

Dear,

As announced in March 2006, RWE is considering selling up to 100% of its shares in American Water through an initial public offering, registered with the SEC.

RWE is conducting a formal selection process for investment banks to act as joint bookrunners for the IPO of American Water. Please respond to these questions as completely and concisely as possible by Monday, August 7, 2006. Your proposal should consist of a presentation or memo of no more than 25 pages addressing the following:

- Equity story (sector trends, capital structure, dividend policy, marketing strategy, valuation)
- Target investors (retail vs. institutional, geographic spread, anchor investors vs. regulatory change-of-control limitations)

- Transaction considerations (size, single- vs. multi-tranche offering, use of hybrids/convertibles, timing)
- Aftermarket support (stabilization, research, market-making)
- Underwriting agreement (“hard underwriting commitment”/minimum price guarantee, other legal/indemnification issues)

- Structural considerations (number of bookrunners, distribution of roles among the joint bookrunners, recommendations for the syndicate group, selection criteria, underwriters’ counsel, due diligence approach)

- Economics (gross spread: underwriting fee, management fee, sales commission, jump ball, lead manager’s cap, percentage vs. fixed, allocation and designation policies)

- Execution team (key team members and relevant experience, team members’ percentage of time dedicated to this project, relationships and strengths beyond league tables, U.S. IPO credentials incl. relevant performance)

- Conflicts of interest (your firm’s policy – both internal and among clients or potential clients, potential conflicts)

Although we would expect you to focus on the points highlighted, additional suggestions and comments are appreciated. Your proposal will be reviewed over the next few weeks. Depending on our evaluation we might also ask for formal meetings during the week of August 21, 2006 in New York to discuss your proposal and our requirements; we anticipate the final selection of bookrunners to be announced during that week.

Please provide electronic versions of your proposal to the distribution list above.

We look forward to receiving your response. To ensure that this is a fair and competitive process, please refrain from contacting us during this response period.

Kind regards,

Georg Lambertz

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