

Essen, Germany, August 14, 2007

RAG subsidiary STEAG sells share in Philippine special purpose company STEAG State Power Inc.

Essen/Mindanao. Essen, Germany-based STEAG GmbH has sold a 34 percent share in its Philippine special purpose company STEAG State Power Inc. STEAG State Power Inc. operates the coal-fired power plant Mindanao on the Philippine island of the same name. The buyer was Aboitiz Power Corporation, a listed Philippine company and majority-owned subsidiary of Aboitiz Equity Ventures, Inc. Another 11 percent share in the company is held by the local project partner State Investment Trust Inc. With its shares currently totaling 55 percent, STEAG will remain the majority shareholder of STEAG State Power Inc. The transaction is expected to be closed at the end of November.

"By selling these shares, STEAG GmbH is continuing its strategy, in the Philippines as well as elsewhere, of reducing its shares in foreign coal-fired power plants to not less than 51 percent and of running the projects jointly with local partners," says Dr. Alfred Tacke, Chairman of the Management Board of STEAG GmbH. The Mindanao coal-fired power plant has an installed capacity of 232 megawatts (MW) and was put into commercial operation in November 2006; the investment volume amounted to USD 305 million.

Mr. Erramon Aboitiz, President and CEO of AP, said that "The investment is very strategic for Aboitiz Power. Aside from the expansion potential, the STEAG power plant is mitigating a shortage of power supply and improving the reliability of power in Mindanao. We have been providing Mindanao power for over 70 years." AP's distribution utilities in Mindanao include Davao Light & Power Company, which is the largest distribution in Mindanao, and Cotabato Light & Power Company. AP operates a hydro facility in Davao and has investments in various generation assets in Mindanao, which include Western Mindanao Power Corp in Zamboanga and Southern Philippines Power Corp in General Santos. "We are very

committed to Mindanao. Our subsidiary, HEDCOR, is building 72 MW of run-of-river hydro in Davao, which should be operational in 2009.”

The STEAG Mindanao plant covers about 15 percent of the electricity needs of the island, which has some 14 million inhabitants. The electricity generated is supplied to the Philippine state-run National Power Corporation (NPC) over a period of 25 years. The Mindanao plant is the third coal-fired power plant designed, financed, built and operated by STEAG abroad, after the Termopaipa (Colombia) and Iskenderun (Turkey) projects.

STEAG GmbH, a wholly owned subsidiary of RAG Aktiengesellschaft, is the fifth largest power producer in Germany. Its core business is electricity generation in hard-coal-fired power plants (eight plants on the Rhine and Ruhr rivers and in Saarland; three foreign plants), industrial power plants and decentralized energy supply installations. The total installed electric capacity, in Germany and abroad, is around 9,000 megawatts (MW). In 2006, the nearly 5,000 employees at STEAG generated EUR 2.73 billion in revenue.

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