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RWE

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**SUPL**

**RWE sells Thames Water Holdings plc to Kemble Water Limited for GBP 4.8 billion**

Essen, 16 October 2006 – RWE AG announces the sale of Thames Water Holdings plc (“Thames Water”) to Kemble Water Limited, a consortium led by Macquarie’s European Infrastructure Funds. The transaction was approved today by the Management Board of RWE AG. It remains subject to approval by the Supervisory Board of RWE AG and by the relevant antitrust authorities.

The purchase price for Thames Water amounts to GBP 4.8 billion. Thames Water has a pro forma net debt of GBP 3.2 billion which implies an enterprise value of GBP 8.0 billion.

RWE expects this transaction to result in a book gain of at least in the mid hundreds of millions of Euros.

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