

2 March 2015

The Rt Hon Edward Davey MP
Secretary of State

Department of Energy & Climate Change
3 Whitehall Place
London
SW1A 2AW
(By E-Mail)

Dear Sirs

UK PETROLEUM PRODUCTION LICENSES P8, P25, P33, P128, P130, P209, P454, P459, P465, P519, P520, P524, P607, P608, P611, P701, P1011, P1013, P1230, P1327, P1328, P1588, P1630, P1631, P1726, P1741, P1799, P1805, P1818, P1832, P1909, P1932, P1975, P2018, P2074, P2109, P2119 and P2134.

We refer to your letter addressed to RWE AG dated 28 February 2015, a copy of which was sent to LetterOne Holdings S.A. ("LetterOne").

We are deeply disappointed and concerned by your letter, given the extensive efforts the parties have made to address your professed concerns regarding the indirect change of control of RWE Dea UK SNS Limited ("RWE Dea") upon the sale of RWE DEA AG to LetterOne.

Your letter is the first substantive communication received by the parties which seeks to discuss in any respect at all the substance of the structure presented to you on 9 December 2014, and in relation to which the parties have provided DECC with a comprehensive package of supporting legal opinions.

The structure was, as you know, devised by the parties to insulate RWE Dea from any risk that would arise following any future Ukraine-related sanctions being imposed against the ultimate beneficial owners of LetterOne. The parties have consistently indicated to you that they would welcome an opportunity to discuss any lingering concern you may have, in advance of DECC reaching any conclusion regarding its position and this transaction. It was certainly hoped that the parties might be afforded the opportunity to respond to your internal deliberation of the transaction and to address any ongoing concerns prior to your publicizing your position.

Your letter, issued 48 hours before the closing of the transaction and over the weekend, regrettably affords the parties no such opportunity. In the circumstances, we intend to proceed with closing our acquisition of RWE DEA AG, on the basis of the structure on 2 March 2015, as we had already notified to you.

As regards the reasons given in your letter for your indication that you are "minded" to serve a notice requiring a further change of control, we make the following initial observations.

Your letter identifies three reasons for your current position. First, that you do not – it seems – accept the efficacy of the Stichting structure in insulating RWE Dea from the risk of future sanctions being imposed against the ultimate beneficial owners of LetterOne; Second, that the structure may be deemed to be an attempt to circumvent (future) sanctions in advance of their being imposed; Third, you say that even if the structure does work in the way the parties have suggested (and have had confirmed by leading authorities), the potential negative response of third parties – leaving aside whether such response would be lawful – gives rise to a concern comparable to the situation that arose regarding the Rhum field.

We do not accept that any of those reasons justifies the position you have adopted:

-The efficacy of the Stichting structure – both in situations in which it has been successfully used to insulate against the effect of sanctions (for example to hold separate Tamoil / Oilinvest from its sanctioned Libyan owners in a situation which would be indistinguishable from this) and as a wider issue of Dutch law – is both a matter of public record and is addressed comprehensively in the legal opinions and in the parties' submission paper, as provided to you.

-As regards your comment that the structure "may" seek to circumvent sanctions (noting of course that no sanctions are currently in force as regards the ultimate beneficial owners of LetterOne) your letter ignores the fact that this issue is specifically addressed in the legal opinion of Lord Pannick QC at paragraphs 31 to 33 and further at 40 to 43 and that of Crowell & Moring at page 14.

-The issue you refer to in respect of "...uncertainty in the eyes of third parties as to the impact of such [potential, future] sanctions on RWE Dea UK and the Stichting" and the Rhum field, compares a situation that is wholly incomparable to that in issue (the Rhum field involved the Iranian National Oil Company as a sanctioned owner, with no Stichting or analogous insulating structure interposed) and proceeds on the basis that affected third parties would contravene their contractual obligations to RWE Dea (in disregard of the effective legal structure put in place to insulate RWE Dea from any sanctions) resulting in the cessation of production. Your concern in that respect is, in our view, not rational.

Less than 2 hours after receipt of your letter and without consultation, you chose to put a statement on your website, DECC has been briefing journalists and substantive press coverage has ensued commenting on DECC's position (and its perceived motivations). These actions to advertise DECC's decision seem designed to put on notice third parties, potentially creating the uncertainty that DECC alleges it is guarding against through its letter and the position taken in it. In the circumstances, we had no option but to respond setting out our position – from which you will have seen that we take your letter very seriously.

You should therefore be clear that, in the event that any notice requiring the further sale of RWE Dea is issued, we intend to seek judicial review of DECC's decision and fully reserve all of our rights both in

that regard and generally. That reservation includes our right to seek compensation for any damage caused to the value of our investment in RWE Dea by DECC's decision, including bringing a claim under the Energy Charter Treaty.

We would also note that should DECC decide to require a further change of control of RWE Dea, the situation that would ensue would likely be disruptive to production by RWE Dea. It is highly unlikely that any such sale would occur rapidly, if at all, because of regulatory requirements to be satisfied in connection with any such transaction and current market circumstances. Moreover, the uncertainty deriving from any such prolonged sale process would affect RWE Dea's rapport with management and employees (key resources of course for the functioning of the fields), third party suppliers and investment in RWE Dea, which would stagnate (except for that required to ensure compliance with RWE Dea's licenses). In essence, any on-sale notice would likely cause the very consequences DECC is trying to guard against by issuing the on-sale notice.

We very much hope that DECC will reconsider its position, and that the above outcome may be avoided; particularly since the issuance of any on-sale notice and the forced sale of RWE Dea will inevitably disrupt its management and operations as noted above, at a time when LetterOne's objective is to ensure the smooth onward operation of RWE Dea and its production assets and to invest in the North Sea.

You should note that this letter will be made available publicly given the media attention that has been created by your announcement.

Yours faithfully



Jonathan Muir
Chief Executive Officer
Letterone Holdings S.A.