Joint Report
of the Executive Board of
innogy SE, Essen ("innogy")
and the Board of Directors of
innogy Netze Deutschland GmbH, Essen ("IND")
on the Amendment to the Control and Profit and Loss Transfer Agreement
between
innogy and IND in accordance with Section 295, Paragraph 1, Sentence 2 and Section 293a of the German Stock Corporation Act

The Executive Board of innogy and the Board of Directors of IND submit the following joint report on the Control and Profit and Loss Transfer Agreement between innogy and IND for the information of the shareholders and for the preparation of the passage of the resolution at the Annual General Meeting of innogy:

1. **Amendment to the Agreement; Entry into Force**

   The Control and Profit and Loss Transfer Agreement between innogy and IND was amended on 31 January, 2019. The Amendment Agreement shall be submitted to the Ordinary General Meeting of innogy for approval on 30 April, 2019 in accordance with Section 295, Paragraph 1, Sentence 1 and Section 293, Paragraph 1 of the German Stock Corporation Act. As sole shareholder of IND, innogy plans to approve the amendment to the Agreement at a Shareholders’ Meeting of IND on 19 February, 2019. To enter into force, the amendment to the Agreement must also be entered into the Commercial Register of IND through the analogous application of Section 295, Paragraph 1, Sentence 2 and Section 294, Paragraph 2 of the German Stock Corporation Act.

2. **Commentary on the Amendment to the Control and Profit and Loss Transfer Agreement**

   a) **Amendment to the Designation of the Contracting Parties**

   The designation of the parties, which changed subsequent to a change in the companies’ names, shall be updated.
b) Amendment to the Title of the Agreement
The title of the Agreement shall be changed from “Control and Profit and Loss Transfer Agreement” to “Profit and Loss Transfer Agreement”. The amendment is occasioned by the elimination of the control element described in the following [(2.c)].

c) Cancellation of Section 1 (Management) of the Agreement
Section 1 (Management) of the Agreement, according to which IND shall subject the management of its company to innogy and innogy shall thus be entitled to issue instructions to the Board of Directors of IND regarding the management of the company, shall be cancelled. In the future, IND shall be able to fulfil the tasks of a distribution system operator. The regulatory requirement for this is that there be no control agreement between IND and innogy. The elimination of the control element is thus necessary in order to enable IND to operate distribution systems. In particular, it allows for Westnetz GmbH to be folded into IND as a distribution system operator. In the event of a merger, ownership of the distribution networks of Westnetz GmbH would be transferred to IND. The income tax group which is the primary purpose of the conclusion of the Agreement pursuant to Paragraph 2 of the Preamble shall not be affected by the elimination of the control element.

d) Renumbering of the Paragraphs
The cancellation of Section 1 of the Agreement occasions a renumbering of the remaining sections. The references made in Section 3, Paragraphs 2 and 3 of the Agreement (based on the new numbering) to sections according to the old numbering shall be adapted. These amendments are merely of editorial nature and do not change subject matter.

e) Amendment to Section 3, Paragraph 1 of the Agreement
In Section 3, Paragraph 1 of the Agreement (based on the new numbering) the wording “Annual General Meetings of the Controlling Company and Controlled Company” shall be replaced by the wording “Annual General Meeting of the Controlling Company and the Shareholders’ Meeting of the Controlled Company”. Again, this amendment is merely of editorial nature and does not change subject matter.
f) **Entry into Force of the Amendment Agreement**

Pursuant to the Amendment Arrangement, the amendments shall enter into force as of their entry into the Commercial Register of IND.

h) **No Rights to Compensation or Settlement, no Audit of the Amendment Agreement by an Expert Auditor**

The Control and Profit and Loss Transfer Agreement and the Amendment Agreement shall not substantiate an obligation of innogy to make compensatory or settlement payments (Sections 304 and 305 of the German Stock Corporation Act) as innogy is the sole shareholder of IND. Therefore, there is no need for the Amendment Agreement to be audited by an expert auditor (Section 295, Paragraph 1, Sentence 2 and Section 293b, Paragraph 1, Last Half-sentence of the German Stock Corporation Act).

Essen, 31 January, 2019

innogy SE

The Executive Board

Uwe Tigges    Dr. Bernhard Günther    Dr. Hans Bünting

Arno Hahn    Martin Herrmann    Hildegard Müller

Essen, 31 January, 2019

innogy Netze Deutschland GmbH

The Board of Directors

Dr. Joachim Schneider    Christoph Marx