

FAQs regarding the conversion of preferred shares to common shares

Conversion of preferred shares to common shares

1. What is the difference between preferred shares and common shares?

Preferred and common shares differ from each other in respect of their associated voting rights and dividend entitlements. Unlike the common share, the preferred share does not bear a voting right. However, the preferred share entitles its holder to a preferred dividend. Accordingly, holders of preferred shares receive a preferred dividend of €0.13 per preferred share from the distributable profit for the year.

Once the preferred shares have been converted to common shares, all shareholders will have the right to vote, giving every shareholder one voting right for every share held and enabling them to cast votes at the Annual General Meeting. Furthermore, all shareholders will receive the same dividend, as the preferred dividend connected to the preferred shares will be abolished.

2. Why does RWE AG have both common and preferred shares?

The division of stock into two share classes at RWE AG had historical reasons.

3. Why does RWE AG want to convert its preferred shares to common shares?

By implementing the conversion, RWE AG intends to simplify its share structure and follow to the 'one share – one vote' principle which stipulates that every share bear a voting right in the spirit of corporate governance. In addition, the company expects this to increase trading liquidity. This should assist in giving RWE AG a higher weighting in the DAX. Ultimately, the RWE share is expected to become more attractive on the capital market due to the harmonisation and reduction to a single share class.

4. Who will decide on the conversion?

The resolution in favour of the conversion is subject to the approval of the holders of both common and preferred shares. The first step is the decision by the Annual General Meeting on 3 May 2019. Approval requires a simple majority, i.e. at least 50% of the votes cast.

Following the Annual General Meeting, a Preferred Shareholders Meeting will be held. Preferred shareholder approval requires a three quarter majority, i.e. at least 75% of the votes cast.

5. When and how will the conversion be implemented?

Once a resolution in favour of the conversion has been passed on 3 May 2019, the conversion of the preferred shares to common shares will be initiated. The amendment to the Articles of Incorporation will be filed with the Commercial Register. Once it has been entered into the Commercial Register, it will become effective. Following that, the preferred shares will be converted to common shares at a 1:1 ratio at the depositary banks and on the stock exchanges. There will be no need for holders of preferred shares to make a payment to make up the difference in price between the common share and the preferred share.

6. What do I need to do in order to participate in the Preferred Shareholders Meeting?

Participation is reserved for holders of preferred shares in RWE AG only. To participate, they must send their registration to the following address by no later than 24:00 hours CEST on 26 April 2019:

RWE Aktiengesellschaft
c/o Commerzbank AG
GS-MO 3.1.1 General Meetings
60261 Frankfurt am Main
Germany
or via e-mail to: hv-eintrittskarten@commerzbank.com
or via facsimile to: +49 69 136 26351

Proof of share ownership must also be furnished. This is usually handled by the depositary bank. If such proof has already been provided for the Annual General Meeting, it does not need to be provided again for the Preferred Shareholders Meeting.

7. I am a preferred shareholder and cannot attend the Preferred Shareholders Meeting due to time constraints. How can I exercise my right to vote despite this?

Both in advance of the Preferred Shareholders Meeting and even during the Annual Shareholders Meeting, you will be able to issue instructions to the proxies nominated by the Company on how you would like to have your voting rights exercised at the Preferred Shareholders Meeting or authorise a personal proxy to exercise these rights.

8. Do I have to do anything to have my preferred shares converted?

No. The preferred shares will be converted to common shares automatically upon entry of the conversion into the Commercial Register. Holders of preferred shares do not have to do anything themselves.

9. Will holders of preferred shares incur any costs as a result of the planned conversion?

It is envisaged that the conversion to common shares be free of costs and expenses to holders of preferred shares who keep their shares in a German depository account. For this purpose, RWE AG will pay the depository banks a depository bank commission in line with market practice, of which the banks will be informed separately.

However, additional costs and expenses charged by the depository banks or foreign security service companies and expenses incurred outside of the Federal Republic of Germany must be borne by the shareholders.

RWE AG will incur a one-time cost for the conversion. In turn, the company will reduce its costs as quotations on the Frankfurt Stock Exchange and the Düsseldorf Stock Exchange will only have to be requested for just one share class in the future.

10. Will the converted preferred shares be given a new securities identification number?

No. The converted preferred shares will be given the securities identification number of the common shares:

ISIN: DE0007037129; WKN: 703712

11. Will all of the preferred shares be converted to common shares?

Yes, all preferred shares will be converted to common shares at a 1:1 ratio, without the holders of preferred shares having to make any payment.

12. Can shareholders object to the conversion or demand compensation in cash?

As mentioned above, the conversion requires the approval of the Annual General Meeting and the Preferred Shareholders Meeting. Individual shareholders are not entitled to object to the conversion or demand cash compensation. However, they are free to sell the common shares resulting from the conversion on the stock market.

13. Will trading of the preferred shares be interrupted on the stock exchange due to the conversion?

We intend to avoid an interruption of preferred share trading on the stock market prior to the admission of the common shares if at all possible. The timing of the entry into the Commercial Register and of the actions on the stock exchanges and by the depository banks are out of RWE AG's control.

However, we envisage enabling as smooth a conversion process as possible, working closely together with the stock exchanges and the relevant Commercial Register.

14. What is the record date of the conversion for holders of preferred shares?

The determination of holders of preferred shares for the purposes of the conversion will be made on the record date (the day immediately preceding the day of the conversion of preferred shares by Clearstream Banking AG, Frankfurt a.M.), i.e. on completion of the booking of the daily turnover at Clearstream Banking AG, Frankfurt a.M. based on the balances of the preferred shares in the depository accounts.

15. Assisting bank

RWE AG will be assisted by Deutsche Bank AG with regard to the securities transaction.

Additional information:

RWE AG's capital stock amounts to €1,573,748,477.44 and is divided into 575,745,499 voting common shares and 39,000,000 preferred shares.

After the conversion of the preferred shares to common shares, RWE AG's capital stock will be divided into 614,745,499 voting common shares. The company's capital stock will not change.

The RWE share is traded on the regulated market on the Frankfurt am Main and Düsseldorf Stock Exchanges and over the counter in Berlin, Hamburg, Hanover, Munich and Stuttgart as well as on electronic trading platforms, e.g. Xetra. RWE shares are also available on stock exchanges in other European countries.

RWE has a presence in the USA via a Level 1 ADR Programme.