in tariff is paid for the additional generation units. The replacement of existing wind turbines by more powerful ones has not been factored into the cap. The capacity target of offshore wind power through to the end of 2020 is 6.5 GW. Operators of new plant with a system size of 500 kilowatts or more are now obliged to market green energy directly. This requirement will gradually be imposed on smaller generation units.

The act further envisages new plant being subsidised via auctions from no later than 2017 onwards. The amendment to the REA thus conforms with the new EU guidelines for state aid in the fields of energy and environmental protection. However, there was dissent on several points between the German government and the EU Commission. One such issue is the determination of the sectors qualifying for rebates on the REA apportionment. The Commission made a concession to the German government on this point. According to the new law, 68 energy-intensive sectors will be obliged to pay no more than 15 % of the apportionment. This share can drop to as little as 0.5 % for very big power consumers, such as aluminium and steel foundries. Another point of contention between Brussels and Berlin was the degree to which electricity produced for self-consumption, which was generally exempt from the REA apportionment in the past, should also contribute to financing renewable energy going forward. The act envisages this only for new plant, whereas small self-consumers and companies that already use self-generated electricity are still being spared this burden. This provision will be reviewed by 2017 at the insistence of the EU Commission. As a result, RWE Group may face new burdens relating to self-consumption of electricity in Rhenish opencast lignite mines.

#### *Federal Ministry for Economic Affairs and Energy opposes capacity mechanism in electricity generation*

In the key issues paper on the development of the electricity market, the Federal Ministry for Economic Affairs and Energy (BMWi) also expressed an opinion on the introduction of a general capacity market as proposed by the industry associations. A mechanism of this kind would ensure that, in addition to revenue from electricity production, power plant operators received a payment for making their capacity available and therefore contributing to security of supply. The BMWi opposes this, one of its concerns being that it would result in substantial costs. Instead, it is a proponent of a capacity reserve, which would be used whenever supply failed to cover demand. In the BMWi's view, the electricity market is capable of ensuring security of supply with its current structure, even though increasing numbers of power plants can be expected to shut down for economic reasons. The BMWi believes that huge price spikes will occur during future electricity shortages, enabling the profitable operation of the power stations that are still needed on the market. However, many experts feel that this is too unpredictable. Countries such as the United Kingdom and France have therefore already decided in favour of capacity markets. The BMWi is in the process of preparing a white book, which will contain specific recommendations regarding the refinement of the electricity market's design and is scheduled to be published in June 2015.

#### *German government discussed additional levy on power stations*

At the end of March, the German Federal Ministry for Economic Affairs and Energy (BMWi) set out how it intends to achieve the additional reduction in carbon emissions from electricity generation of 22 million metric tons envisaged by the 'Climate Protection Action Plan 2020'. In a key issues paper on the future development of

the electricity market, it proposes imposing a climate levy on power plants. Stations that are more than 20 years old would be subject to an emissions limit starting in 2017. It would amount to 7 million metric tons of carbon dioxide for every gigawatt of installed capacity in their twenty-first year of operation, and would drop by 200,000 metric tons for every further year until a floor of 3 million metric tons was reached. Power plants that are older than 40 years would then only have an emissions limit equal to this base amount. Plant operators may emit more carbon dioxide than prescribed by the limit, but they would have to pay a penalty for every additional metric ton of carbon dioxide, which could be as high as EUR 20 according to the key issues paper. The BMWi's plans have met with huge criticism in particular from power utilities and trade unions. RWE is a staunch opponent, as the climate levy would initiate a phase-out of lignite-fired electricity generation. Owing to the reduced utilisation, many stations would no longer be able to cover their fixed costs and would therefore have to be taken off the market. Not only would this force lignite-fired power plants to be shut down, but the opencast mines would also have to be closed. On 1 July 2015 the proposal of BMWi has been abandoned. Instead, the governing coalition agreed on an alternative bundle of measures to curb CO<sub>2</sub> emissions including a move of 2.7 GW of old coal-plants into a capacity reserve for which utilities will be remunerated. Details of this proposition are still to be announced.

*German Economics Minister wants to subject nuclear provisions to stress tests*

In a letter to the coalition parties, Germany's Minister of Economics Sigmar Gabriel announced in March that he would subject the financial statements of the country's nuclear power plant operators to a stress test, in order to assess the development of nuclear provisions. He wrote that this would lay the groundwork for talks the government is required to hold with the affected companies pursuant to the coalition agreement in order to discuss the financial backing of their obligations to dismantle the power stations and dispose of radioactive waste. Gabriel further stated that he would address other key points including ensuring operator liability in the event of a reorganisation under company law and explore the feasibility of setting up internal and external funds (including public trusts), to which the utilities could deposit the cash they use to back their provisions either in part or in full. It remains to be seen how the measures announced in the letter will be implemented and which further steps are planned. As regards the stress tests, compliance with RWE Group's obligations to recognise suitable provisions on the balance sheet is already being monitored by independent auditors.

*Go-ahead for lignite production in third Garzweiler II resettlement segment*

At the end of April 2014, the government of the State of North Rhine-Westphalia formally declared that it finds the use of lignite until 2030 essential to the energy industry and energy policy. This allows the planning procedure for the third resettlement segment of the Garzweiler II opencast mine to be continued. The state government also issued a statement regarding the longer-term prospects of Garzweiler II. At a press conference at the end of March 2014, it announced the political will to keep the communities in the fourth resettlement segment (primarily Holzweiler, which has a population of 1,400) at their current location, contrary to the original plan. The state administration also declared that it would announce a new landmark decision on lignite policy by the middle of 2015. It plans to hold talks with RWE Group, regional representatives and other stakeholders to this end.

*United Kingdom reforms subsidisation of climate-friendly electricity generation*

The UK made rapid progress in implementing the electricity market reform passed by parliament at the end of 2013 after the EU Commission also gave its go-ahead in late July. The key points of the reform include the introduction of a new system for promoting climate-friendly electricity generated from renewable sources, nuclear energy and fossil fuel in combination with carbon capture and storage. Green electricity producers currently receive Renewables Obligation Certificates (ROCs). A mechanism referred to as a Contract for Difference (CfD) will be introduced in the future. The idea is to guarantee that electricity generators receive a contractually agreed fee for the electricity they feed into the system. If the price realised on the wholesale market is below the fee, they are paid the difference. If it exceeds the fee, they will be obliged to make payments. The subsidy will be financed by electricity supply companies in line with the amounts of electricity which they purchase on the market. In September and October of last year, the Department of Energy & Climate Change (DECC) determined the subsidy budgets and the maximum fee for each generation technology. The CfDs have a term of 15 years and will enter into force from 2017 onwards. The selection of subsidised projects is conducted using the following method. If the subsidy budget for a specific technology is big enough, all applicants receive a CfD at the maximum rate of compensation. If the budget is not sufficient, an auction is held to determine the winning bids. In this case, the rate of compensation is lower.



### *UK capacity market opens*

One of the key elements of the UK electricity market reform is the introduction of a technology-neutral capacity market. This undertaking has also been largely implemented. The UK model envisages annual capacity auctions of predetermined volumes of secured capacity. All successful bidders receive the same payment, which is determined by supply and demand. Participation in the auctions is voluntary and technology-neutral. Generation units which will be receiving payments under other subsidy schemes (e.g. via CfDs) are not admitted. The first capacity auction took place at the end of 2014 and related to the provision of generation capacity between 1 October 2018 and 30 September 2019. The capacity payment for new plant will be guaranteed for 15 years. Old generation units that are modernised extensively receive the payment for three years. Power plants with a capacity classified as 'secured', accounting for a total of 65.0 GW, qualified for the first auction. Of this amount, winning bids were placed for 49.3 GW, including RWE Group stations accounting for 8.0 GW. Each year a new auction is scheduled to take place in relation to the next twelve-month period. A second auction may be held a year in advance in order to cover any additional needs.

### *Spain makes drastic cuts in renewable energy subsidies – RWE Innogy calls on arbitration court*

The Spanish government has made drastic cuts to the subsidies granted to producers of green energy. This has been established by a law which entered into force at the end of December 2013 and specified by an ordinance (Royal Decree 413 /2014) as well as a ministerial decree in the middle of 2014. The fixed feed-in tariffs paid so far were replaced retrospectively to July 2013 by a new compensation system. The system ensures that the generation facilities achieve a pre-tax return on capital equivalent to the ten-year average of Spanish government bonds plus 300 basis points. At present, this is 7.4 %. Based on previous legislation, green energy producers received a fixed tariff, which could be as high as EUR 460 per megawatt hour for old plant, and was set for 25 years or the plant's lifetime. The retrospective subsidy cut reduces RWE Innogy's earnings considerably. RWE Group believes that this contravenes the International Energy Charter Treaty, which was ratified by Spain, and one of its aims is to guarantee legal security to foreign investors. Therefore, RWE Innogy filed a suit with the International Centre for Settlement of Investment Disputes (ICSID) in December 2014. The ICSID is an international arbitration body headquartered in Washington, D.C., which belongs to the World Bank Group. Arbitral rulings handed down by the ICSID are legally binding and must be obeyed by the country in question.

### **RWE Group's strategy**

The European energy sector is undergoing fundamental change. Political intervention is making the business challenging. In addition, the subsidised expansion of renewable energy in Germany is causing the margins and utilisation of conventional power stations to decline. All of this is having a significant effect on RWE Group's earnings. In the past, electricity was generated almost only by large-scale power plants, whereas the role of the customer was limited to that of a buyer. Today, more and more households and businesses produce electricity themselves. In addition, ambitious goals regarding climate protection, the expansion of renewable energy and energy efficiency shape the regulatory framework of the energy sector. RWE Group rises to these challenges by helping to shape and enable the change. It does this by investing in renewable energy and modern network infrastructure. The RWE Group offers its customers innovative products and services that help them make more efficient use of energy and improve their quality of life. It continues to develop, through a corporate culture characterised by customer orientation, motivation and the courage to embrace what is new.

### *RWE Group's mission statement*

RWE Group's strategy is oriented towards a mission statement that takes into account the ambitious political goals regarding climate protection, the expansion of renewable energy and the improvement of energy efficiency as well as the huge challenges the RWE Group is confronted with in terms of competitiveness, capacity for innovation and financial strength. This is RWE Group's mission statement: "We are the most trusted and high-performing partner for the sustainable transformation of the European energy system". To fulfil this promise, the company has set itself the following strategic goals: RWE Group wants to (1) increase its financial strength, (2) make the Group more efficient and competitive and (3) successfully contribute to the sustainable transformation of the European energy system.

#### (1) Increasing financial strength

The RWE Group currently has a high level of debt due to its extensive capital expenditure in recent years and the disappointing returns on investment due to the market environment. The top priority is to ensure that RWE

Group can raise capital on the market at acceptable conditions at all times, even in times of crisis on financial markets. Therefore, the Group aims to maintain a solid investment grade rating. In addition, it is starting to earmark specific assets (e.g. funds or stakes in companies) for provisions. Furthermore, RWE Group wants to fully finance its capital expenditure and dividend payments from cash flows from operating activities. The positive balance of EUR 1.1 billion (in 2012 EUR -2.7 billion and in 2013 EUR 0.7 billion) was already achieved in year 2014. Cash-Flow from continuing operation amounted to EUR 5.6 billion (in 2012 EUR 4.4 billion and in 2013 EUR 4.8 billion) exceeding capital expenditure and dividend payments that added up to EUR 4.5 billion (in 2012 EUR 7.1 billion and in 2013 EUR 5.5 billion). Fluctuations in cash flows may keep the Group from accomplishing the positive balance every year. RWE no longer sets an upper limit for the ratio of net debt to EBITDA (the leverage factor). The adjusted leverage factor in 2014 is 3.8. It is intend to lower it what is documented with the Mid Term Incentive Plan. However, achieving this has become more ambitious. One reason for this is the significant decline in market interest rates, which required RWE Group to make a corresponding increase in provisions for pensions. However, this drop gives the advantage of being able to refinance the business at more favourable conditions.

RWE Group is still taking the following steps to increase its financial strength:

- **Efficiency improvements:** In 2012, RWE Group launched an ambitious efficiency-enhancement programme, which included an extensive set of measures to reduce costs and increase revenue. The programme is designed to improve operational processes considerably and achieve savings in administration and IT. It was originally aimed to make a lasting contribution to the operating result of EUR 1 billion through the programme by 2014. The set of measures was expanded substantially thereafter. The planned effect on earnings is commensurately bigger: it now amounts to a total of EUR 2 billion and should be fully realised in 2017. Until 2014 the effects of EUR 1.4 billion had been already realised (EUR 0.2 billion in 2012, EUR 0.8 billion in 2013 and EUR 0.4 billion in 2014).
- **Asset disposals:** Another lever for improving financial strength is the sale of assets. In the last three years, proceeds from divestments have exceeded EUR 10 billion, including the sale of RWE Dea in 2015. RWE Group's non-controlling interest in Urenco, the company specialising in the enrichment of uranium, is also for sale. There are currently no plans for further major disposals.
- **Reducing capital expenditure:** Since 2011 (EUR 6.4 billion) RWE Group has reduced its capital spending significantly, and intends to continue doing so. It plans to spend between EUR 2.5 billion and EUR 3.0 billion in capital in 2015 and anticipate about EUR 2 billion in capital expenditure from 2016 onwards. From this point forward, RWE Group will focus on projects and investments required to sustain its business activities, in particular the operation of its networks and power stations. In addition, the Group intend to continue expanding renewable energy, focusing on wind farms. One way in which new projects will be financed is by reducing stakes in existing facilities, without relinquishing the majority or the operational lead. The advantage is that this will enable RWE Group to initiate a larger number of undertakings, making its renewables portfolio both broader and less risky.

## (2) Improving performance and competitiveness

To survive in the face of competition, energy utilities can no longer limit their role to that of a reliable provider of electricity or gas. Their products must also be offered at attractive prices and cater to individual customer needs. To be competitive in terms of price and quality, companies must have efficient production operations, an effective organisation and a corporate culture optimised for performance and innovation. RWE Group has already taken a host of measures in order to satisfy these requirements. At the beginning of 2012, the Group launched the 'RWE 2015' programme, which encompasses a wide range of initiatives for more efficient processes and organisational structures, new business models and the further development of the corporate culture. The implementation of most of these initiatives has already progressed quite far. Groupwide back-office functions such as accounting, purchasing and HR management were pooled under RWE Group Business Services GmbH, creating substantial synergies. RWE is increasingly running its functional business units like profit centres. Standardised processes are pooled in shared service centres and specialised know-how in centres of expertise. Remarkable results have also been delivered by the 'Neo' programme, through which RWE Group intends to strengthen cash flows from operating activities in the Conventional Power Generation Division over the long term.

Building on the initial success of 'RWE 2015', the RWE Group launched further projects scheduled for completion by the end of 2017. These include programmes to reduce IT costs, staff costs and expenses incurred for outsourcing, the creation of leaner organisational structures, the development of new supply products and much more. Most of the projects are already being rolled out, as exemplified by the pooling of

supply competence in RWE Retail, which was established as of 1 January 2014. Among other things, this new management unit is in charge of the groupwide supply strategy. Furthermore, it co-ordinates and pools regional activities if this leads to synergies and accelerates product innovations. The RWE Retail management team consists of six members of the management boards of RWE Group supply companies, who are fulfilling their new tasks in addition to their regular ones.

Another focal point of 'RWE 2015' is the further development of Group's corporate culture. RWE Group needs employees who can draw on their creativity and initiative to improve products and processes, who help the company progress with their ideas, and who do not wait for instructions from management to act. After all, a rapidly changing market environment can only be handled by companies that are fast and willing to change themselves. The 'New Way of Working' project is designed to take RWE Group a major step forward in this respect. The aim is to strengthen the customer and performance orientation of the employees, involve them more in decision-making processes and make their co-operation even more efficient and productive. In this regard, RWE Group will receive support from the 'We are RWE' information campaign launched in 2014, through which it wants to enable the executives to spearhead the necessary changes. 'We are RWE' is designed to strengthen the team spirit of RWE Group's approximately 60,000 staff members and to motivate them to be supportive of the continued development of RWE Group's corporate culture, leaning towards more openness and willingness to voice and accept criticism, thinking less hierarchically, greater involvement in decision-making and bringing everyone and their organisational units more in line with the goals of the Group. The pillars of the corporate culture are trust, performance and passion. These are the values to which RWE Group strives to orient its actions and co-operation.

### (3) Contributing to the sustainable transformation of the European energy system

The fundamental structural change of the energy sector requires RWE Group's business model to be adapted. This will affect all of the stages of the energy value chain, from generation to trading and from distribution to supply. Therefore, RWE Group is not just reacting to change. Rather, it is playing an active role in the sustainable transformation of the European energy system.

- Securing electricity supplies through flexible and efficient power plants: Conventional power stations are indispensable, despite the further expansion of renewable energy. Their absence would result in regular outages as wind and solar power is not available at the push of a button. It depends on the weather, time of day and season. RWE Group believes that its conventional power stations make it a partner to renewable energy, covering society's basic need for security of supply. To fulfil this, in the last few years, the Group has increasingly invested in the flexibility of its power stations, in order to enable them to react better to fluctuations in feed-ins of green energy. Gas-fired power plants, which can typically switch loads rapidly, account for 32 %, or the single largest portion, of the generation portfolio. However, it is these very stations that are forced off the market by renewable energy, as their fuel costs are relatively high. In Germany and the Netherlands, many of the gas-fired power stations and several coal-fired power plants cannot even cover their operating costs. RWE Group is working on making these facilities more profitable, but cannot avoid shutting them down temporarily or permanently in certain cases. As forcing conventional power plants off the market can jeopardise security of supply especially in Germany, RWE Group is maintaining a dialogue with policymakers with a view to introducing a general, non-discriminatory capacity market. As a result, in addition to the revenue from electricity production, operators of conventional power stations would receive compensation for ensuring sufficient supply of electricity at all times through their generation capacity. This could ensure the long-term economic attractiveness of building new generation assets and continuing to operate existing plant necessary for security of supply. The United Kingdom and France have already decided to introduce a capacity market. In Germany, policymakers intend to reach a decision on whether to adopt this approach in 2015.
- Expanding renewable energy: The expansion of electricity produced from renewable sources remains a cornerstone of RWE Group's strategy. The Group intend to spend a total of up to EUR 1 billion in this area from 2015 to 2017. It will undertake large-scale projects together with other investors. The aim is also to forge partnerships for small undertakings. An example of this is Green GECCO, a joint venture between RWE Innogy and 29 municipal utilities, which was established in April 2010 and already has five wind farms with a total net installed capacity of 83 megawatts (MW). With regard to generation, RWE Group is focusing on onshore and offshore wind farms. The regional focus of the onshore projects is on Germany, the United Kingdom, the Netherlands and Poland. In the offshore sector, RWE Group is currently concentrating on the completion of the two wind farms Gwynt y Môr off the coast of

Wales (576 MW) and Nordsee Ost near Heligoland (295 MW). In addition, the company is developing the Nordsee One, Nordsee 2 and Nordsee 3 projects, in which it holds a 15 % interest, and is considering building further offshore wind farms in the UK North Sea. RWE Group does not plan to construct new biomass-fired power stations, because this type of electricity generation is no longer a focal point of the strategy. At the end of September, RWE Group sold its 80 % stake in the biomass-fired power station Enna in Sicily to the Italian partner company FRI-EL Green Power.

- Stepping up the trading business: Energy trading is the commercial link between the elements of the value chain, the regional markets and commodities. RWE Supply & Trading is making increasing use of its expertise outside Europe and has already opened trading offices in New York, Singapore, Mumbai and Jakarta. To a limited extent, the company makes direct investments in energy companies and assets which, once restructured and sold on, can deliver attractive returns within a period of three to five years.
- Further developing the distribution network infrastructure: The network business will remain a fixture in RWE Group's portfolio. Since the sale of the majority interest in the German electricity transmission system operator Amprion in 2012 and of the Czech long-distance network operator NET4GAS in 2013, the Group has been solely active in the distribution system business, in particular in Germany (electricity and gas), the Czech Republic (gas), Hungary (electricity) and Poland (electricity). Since the regulatory framework in this area usually remains in effect for several years, the returns from these activities hardly fluctuate. Therefore, the network business makes a valuable contribution to stabilising the earnings of the RWE Group. Anyone seeking to run a network business in Germany needs a license agreement to do so. In such contracts, the municipality gives the network company the right to use the public transportation routes in its region to lay and operate power lines and gas pipes. At the end of 2014, RWE Group has approximately 3,000 electricity and some 800 gas network licenses, which generally have terms of 15 to 20 years. The Group tries to renew licenses that expire. However, it increasingly has to compete for them. Moreover, municipalities want to become more involved in the distribution network business. RWE Group reacts to this with attractive partnership models tailored to interested towns and communities. The advantage for RWE Group is that it remains the network operator while strengthening its partnerships with the municipalities. The power grid plays a key role in the transformation of the German energy system. The steady increase in electricity from renewable energy sources that depend on the weather and time of day and the rising number of small decentralised generation units present the RWE Group with huge challenges, but also offer opportunities for growth. Over 300,000 electricity generation units running on renewables are currently connected to RWE Group's network, and their number rises year after year. In order to ensure a reliable supply of electricity under these conditions, RWE Group must invest in the maintenance and expansion of its German network infrastructure. It is estimated that this will require about EUR 2.5 billion in funds in the period from 2015 to 2017. To enable networks to be used more effectively and flexibly, RWE Group is developing new control technologies and subjecting them to field trials. One example is the involvement in 'Grid4EU', the large-scale project subsidised by the EU.
- Strengthening RWE Group's supply position through innovative products and services: By the end of 2014, RWE Group is supplying 16.0 million households and companies in Europe with electricity and 7.2 million with gas. Its customers expect fair prices and offerings that satisfy their needs. The role played by the customers, in particular households, has changed as they have evolved from consumers to 'prosumers', who can produce their own electricity and in some cases are even able to store it. To defend RWE Group's position in this market environment, the Group is extending its field of activity beyond the traditional supply of electricity and gas. New business models for all end-customer segments are being developed by pooling RWE Group's know-how in the fields of energy supply and information technology. The result is innovative products and solutions tailored to suit personal needs, which sets the Group apart from other utilities. In view of rising energy costs, more and more households want to lower their consumption, albeit without sacrificing quality of life. RWE Group has the right products for this, such as smart meters and a system for automatically managing domestic consumption ('RWE SmartHome'). In the United Kingdom, RWE Group has been selling intelligent thermostats manufactured by its partner Nest since April 2014. Since September, the RWE Group is also been doing this on an exclusive basis in the Netherlands and in Belgium since December. RWE Group also markets its energy efficiency expertise to commercial and medium-sized industrial enterprises. Using state-of-the-art measuring techniques and RWE Group's energy controlling system, RWE Group's experts analyse energy consumption and develop tailored optimisation measures. RWE

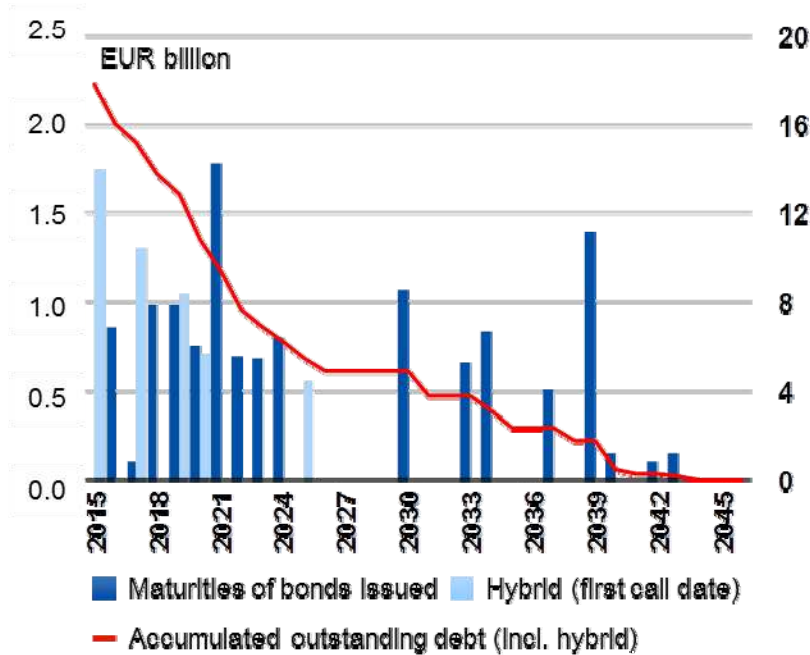
Group also has a good position in the field of distributed energy supply. In Germany, it currently operates some 1,300 plants that produce either heat or both heat and power with a total thermal capacity of about 3,000 MW. In many cases, the Group does this in partnership with municipalities or industrial enterprises. Furthermore, the company serves the growing market for decentralised energy production by households and commercial operations. In Germany, the Netherlands and Belgium, it offers customers with combined heat and power plants the opportunity to actively trade energy using its IT platforms called 'RWE WebMarket' and 'Powerhouse'. This enables them to optimise their production and consumption behaviour. RWE Group's offering also includes photovoltaic panels. The customers can combine them with other RWE Group products such as 'RWE SmartHome' or battery storage units to create a system for optimising the use of their self-generated solar power. RWE Group has already launched a suitable product in 2013: 'RWE HomePower Storage', an innovative system for the decentralised storage of solar power, maximising the usage of this energy to cover the customer's own needs. The advantage is two-fold: the customers save money and, as fluctuating solar feed-ins drop, the grid becomes more stable. At the beginning of 2014, RWE Group established a management unit called the 'Innovation Hub', in order to explore entirely new business models in the field of energy supply and spur their development. Work in the Innovation Hub involves anticipating changes in customer expectations of their energy providers until the end of this decade. For example, RWE Group believes that business with households and small commercial enterprises will see entirely new types of customer relationships develop. These relationships will be based on holistic support in all energy-related matters, from consulting to financing to the installation and maintenance of decentralised generation assets and from electricity storage facilities to the unification of several small power producers to form a virtual power plant. This will make RWE Group a manager of a decentralised energy system.

#### *Geographic focus*

RWE Group ranks among the five largest electricity and gas providers in Europe, covering the entire energy value chain: the Group mines lignite, produces electricity from coal, gas, nuclear fuel and renewable sources, operates electricity and gas distribution networks, stores gas and sells energy products and services to both distributors and end customers. The major markets are Germany, the Benelux region, the United Kingdom as well as Central Eastern and South Eastern Europe. In the field of electricity generation from renewables, RWE Group is also active outside of these regions, for example in Spain and Italy.

#### ***RWE Group's financing***

RWE Group primarily meets its financing needs with the high and stable cash flows from the operating activities. In addition, RWE Group has access to a number of flexible financing instruments. One of the major tools is the Debt Issuance Programme (DIP) for long-term refinancing on the capital market. A total of EUR 30 billion in bonds can be issued through the DIP (utilisation of EUR 12.5 billion as of 31 May 2015). Furthermore, a commercial paper programme gives a maximum of USD 5 billion in headroom for short-term financing on the money market (no utilisation as of 31 May 2015). A EUR 4.0 billion syndicated credit line with a tenor expiring in March 2020 serves as an additional liquidity reserve (no utilisation as of 31 May 2015). It has not been used so far. The profile of RWE's financial liabilities (senior and hybrid bonds) as of 31 May 2015 is presented below.



### Hybrid bonds

RWE has issued several deeply subordinated hybrid bonds between 2010 and 2015:

- In September 2010 RWE issued a EUR 1,750 million perpetual hybrid bond with a first call date in September 2015.
- In late October 2011 RWE issued a CHF 250 million hybrid bond with a maturity of 60.5 years and a first call date in April 2017.
- In the middle of March 2012, RWE issued a £ 750 million hybrid bond with a coupon of 7.0 %. The issue rate was 99.3 %. The bond has a theoretically perpetual tenor. However, RWE has the right to call the bond for the first time after seven years. The issuance was primarily intended for institutional investors in the United Kingdom.
- This was followed at the end of March 2012 by a USD 500 million hybrid bond, also with a coupon of 7.0 %. The issue rate was 100 %. The bond is redeemable in October 2072. It can be called by RWE for the first time in 2017. The issuance targeted investors in Asia.
- At the end of June 2012, RWE topped up the aforementioned bond by USD 500 million. Again, the issuance was primarily intended for Asian investors. The new papers' issue rate was 101.6 %.
- At the end of June 2012, a CHF 150 million hybrid bond with a coupon of 5.0 % and an issue rate of 100 % was placed. It has a tenor of 60 years, and RWE can call it for the first time in 2017. The issuance targeted retail investors domiciled in Switzerland as well as institutional investors.
- Additionally, in April 2015, RWE issued new EUR hybrid bonds with a maturity of 60 years in two tranches:
  - EUR 700 million with the first call date in October 2020 and a coupon of 2.75 %
  - EUR 550 million with the first call date in April 2025 and a coupon of 3.5 %

Thus, RWE issued a total of an equivalent of EUR 5.0 billion in hybrid bonds.

At the end of Q1/2015, RWE Group's net debt stood at EUR 27.7 billion. Three quarters of this amount was attributable to the provisions:

- EUR 10.4 billion of nuclear provisions (average duration of 22 years),
- EUR 8.0 billion of pension provisions (average duration of 18 years for domestic pensions)
- EUR 2.4 billion of mining provisions (average duration of 32 years)

The net financial debt amounted to EUR 6.2 billion.

The development of RWE's net debt as well as its leverage factor is presented in the table below.

	2011	2012	2013	2014	Q1 2015
Net financial debt incl. 50 % of hybrids (in EUR billion)	13.0	13.1	11.1	9.3	6.8
Pension, mining and nuclear provisions (in EUR billion)	16.9	19.9	19.6	20.6	20.9
Net debt (in EUR billion)	29.9	33.0	30.7	31.0 <sup>3</sup>	27.7
Leverage factor <sup>1</sup>	3.5x	3.5x	3.5x <sup>2</sup>	3.8x <sup>2</sup>	NA

1 Leverage factor (Net financial debt (incl. 50 % of hybrids) + pension, mining and nuclear provisions)/EBITDA.

2 Pro-forma leverage factor including the EBITDA of RWE Dea, as reported net debt still includes RWE Dea.

3 Including EUR 1.1 billion net debt from discontinued operations (=RWE Dea).

### Management and Supervisory Bodies

The Executive Board manages RWE's business. The Supervisory Board advises the Executive Board and monitors its management of RWE.

#### **Supervisory Board**

Dr. Manfred Schneider  
Köln  
Chairman  
Former Chairman of Board of Management of Bayer AG

Frank Bsirske (\*)  
Berlin  
Deputy Chairman  
Chairman of ver.di Vereinte Dienstleistungsgewerkschaft

Reiner Böhle (\*)  
Witten  
Chairman of the General Works Council of RWE Deutschland AG

Dr. Werner Brandt  
Bad Homburg  
Former Member of the Board of SAP SE

Dieter Faust (\*)  
Eschweiler  
Chairman of the Group Works Council of RWE Power AG

Roger Graef  
Bollendorf  
Managing Director of Verband der kommunalen RWE-Aktionäre GmbH

Arno Hahn (\*)  
Waldalgesheim  
Chairman of the Works Council of RWE Vertrieb AG

Manfred Holz (\*)  
Grevenbroich  
Deputy Chairman of the General Works Council of RWE Power AG

Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel  
Essen  
Vice-President of the Federation of German Industries

Frithjof Kühn  
Sankt Augustin  
Chief Administrative Officer, ret.

Hans Peter Lafos (\*)  
Bergheim  
Regional District Sector Head, Utilities and Disposal (Sector 2),  
ver.di Vereinte Dienstleistungsgewerkschaft, District of NRW

Christine Merkamp (\*)  
Cologne  
Member of the Group Speaker Committee

Dagmar Mühlenfeld  
Mülheim/Ruhr  
Mayor of the City of Mülheim an der Ruhr

Dagmar Schmeer (\*)  
Saarbrücken  
Technical Officer Grid Services at VSE Verteilernetz GmbH

Prof. Dr.-Ing. Dr.-Ing. E. h. Dr. h. c. Ekkehard D. Schulz  
Krefeld  
Former Chairman of Board of Management of ThyssenKrupp AG

Dr. Wolfgang Schüssel  
Vienna  
Former Federal Chancellor of the Republic of Austria

Ullrich Sierau  
Dortmund  
Mayor of the City of Dortmund

Ralf Sikorski (\*)  
Hanover  
Member of the Main Executive Board of IG Bergbau, Chemie, Energie

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

Leonhard Zubrowski (\*)  
Lippetal  
Chairman of the Group Work Council of RWE Generation

(\*) Employee representative

**Executive Board**

Peter Terium, Chief Executive Officer



Dr. Rolf Martin Schmitz, Deputy Chief Executive Officer, Chief Operating Officer

Dr. Bernhard Günther, Chief Financial Officer

Uwe Tigges, Chief Human Resources Officer

No conflicts of interests between any duties to the Issuer and the private interests or other duties of members of the Supervisory Board or of members of the Executive Board were notified.

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.

The Supervisory Board has five committees. These committees are charged with preparing for the Supervisory Board meetings, including drafting resolutions. In certain cases, they exercise decision-making powers conferred on them by the Supervisory Board. The committee chairmen regularly informed the Supervisory Board of their work.

### **Members of the Audit Committee:**

Dr. Werner Brandt (Chairman)

Dieter Faust

Arno Hahn

Prof. Dr.-Ing. Dr. Ing. E.h. Dr. h.c. Ekkehard D. Schulz

Ullrich Sierau

Ralf Sikorski

### **Statement of Compliance in accordance with Sec. 161 of the German Stock Corporation Act**

After an orderly audit, the Executive Board and the Supervisory Board of RWE Aktiengesellschaft issued the following declaration of compliance on 4 March 2015:

"Since the last statement of compliance, which was made on 25 February 2014, RWE Aktiengesellschaft has fully complied with the recommendations of the Government Commission of the German Corporate Governance Code in the 10 June 2013 and 24 June 2014 versions of the Code published by the German Federal Ministry of Justice in the official section of the German Federal Gazette".

### **Major Shareholders**

The results of RWE's recent shareholder identification offer the following picture of shareholding positions<sup>\*</sup>:

RWEB GmbH	15 %
BlackRock Financial Management, Inc.	5 %
Other institutional shareholders	66 %
Private shareholders	13 %
Employee shareholders	1 %

<sup>\*</sup> Percentages reflect shares in the subscribed capital (as of January 2015)

## **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 for the fiscal year ending on 31 December 2013 and the auditors' report thereon, together contained in RWE's Annual Report 2013 on pages 135-230, are incorporated by reference into this Prospectus.

The audited consolidated financial statements of RWE for the fiscal year ending on 31 December 2014 and the auditors' report thereon, together contained in RWE's Annual Report 2014 on pages 117-217, are incorporated by reference into this Prospectus.

The unaudited condensed consolidated interim financial statements of RWE Group for the period from 1 January 2015 to 31 March 2015 are incorporated by reference into this Prospectus.

### ***Legal and Arbitration Proceedings***

Except as disclosed in this section "Legal and Arbitration Proceedings", 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 document a significant effect on the financial position or profitability of RWE.

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

- In February 2012 and August 2012, RWE Power AG filed complaints with the German Constitutional Court with respect to the 13th amendment to the German Nuclear Energy Act that nullified the lifetime extension for German nuclear power plants introduced in 2010. RWE is of the opinion the 13th amendment is unconstitutional because the operators of the reactors affected will not be compensated and the decommissioning dates were established without sound justification.
- In August 2014, RWE Power AG filed civil action with the District Court in Essen against the Federal Republic of Germany and the State of Hesse to seek for compensation for the so called nuclear moratorium imposed on Biblis A and B in March 2011. The moratorium orders were declared illegal by the administrative courts in December 2013.
- In October 2014 RWE Power (and subsidiaries) took legal actions, including a precautionary constitutional objection, against the recently established regulatory obligation for generators of NPPs to ensure that solidified high-level fission product solutions (deriving from the reprocessing of spent nuclear fuels) are stored at on-site interim storage facilities. The law suits are based on constitutional doubts (e.g. occupational freedom and protection of property) against the new regulatory obligation given the huge investments by RWE Power for the Gorleben interim site on the one hand and the missing rationale to restart the search process on the other hand.
- RWE Group has filed lawsuits with the competent fiscal courts with regard to the nuclear fuel tax. The fiscal court of Hamburg held that the nuclear fuel tax law does not comply with both German constitutional law and European law and referred the legal issue to the German Constitutional Court and the European Court of Justice (ECJ), respectively, for ruling. The ECJ held on 4 June 2015 that the nuclear fuel tax complies with European law. As yet, no date has been set for the ruling of the German Constitutional Court.
- Furthermore, 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. With respect to the pending appeal with the German Constitutional Court concerning the 13th amendment to the German Nuclear Energy Act the lawsuits are on hold.
- In January 2013, the town of Düren filed an action against the approval of the amended Master Operating Plan for the Inden opencast mine granted by the Mining Office. The Master Operating Plan is consistent with the binding lignite plan, which provides for a residual lake as part of recultivation. The town of Düren aims for backfilling. An identical constitutional complaint lodged by the town of Düren against the lignite plan has been rejected by the Constitutional Court. The Office of Mining has ordered the immediate enforcement of the Master Operating Plan approval so that opencast mine operations can continue as

planned. In the end of 2014 the Court has suspended the proceedings at the request of the town of Düren in order to decide whether the law suit will be pursued or not.

- In March 2015 the environmental NGO "BUND" and three private plaintiffs have filed a lawsuit against the approval of the 3. Master Operating Plan for the continued Hambach open cast mining operation from 2020 to 2030, approval being granted by the Mining Office in December 2014. In addition to this the BUND took legal actions against the effective main operating plan. The operation of the open cast mine can be continued during the legal proceedings, since the 2. Master Operating Plan expires not before 2020. The mining authority issued the order of immediate enforcement for the main operating plan. The ongoing operation is therefore not affected.
- In connection with substantial delays, RWE Power AG claims for monetary damages caused by the consortium being responsible for the construction of two steam generators for a new power plant. On the opposite, the consortium has claimed compensation for additional costs because of the significant extension of the project's time schedule caused by an accident on the construction site in 10/2007. RWE Power AG denies the claims on the grounds that the accident as well as other delays were attributable to the consortium's fault. Proceedings are ongoing.
- In connection with several delays on another power plant construction site, RWE Generation SE filed for a declaratory judgement against the contractor of two steam generators for a new power plant which is still under construction. Proceedings are ongoing.
- In December 2014 RWE Innogy GmbH filed an Energy Charta Treaty arbitration proceeding according to the ICSID rules against the Kingdom of Spain with regard to frustrated investment expectation due to retroactive changes of the Spanish regulatory system affecting its Spanish subsidiary AERSA.
- RWE Supply & Trading GmbH is the respondent in an arbitration and was held by the tribunal in an interim award to have breached confidentiality and exclusivity agreements and, in a recent second interim award, to have caused the claimants loss as a result. The quantum of such loss, if any, is a matter of dispute between the parties to be finally determined by the tribunal. The claimants had previously quantified such loss in the low to medium one digit billion USD range and have recently applied for the admission of further evidence which, if admitted, would increase their quantification of loss to the medium to upper one digit billion USD range; however, the tribunal has not yet ruled on the admission of such evidence. RWE Supply & Trading GmbH denies the claimants' assessment of the quantum of their loss as being entirely unrealistic and defends the quantum of the claims. However, it remains possible that any sum awarded may still be substantial.
- RWE Supply & Trading CZ (formerly RWE Transgas) is defendant in an arbitration in which claimant pursues specific claims for payment under a long term gas supply agreement. RWE Supply & Trading CZ had successfully defended the same specific claim for payment under the same long term gas supply but for a different time period. RWE Supply & Trading CZ will reject and defend the new claim as well.
- A Dutch company of the RWE Group is an interested third party in a number of lawsuits in which administrative decisions in connection to the erection and operation of a coal fired power plant in Eemshaven (The Netherlands) have been challenged. An appeal procedure at the Council of State (highest appeal court in the Netherlands) against two Nature Protection Act Permits is ongoing. On 10 June 2015 a public hearing took place. The Council of State will rule within 6 weeks, unless extended.
- In March 2013, Essent Energie Productie B.V. (now Essent Power B.V.) and RWE Eemshaven Holding B.V. have initiated civil proceedings against the Dutch State regarding the legitimacy under European law of the coal tax as laid down in the "Wet Belastingen op de Milieugrondslag". The Civil Court The Hague ruled in December 2013 that EEP is inadmissible with the Civil Court. Pro forma appeal was made against the decision in order to preserve rights and on 13 January 2015 the grounds of appeal were submitted. On 27 August 2015 an oral hearing will take place. In parallel, fiscal proceedings were initiated by Essent Energie Productie B.V. in April 2013 by objecting against monthly tax returns. On 12 February 2015 the Fiscal Court Breda dismissed the objections. On 10 April 2015 parties have lodged appeal against this ruling.
- End of September 2011, the EU-Commission conducted an investigation in the gas sector, amongst others, at some RWE offices. Subject of the investigation were potentially anti-competitive agreements with Gazprom or potentially abusive behaviour of Gazprom. In April 2015, the EU-Commission submitted formal allegations to Gazprom which address abusive behaviour of Gazprom only.

- In December 2011, a Russian company sued for damages in connection with aborted negotiations about the formation of a joint venture for the acquisition of shares in a Russian territorial generation company. The allegation is that the claimant had bought shares in the generation company and thereby suffered damages, because RWE AG had induced a legitimate expectation that the joint venture will actually be established. The claimant claims damages in a medium three digit million EUR range plus interest, partially against transfer of shares. RWE denies and defends all of the claims. The local court of Essen has rejected the action as inadmissible. The claimant has filed an appeal against the decision
- Various German companies belonging to the RWE Group are defendants in a number of labour lawsuits, inter alia relating to certain pension schemes.
- Furthermore, RWE and some RWE Group companies are participating in some conciliation proceedings that were initiated by outside shareholders in connection with the legal restructuring of companies. RWE holds the view that the conversion ratios and the volume of compensatory payments to these shareholders were appropriate. If different legally enforceable decisions are reached, RWE will pay compensation to all affected shareholders, including those who are not directly involved in the conciliation proceedings.
- Finally, RWE and its group companies are involved in various legal actions and investigations in connection with its daily operating business including lawsuits regarding price adjustment clauses in energy delivery contracts, take or pay clauses or network tariffs and regulatory investigations relating to retail energy market participation and compliance.

### ***Significant change in RWE Aktiengesellschaft's financial or trading position***

There has been no significant change in the financial or trading position of RWE since 31 March 2015.

### **Ratings**

RWE and the non-subordinated bonds issued by RWE are currently rated Baa1<sup>1</sup> by Moody's Investors Service, Ltd. ("**Moody's**")<sup>2,3</sup> and BBB+<sup>1</sup> by Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**")<sup>4,3</sup> both with negative outlook. The credit ratings are P-2<sup>1</sup> and A-2<sup>1</sup>, respectively, for short-term RWE bonds.

Under the definition of Moody's long-term rating scale, obligations rated 'Baa' are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. Under the definition of Moody's short-term rating scale, issuers rated 'Prime-2' have a strong ability to repay short-term debt obligations. A negative outlook with Moody's indicates that a rating might be lowered over the medium term.

Under the definition of S&P's long-term issuer credit ratings, an obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are – compared to an obligor rated 'A' – more likely to lead to a weakened capacity of the obligor to meet its financial commitments. Under the definition of S&P's short-term issuer credit ratings, an obligor rated 'A-2' has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category 'A-1'. A negative outlook with S&P means that a rating might be lowered in the future.

### **Additional Information**

#### ***Share Capital***

The capital stock of RWE now amounts to EUR 1,573,748,477.44. It is fully paid up and divided into

<sup>1</sup> A credit rating assesses the creditworthiness of an entity and informs an investor therefore 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.

<sup>2</sup> Moody's is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**").

<sup>3</sup> The European Securities and Markets Authority publishes on its website (<http://www.esma.europa.eu/page/Listregistered-and-certified-CRAs>) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

<sup>4</sup> Standard & Poor's is established in the European Community and is registered under the CRA Regulation.

- a) 575,745,499 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 16 April 2014, the Executive Board is authorised to increase the company's capital stock, subject to Supervisory Board approval, by up to EUR 314,749,693.44 until 15 April 2019 through the issuance of up to 122,949,099 bearer common shares in return for contributions in cash and/or in kind (authorised capital). Shareholders are generally entitled to subscription rights. However, shareholders' subscription rights may be waived under certain conditions.

Pursuant to the resolution passed by the Annual General Meeting on 16 April 2014, RWE is authorised to purchase shares of any class in RWE totaling up to 10 % of RWE's share capital until 15 April 2019.

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 Incorporation, dated 14 May 2014):

- 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;
- Provision of services in the aforementioned fields, including energy efficiency services.

RWE has the authority 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 itself in the business fields mentioned above. RWE has the authority to incorporate, acquire or take interests in other enterprises, in particular if the purpose of such enterprises covers in part or in total the aforementioned 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.

#### **Material contracts / Profit and Loss Transfer Agreements**

RWE AG as controlling company is connected to essential group companies via Control and/or Profit and Loss Transfer Agreements according to which RWE AG is obliged to compensate losses of group companies (section 302 German Stock Company Act (*Aktiengesetz*)). In addition to that, similar contractual and/or statutory liabilities exist with regard to group companies abroad on the basis of the applicable national laws.

#### **Notices**

The announcements of the Company shall be made in the German Federal Gazette unless otherwise required by law.

All notices concerning the Subordinated Notes shall be made pursuant to Section 11 of the Terms and Conditions.

## TAXATION

*The following is a general discussion of certain German, Austrian, Dutch and Luxembourg 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, the Republic of Austria, The Netherlands and the Grand Duchy of Luxembourg 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, THE REPUBLIC OF AUSTRIA, THE NETHERLANDS, GRAND DUCHY OF LUXEMBOURG 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. In each case where German income tax arises, a solidarity surcharge (*Solidarit tszuschlag*) 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 % (plus solidarity surcharge in an amount of 5.5 % of such tax, resulting in a total tax charge of 26.375 %, plus, if applicable, church tax). As from 1 January 2015, the church tax is generally levied by way of withholding unless the Holder has filed a blocking notice (*Sperrvermerk*) with the German Federal Tax Office (*Bundeszentralamt f r Steuern*). 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 % plus solidarity surcharge and, if applicable, church tax will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability (including solidarity surcharge and, if applicable, church tax) 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 %. Pursuant to the current view of the German tax authorities (which has recently been rejected by a fiscal court in a non-binding ruling appealed to the German Federal Fiscal Court (*Bundesfinanzhof*)), in this case as well income-related expenses cannot be deducted from the investment income, except for the aforementioned annual lump sum deduction.

- Taxation of capital gains

From 1 January 2009, also capital gains realised by individual tax residents of Germany from the disposition or redemption of the Subordinated Notes acquired after 31 December 2008 will be subject to the flat income tax on investment income at a rate of 25 % (plus solidarity surcharge in an amount of 5.5 % of such tax, resulting in a total tax charge of 26.375 %, plus, if applicable, church tax), irrespective of any holding period. As from 1 January 2015, the church tax is generally levied by way of withholding unless the Holder has filed a blocking notice with the German Federal Tax Office. 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 % 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 % plus solidarity surcharge and, if applicable, church tax will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability (including solidarity surcharge and, if applicable, church tax) 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 %. Pursuant to the current view of the German tax authorities (which has recently been rejected by a fiscal court in a non-binding ruling appealed to the German Federal Fiscal Court (*Bundesfinanzhof*)), in this case as well income-related expenses cannot be deducted from the investment income, except for the aforementioned annual lump sum deduction

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 and, if applicable, church tax). 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 % (plus a solidarity surcharge of 5.5 % of such tax and, if applicable, church tax) will also be withheld from interest payments on Subordinated Notes and (since 1 January 2009) 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 (and, if applicable, against the church tax) 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. Republic of Austria**

*For Austrian tax law purposes, subordinated notes such as the Subordinated Notes issued hereunder are generally treated as debt instruments. The following assumes that this also applies to the Subordinated Notes.*

#### *Income tax*

##### **Austrian Resident Taxpayers**

Individuals having a domicile or their habitual abode in Austria or corporations having their corporate seat or their place of management in Austria are considered residents for Austrian income and corporate income tax law purposes, respectively. The corporate income tax rate amounts to 25 %, the income tax rate is progressive with the highest level of progression amounting to 50 %. Generally, for investment income a uniform tax rate of 25 % applies. Legislative changes regarding the tax rates are currently pending.

#### *Individual Residents*

- Subordinated Notes held as private assets

Generally income arising with respect to the Subordinated Notes in the form of either

- (i) fixed interest payments (*Zinserträge*) (hereinafter referred to as "Remuneration" or "payments of Remuneration") or
- (ii) realised capital gains (*Einkünfte aus realisierten Wertsteigerungen*)

qualifies as "investment income" (*Einkünfte aus Kapitalvermögen*) and, as such, is taxed under a special regime at a flat 25 %-rate. Realised capital gains are the difference between (a) the amount realised (e.g., the sale proceeds, the redemption or other pay-off amount, or the fair market value in case of a deemed realisation) and (b) the acquisition costs; in both cases (amount realised and acquisition costs) including accrued Remuneration, if any.

For Subordinated Notes held as private assets, the acquisition costs do not include ancillary acquisition costs (*Anschaffungsnebenkosten*). An average price is determined regarding Subordinated Notes not acquired at the same time but held in the same securities account with the same securities identification number. Expenses and costs (*Aufwendungen und Ausgaben*) that are directly connected with investment income are not tax effective.

Capital gains are not only taxed upon an actual disposition or redemption of the Subordinated Notes, but also upon a deemed realisation, particularly upon the loss of the Austrian taxing right for the Subordinated Notes (e.g., due to moving abroad or donation to a person not resident in Austria) or upon withdrawals (*Entnahmen*) and other transfers of Subordinated Notes from one securities account to another one. Exemptions apply in case of (a) moving to another EU member state if the Noteholder has timely notified the Austrian custodian of his/her migration and presents to the Austrian custodian a tax assessment notice of the year of migration in which the option for a deferral of tax has been exercised and in case of (b) a transfer of the securities to another deposit account, if certain information procedures are fulfilled.

If an Austrian custodian (*inländische depotführende Stelle*, also referred to as "securities account keeping agent") or an Austrian paying agent (*auszahlende Stelle*) is involved in paying investment income (Remuneration or capital gains), 25 % withholding taxation is imposed. The 25 % withholding tax generally results in a final income taxation; certain exceptions apply (in particular for investors whose regular personal



income tax rate is lower than 25 %). In case of a loss of the Austrian taxing right for the Subordinated Notes (e.g., due to moving abroad) the Austrian custodian levies withholding tax upon an actual disposition or withdrawal of the Subordinated Notes from the account. If the holder of the Subordinated Notes has timely notified the Austrian custodian of his or her relocation abroad, not more than the value increase in the Subordinated Notes until relocation or notification is subject to the Austrian withholding tax. If no withholding tax is imposed (e.g., because the Subordinated Notes are held through a foreign paying agent), the investment income arising from the Subordinated Notes generally has to be included into the income tax return in accordance with the law.

Losses from Subordinated Notes held as private assets may only offset investment income (excluding, *inter alia*, Remuneration income from bank deposits or donations from private foundations and other claims against banks) and must not offset any other income. Mandatory loss-offsetting rules to be handled by Austrian custodians apply. A carry-forward of losses is not possible in this context.

- Subordinated Notes held as business assets

Generally, the same rules as described in the previous heading apply regarding Subordinated Notes that are held as business assets by tax residents who are individuals. The most important differences are the following:

- Realised capital gains, contrary to Remuneration income, have to be included in the annual income tax return, since despite a 25 % withholding taxation that is also imposed in the context of Subordinated Notes held as business assets if an Austrian custodian is involved, no final income taxation applies.
- Writedowns and realised losses regarding the Subordinated Notes held as business assets are offset with positive income from realised capital gains that are investment income in the first place; 50 % of the remaining losses may be offset or carried forward against any other income.
- The acquisition costs of Subordinated Notes held as business assets may also include ancillary costs incurred upon the acquisition.
- Loss off-setting is not made by the custodian, but can only be made in the assessment of the individual.

It is noted that expenses and costs (*Aufwendungen und Ausgaben*) directly connected with investment income are also not tax effective if the Subordinated Notes are held as business assets.

*Corporate residents*

Corporate investors deriving business income from the Subordinated Notes may avoid the application of withholding tax by filing a declaration of exemption (*Befreiungserklärung*) with the Austrian withholding tax agent that has to submit such "exemption declaration" to the tax authority. Income derived from the Subordinated Notes by corporate investors (including any capital gains) is subject to corporate income tax at the general corporate income tax rate of 25 %. Losses are taken into account upon tax assessment. If no exemption declaration is provided, any withholding tax deducted and remitted may be credited to the corporate income tax or refunded, if applicable.

A special tax regime applies for private foundations (*Privatstiftungen*).

*Subordinated Notes held by non-residents*

Individuals who have neither a domicile nor their habitual abode in Austria or corporate investors that have neither their corporate seat nor their place of management in Austria ("*non-residents*") are not taxable in Austria with their income from the Subordinated Notes provided the income is not attributable to a permanent establishment in Austria.

Non-resident investors who are resident individuals of an EU Member State and who hold the Subordinated Notes through an Austrian paying agent have to consider the EU Savings Tax Directive regarding particular withholding tax rules (see in this respect below under the heading "*EU Savings Tax Directive*").

As of 1 January 2015, Remuneration income from debt instruments such as the Subordinated Notes paid to non-resident investors who are individuals and not covered by the EU Savings Tax Directive would be subject to taxation in Austria if withholding taxation fell due, because the Remuneration was paid by an Austrian withholding tax agent (i.e. an Austrian paying agent or an Austrian custodian), and if the debtor of the Remuneration income had its seat, its place of management or a branch in Austria. Since the Issuer has its seat and place of management in Germany and has no branch or permanent establishment in Austria which pays the Remuneration income, non-resident investors not covered by the EU Savings Tax Directive are not subject

to taxation with payments of Remuneration received from the Subordinated Notes through an Austrian withholding tax agent.

Therefore, such non-resident investors may if they receive income from the Subordinated Notes through an Austrian paying agent avoid Austrian withholding taxation by way of evidencing their non-resident-status vis-à-vis the withholding tax agent. If Austrian withholding tax is imposed, the investor may apply for a refund thereof.

If non-residents receive income from the Subordinated Notes through an Austrian permanent establishment, they are to a large extent subject to the same tax treatment as resident investors.

*Final note on withholding tax imposed in Austria*

Assuming that the Issuer does not use a branch or permanent establishment in Austria for the payment of Remuneration under the Subordinated Notes, the Issuer does not assume any responsibility for Austrian withholding tax (*Kapitalertragsteuer*) or EU Withholding Tax (*EU-Quellensteuer*) charged in Austria at source and is not obliged to make additional payments in case of withholding tax deductions at source.

*Inheritance and gift tax*

The Austrian inheritance and gift tax (*Erbschafts- und Schenkungssteuer*) was abolished in 2008. A notification has to be made to the tax authority if gifts are made that exceed specific thresholds.

### **3. The Netherlands**

*The following is a general summary of certain Netherlands withholding tax consequences of the acquisition and holding of the Subordinated Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a Holder or prospective Holder of Subordinated Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution. Holders or prospective Holders of Subordinated Notes should consult with their tax advisers with regard to the tax consequences of investing in the Subordinated Notes in their particular circumstances. The discussion below is included for general information purposes only.*

*Except as otherwise indicated, this summary only addresses Netherlands national tax legislation and published regulations, whereby the Netherlands means the part of the Kingdom of the Netherlands located in Europe, as in effect on the date hereof and as interpreted in published case law until this date, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.*

*Withholding tax*

A payment made by the Issuer to the Principal Paying Agent or the Holder of the Subordinated Notes will not be subject to withholding tax in the Netherlands.

### **4. Grand Duchy of Luxembourg ("Luxembourg")**

*Non-Residents*

Under the existing laws of Luxembourg, there is no withholding tax on the payment of interest on, or reimbursement of principal of, the Subordinated Notes made to non-residents of Luxembourg through a paying agent established in Luxembourg.

From 1 January 2015, the Grand Duchy of Luxembourg will apply the exchange of information procedure provided for under the Luxembourg laws of 21 June 2005 (or the relevant Accords).

*Residents*

According to the law of 23 December 2005, as amended, interest on Subordinated Notes paid by a Luxembourg paying agent or paying agents established in the EU, the EEA or in a State which has concluded with Luxembourg an international agreement related to the EU Savings Tax Directive to an individual Holder of Subordinated Notes who is a resident of Luxembourg or to a residual entity established in another EU Member State or in the dependent and associated territories securing the payment for such individual will be subject to a withholding tax of 10 %. In case of payment through a paying agent established in the EU, the EEA or in a State which has concluded with Luxembourg an international agreement related to the EU Savings Tax Directive, the Luxembourg resident individual Holder of Subordinated Notes must under a specific procedure remit 10 % tax to the Luxembourg Treasury.

If the individual Holder holds the Subordinated Notes in the course of the management of his or her private wealth, the aforementioned 10 % withholding tax will operate a full discharge of income tax due on such payments.

Interest on Subordinated Notes paid by a Luxembourg paying agent to a resident Holder of Subordinated Notes who is not an individual is not subject to withholding tax.

When used in the preceding paragraphs "*interest*", "*paying agent*" and "*residual entity*" have the meaning given thereto in the Luxembourg laws of 21 June 2005 (or the relevant Accords) and 23 December 2005, as amended. "*Interest*" will include accrued or capitalised interest at the sale, repayment or redemption of the Subordinated Notes.

Payments of interest or similar income under the Subordinated Notes to Clearstream Banking AG, Frankfurt, Clearstream Banking, société anonyme, Luxembourg and Euroclear Bank SA/NV and payments by or on behalf of Clearstream Banking, société anonyme, Luxembourg, to financial intermediaries will not give rise to a withholding tax under Luxembourg law.

## 5. 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, Belgium and the Grand Duchy of Luxembourg opted instead to withhold tax from interest payments within the meaning of the EU Savings Tax Directive at a rate of 35 % from 1 July 2011. As from 1 January 2010, Belgium and as from 1 January 2015 also the Grand Duchy of Luxembourg applies the information procedure described above.

Austria applies a 35 % withholding tax on interest payments made by Austrian paying agents to individuals resident in other member states of the EU. Such EU withholding taxation does not have to be imposed if the information process provided for by the EU directive is fulfilled on a voluntary basis (see also the previous paragraph).

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.

On 24 March 2014, the European Council adopted an EU Council Directive amending and broadening the scope of the requirements described above (the "**Amending Directive**"). In particular, the changes expand the range of payments covered by the EU Savings Tax Directive to include certain additional types of income, and widen the range of recipients payments to whom are covered by the EU Savings Tax Directive, to also include (in addition to individuals) certain types of entities and legal arrangements. EU Member States are required to implement national legislation giving effect to these changes by 1 January 2016 (which national legislation must apply from 1 January 2017). On 18 March 2015 the European Commission proposed to annul the EU Savings Tax Directive. The reason for the annulment as stated by the European Commission is that the automatic exchange of information between the EU Member States as provided for in the EU Savings Tax Directive is sufficiently governed by the EU Council Directive 2014/107/EU dated 9 December 2014 as regards the mandatory automatic exchange of information in the field of taxation. As a consequence of the annulment of the EU Savings Tax Directive, the EU Member States would no longer be obliged to implement the Amending Directive.

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.

## **6. The proposed Financial Transaction Tax**

The European Commission has published a proposal for a Directive for a common Financial Transaction Tax ("**FTT**") in certain participating Member States. The proposed FTT has very broad scope and could apply to certain dealings in financial instruments (including secondary market transactions). The FTT could apply to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in financial instruments where at least one party is a financial institution, and either (i) at least one party is established or deemed to be established in a participating Member State or (ii) the financial instruments are issued in a participating Member State. Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016. However, the proposed Directive remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation.

## SUBSCRIPTION, OFFER AND SALE OF THE SUBORDINATED NOTES

### General

The Issuer has agreed in an agreement to be signed on or about 28 July 2015 to sell to Goldman Sachs International, HSBC Bank plc and UBS Limited (together, the "**Managers**"), and the Managers have agreed, subject to certain customary closing conditions, to purchase, on 30 July 2015 (the "**Issue Date**") the Subordinated Notes at a price of [**•**] % of their Aggregate Principal Amount (the "**Issue Price**"). Proceeds to the Issuer will be net of commissions of up to 1.00 % of the Aggregate Principal Amount of the Subordinated Notes payable to the Managers (including a base fee of 0.75 %). 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.

Some of the Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with Issuer or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer or its affiliates routinely hedge their credit exposure to the Issuer or its affiliates consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of the Issuer or its affiliates, including potentially the Subordinated Notes offered hereby. Any such short positions could adversely affect future trading prices of the Subordinated Notes offered hereby. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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 July 2015 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 margin, the fixed rate of remuneration and the Aggregate Principal Amount for the Subordinated Notes 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 23 July 2015 (the "**Pricing Date**"). The respective Aggregate Principal 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 will be included in a notification which will be filed with the Commission and published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) on or about the Pricing Date (the "**Pricing Notice**"). In the event the Pricing Date is postponed this will also be included in 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 or, if applicable, a supplement to the Prospectus will be prepared and published in accordance with Article 13 of the Luxembourg Act relating to prospectuses for securities.

#### *Offer of the Subordinated Notes*

The Subordinated Notes will be sold to institutional investors in compliance with the offer to the public restrictions in the relevant countries. An offer to the public may be made in the Grand Duchy of Luxembourg,

the Federal Republic of Germany, The Netherlands and the Republic of Austria, following the notification of the Prospectus by the Commission according to Article 18 of the Prospectus Directive to the relevant competent authority.

*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.* Goldman Sachs International, HSBC Bank plc and UBS Limited) 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 and the Republic of Austria. 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 (*i.e.* on the Issue Date) and the confirmation of the allotment to investors. The Subordinated Notes will be delivered via book-entry through the Clearing System and its account holding 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, the fixed rate of remuneration and the initial margin*

The fixed rate of remuneration, the issue price and the initial margin for the Subordinated Notes will each be determined at the time of pricing on the basis of a yield which 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 yield and may only be confirmed at or above such yield. The resulting yield will be used to determine an issue price 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 %), all to correspond to the yield.

## 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 (the EU plus Iceland, Norway and Liechtenstein) which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant 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) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) 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 (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the 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 has represented and agreed 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 has represented and agreed 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 the TEFRA D Rules; 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.

#### **5. Hong Kong**

This Prospectus is not a prospectus under the Companies (Winding up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), and nor is it required to be authorised under section 103 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**").

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong and no action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any document issued in connection with it.

The Subordinated Notes have not been and will not be offered or sold in Hong Kong by means of any document, other than to "professional investors" as defined in the SFO and any rules made under that Ordinance.

No advertisement, invitation or document relating to the Subordinated Notes has been or will be issued in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Subordinated Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

#### **6. Singapore**

The offer or invitation which is the subject of this Prospectus is only allowed to be made to the persons set out herein. Moreover, this Prospectus is not a prospectus as defined in the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and accordingly, statutory liability under the SFA in relation to the content of the document will not apply.



As this Prospectus has not been and will not be lodged with or registered as a prospectus with the Monetary Authority of Singapore, the Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Subordinated Notes may not be circulated or distributed, nor may the Subordinated Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) to an institutional investor under Section 274 of the SFA; (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Subordinated Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Subordinated Notes under Section 275 of the SFA except:

(1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA, or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

By accepting this Prospectus, the recipient hereof represents and warrants that he is entitled to receive such report in accordance with the restrictions set forth above and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of law.

## **7. Korea**

The Bonds have not been and will not be registered with the Financial Services Commission of Korea for public offering in Korea under the Financial Investment Services and Capital Markets Act (the "**FSCMA**"). The certificate of Bonds shall not be sub-divided for a period of one year from the date of issuance of the Bonds.

## **8. Thailand**

No general solicitation has been or will be conducted and no advertisement in whatever form has been employed in Thailand and in other countries where the offer or solicitation of the Subordinated Notes would be prohibited.

## **9. Taiwan**

The Subordinated Notes issued have not been and will not be registered with the Financial Supervisory Commission of Taiwan, the Republic of China pursuant to relevant securities laws and regulations. The Issuer and the Manager has represented, warranted and agreed that Subordinated Notes issued may not be and will not be offered or sold in Taiwan, the Republic of China or in circumstance which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan, the Republic of China that requires the registration with or approval of the Financial Supervisory Commission of Taiwan, the Republic of China. The Issuer and the Managers have also acknowledged that no person or entity in Taiwan, the Republic of China has been authorised or will be authorised to offer or sell Bond issued in Taiwan, the Republic of China.

**10. Malaysia**

Nothing in the Prospectus constitutes making available or offer or invitation for subscription or purchase, or sale of, Subordinated Notes in Malaysia. No approval of, or recognition by, the Securities Commission of Malaysia has been or will be obtained for the making available, offer or invitation for subscription or purchase, or sale of, Subordinated Notes to any persons in Malaysia. Accordingly, the Subordinated Notes will only be made available or offered or sold exclusively to persons outside Malaysia. The Prospectus or any disclosure document has not and will not be registered or deposited with the Securities Commission of Malaysia on the basis that Subordinated Notes will not be made available, offered or sold in Malaysia. This offering memorandum may not be circulated or distributed in Malaysia, whether directly or indirectly, for the purpose of any making available or offer or invitation for subscription or purchase, or sale of Subordinated Notes in Malaysia. The Issuer and the Managers represent that they will not make available, offer for subscription or purchase, or issue an invitation to subscribe for or purchase, or sell, Subordinated Notes, whether directly or indirectly, to any persons in Malaysia.

## 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 6 August 2013 and by a resolution of the Supervisory Board of the Issuer dated 19 September 2013.

### Use of proceeds

In connection with the offering of the Subordinated Notes, the Issuer expects to receive net proceeds of approximately USD [■] Subordinated Notes. The total expenses of the issue for the Subordinated Notes are expected to amount to EUR 350,000 plus commissions payable to the Managers of up to 1.00 % (including a base fee of 0.75 %) of the Aggregate Principal Amount of the Subordinated Notes. 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 them to trading on the regulated market of the Luxembourg Stock Exchange.

### Clearance and settlement

The Subordinated Notes have been accepted for clearance through Clearstream Banking S.A. and Euroclear Bank SA/NV. The Subordinated Notes have been assigned the following securities codes: ISIN XS1254119750, Common Code 125411975, WKN A13SHX.

### Credit rating

The Subordinated Notes are expected to be rated "BBB-" by Standard and Poor's Credit Market Services Europe Limited ("**Standard & Poor's**")<sup>1</sup> and "Baa3" by Moody's Investors Service Ltd. ("**Moody's**")<sup>2</sup> upon issuance.

Under the definition of Moody's long-term rating scale, obligations rated 'Baa' are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 3 indicates a ranking in the lower end of that generic rating category.

Under the definition of S&P's long-term issuer credit ratings, an obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are – compared to an obligor rated 'A' – more likely to lead to a weakened capacity of the obligor to meet its financial commitments. The ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

### 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:

<sup>1</sup> Standard & Poor's is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies as amended, (the "**CRA Regulation**"). The European Securities and Markets Authority publishes on its website ([www.esma.europa.eu](http://www.esma.europa.eu)) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation (last updated 12 December 2014). The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

<sup>2</sup> Moody's is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**"). The European Securities and Markets Authority publishes on its website ([www.esma.europa.eu](http://www.esma.europa.eu)) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation (last updated 12 December 2014). The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

- (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 2013 and 2014;
- (iii) the unaudited condensed consolidated interim financial statements of RWE Group for the interim period ended 31 March 2015;
- (iv) a copy of this Prospectus;
- (v) any supplement to this Prospectus.

## DOCUMENTS INCORPORATED BY REFERENCE

### Documents incorporated by reference

the published audited consolidated financial statements of RWE Group dated 31 December 2013 and 31 December 2014, in each case including the auditors' report thereon, the unaudited condensed consolidated interim financial statements of RWE Group for the interim period ended 31 March 2015.

### Comparative table of documents incorporated by reference

Page	Section of Prospectus	Document incorporated by reference
90	RWE, Historical Financial Information	Audited consolidated financial statements 2013 of RWE Group (p. 135 – p. 230) Income Statement, (p. 136) Statement of comprehensive income, (p. 137) Balance Sheet, (p.138) Cash Flow Statement, (p.139) Statement of changes in equity, (p. 140) Notes, (p. 141 – p. 228) Auditors' Report, (p. 229 – p. 230)
90		Audited consolidated financial statements 2014 of RWE Group (p. 117 – p. 217) Income Statement, (p. 118) Statement of comprehensive income, (p. 119) Balance Sheet, (p.120) Cash Flow Statement, (p.121) Statement of changes in equity, (p. 122) Notes, (p. 123 – p. 183) Auditors' Report, (p. 216 – p. 217)
90		Unaudited condensed consolidated interim financial statements for the interim period ended 31 March 2015 (p. 29 – p.33) Income Statement, (p. 29) Statement of comprehensive income, (p. 30) Balance Sheet, (p.31) Cash Flow Statement, (p.32) Statement of changes in equity, (p. 33) Notes. (p.34 - 39)

Any information incorporated by reference that is not included in the above list, is considered as additional information and is not required by the relevant schedules of the Commission Regulation (EC) 809/2004.

### 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](http://www.bourse.lu)).

## **NAMES AND ADDRESSES**

### **THE ISSUER**

**RWE Aktiengesellschaft**  
Opernplatz 1  
45128 Essen  
Federal Republic of Germany

### **JOINT LEAD MANAGERS**

#### **Goldman Sachs International**

Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

#### **HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

#### **UBS Limited**

1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom

### **AUDITORS TO THE ISSUER**

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft  
Frankfurt am Main/  
Niederlassung Essen  
Friedrich-List-Straße 20  
45128 Essen  
Federal Republic of Germany

### **PRINCIPAL PAYING AGENT**

#### **Deutsche Bank Aktiengesellschaft**

Issuer Services  
Taunusanlage 12  
60325 Frankfurt am Main  
Federal Republic of Germany

**LISTING AGENT**

**Deutsche Bank Luxembourg S.A.**

2, Boulevard Konrad Adenauer  
1115 Luxembourg  
Luxembourg

**LEGAL ADVISERS**

*To the Managers as to German law*

**Hengeler Mueller**

**Partnerschaft von Rechtsanwälten mbB**

Bockenheimer Landstraße 24  
60323 Frankfurt am Main  
Federal Republic of Germany