

RWE
Aktiengesellschaft
Essen

Counter-motion filed by the **Umbrella Association of Critical Shareholders (Dachverband der Kritischen Aktionärinnen und Aktionäre)**, Cologne, April 3, 2007

Counter-motion concerning agenda item 3

Approval of the acts of the Executive Board for fiscal 2006 is denied.

Rationale

1.

We are filing a motion to deny the approval of the acts of the Executive Board because of its irresponsible nuclear and climate policy.

By submitting an application to extend the lifetime of Biblis A, RWE clearly violated the nuclear consensus, which the group helped negotiate in 2000. Biblis A is not included in the German Nuclear Energy Act's list of facilities to which the Mülheim-Kärlich electricity contingent may be transferred. It was specifically because of the legally agreed shutdown of Biblis A that RWE was relieved of the obligation to construct an underground emergency control room that it had been requested to build since 1989. The lifetime extension that has recently been applied for envisions its continued operation without an emergency control room. Thus, the company aims to continue operating a nuclear power station in violation of the nuclear consensus and generate billions in profits regardless of the dangers this harbours for the environment and the public.

Furthermore, RWE is involved in radioactive waste exports via its stake in Urenco. In the last ten years, Urenco has delivered more than 20,000 metric tons of downgraded uranium to Russia for final storage, instead of recycling the waste uranium or placing it in final storage facilities at its own sites. Officially, the transports are carried out for the purpose of re-

enrichment, but in reality, more than 90 percent of the uranium delivered winds up as waste on the lawns of Russian nuclear combines and endangers the public.

RWE's purported interest in protecting the climate is limited to its arguments in favour of extending the lifetimes of those of its nuclear power plants that have been written off.

In fact, what the group is interested in is generating an average of 300 million euros in additional profit per year and power plant unit. Just how little importance the group places on climate protection in reality is evidenced by its hard coal and lignite-fired power plants. Besides particulate matter and mercury, RWE's four lignite-fired power plants in North Rhine-Westphalia alone—Frimmersdorf, Neurath, Niederaußem and Weisweiler—emit some 90 million metric tons of carbon dioxide every year—as much as the whole of New Zealand. The fact that this is in no way anything that was inherited from the past, which is now being followed by a more intelligent attitude, is evidenced by the Neurath project: RWE began construction of this lignite-fired power plant in August 2006. Once it has been completed, the power plant will emit more than 30 million metric tons of CO₂ and thus make a substantial contribution to changing the climate.

2.*

In "Planet Water," a publication of RWE's water supply company Thames Water, the Executive Board proclaimed: "It is essential to involve all stakeholders to ensure that water resources are developed and managed appropriately and with broad public support. A common forum should be created for all stakeholders to participate in, so they can voice their concerns, hopes and suggestions about relevant decisions and future services."

Neither RWE, Thames Water, American Water nor any of their regional subsidiaries have followed this model to date, despite concerns raised by shareholders and customers since the 2006 AGM and earlier. The Executive Board has done little to improve RWE's standing with customers and shareholders in the matter of the water division in fiscal 2006.

Having already sold Thames Water to a private equity firm, RWE hopes to sell American Water later this year. However, it will be difficult for RWE shareholders to earn a good profit from the sale of American Water if customers in the United States continue to complain publicly of poor service and mismanagement.

For example, under the management of RWE, customers in the town of Felton, California have complained of poor service and unjustifiably high rates. Residents of Felton offered

California American Water a fair market value offer of \$ 7.6 million to purchase the local water system, but our company refuses to negotiate. Instead, RWE and American Water are content to spend millions of dollars on legal and political battles. By refusing to negotiate with a willing buyer, California American Water has garnered negative attention for RWE, American Water, and its shareholders.

As long as the RWE Executive Board refuses to negotiate with the affected communities and local authorities on the subject of buying back their drinking water networks, the Board has no moral right to expect its acts to be approved.

* Please note that the wording of this part of the rationale comes from Dachverband der kritischen Aktionärinnen und Aktionäre and is not a translation by RWE.