



E.ON and RWE agreed today that RWE will transfer its entire stake of 76.8 percent in innogy to

## We will turn RWE into one of Europe's leading power

exchange of assets and businesses.

The transaction will create two stronger European energy companies headquartered in Essen, Germany. As a leading company, the newly created E.ON will have a clear focus on intelligent networks and customer solutions, ideally positioned to become an innovative force behind the energy transition in Europe. RWE will become a broadly diversified power producer optimally complementing a large portfolio of renewables assets with its conventional energy generation and linking the two with its existing trading platform. This set-up will enable RWE to generate sustainable, profitable growth.

The transaction brings together the strengths of both previously vertically integrated German energy utilities by enabling a focus on networks and customer solutions on the one hand, and on a fully diversified generation business on the other. In detail, it was agreed that RWE will sell its 76.8 percent participation in innogy to E.ON for: (I) a resulting shareholding in E.ON of 16.67 percent from authorised capital as part of a non-cash capital increase by E.ON; (II) substantially all of E.ON's renewables activities; (III) innogy's renewables business; (IV) the minority stakes currently held by E.ON's subsidiary PreussenElektra in the RWE operated power plants Emsland and Gundremmingen; and (V) innogy's gas storage assets and its participation in the Austrian energy utility Kelag. Additionally, the transaction agreement provides for a payment from RWE to E.ON of €1.5 billion. The transaction values RWE's 76.8 percent stake in innogy at €40.00 per share, including the assumed dividends of innogy SE for the fiscal years 2017 and 2018 of a total of €3.24 per share to which RWE will remain entitled.

E.ON will also make a voluntary public takeover offer in cash to the current minority shareholders of innogy. This offer will provide innogy shareholders with a total value of €40.00 per share as of today, which represents a premium of 28 percent to innogy's last share price unaffected by media speculation on 22 February 2018, and a 23 percent premium to the three-month volume-weighted average trading price (VWAP). The total value consists of an offer price of €36.76 per share plus the payment of a total of €3.24 per share for the fiscal years 2017 and 2018 from assumed dividends of innogy SE, which the current shareholders will still receive. If the takeover offer completes prior to the date on which innogy's Annual General Meeting resolves on the dividend for the fiscal year 2018, E.ON will increase the offer price such that the total value of €40.00 per share remains unchanged for the shareholders of innogy.

## The designated renewables

