Annex 3.4b

Valuation Instruction Letter

Valuation Assumptions

- **Valuation Methodology:** The valuation methodology that served as the basis for the valuation discussions between the Parties is the discounted cash flow method ("DCF") using after-tax cash flows discounted at a mutually agreed after-tax weighted average cost of capital ("WACC") for the entire remaining life-time of the various assets comprised in each Portfolio. All individual assets from both Portfolios are valued separately.
- **WACC:** The after-tax WACCs for the Portfolios and the therein included assets are as follows:
    - 6.8% for all conventional assets in the Portfolios

  Terminal Value: No Terminal Value has been considered. Any life-time extension of nuclear power plants results in a new valuation for any additional operating periods of the respective plant. Such valuation is performed following the decision on such life-time extension and the purchaser's and seller's joint decision to exercise the option to take the extension and continue with the Drawing Right Agreement contract. For such valuation, the principles and guidelines agreed herein are applicable.
- **Valuation Date:** The valuation date for conventional assets is 1 January 2009.
- **Mid-year Convention:** Discounting of the cash flows assumes that cash flows are received in the middle of each year ("mid-year convention").
- **Tax Shields:** The final transaction, independently from the valuation procedure, takes into account the value of any potential tax shields that may occur due to the depreciation of assets or similar accounting effects.
- **Specialties in the valuation of SNET:** Given the joint ownership of SNET both parties agreed to proceed in the following way with regards to the valuation of SNET: Both parties valued the assets of La Snet separately. The assets consist on the one hand of the power plants in France. In addition to this the valuation includes the cancellation of the Clause de Sauvegarde, the EDF Contract until 2009, the call option agreement with Endesa Trading and the projects Emile Houchet 7&8 (800 MW CCGT) as well as Hornaing 4 (400 MW CCGT) as well as the potential project of 800 MW CCGT in Lacq. All projects are considered on a probability weighted basis. As La Snet is valued as complete entity overhead costs and other results e.g. from the assets in Turkey and Poland are considered. With regard to the valuation of clause de sauvegarde, basis for evaluation is the relevant content of Avenant no 3 to the contract of SNET with EDF (Chapitre II-Mecanisme de Sauvegarde)
- **Inflation Rates and Taxes:** The Parties applied the following corporate tax rates and inflation rates.

Country	Inflation Rates	Tax Rate
Germany	1.9%	29.8%
France	1.9%	34.43%

Sources:
Tax rates based on current or planned corporate income tax rates

- **Power, Supply and CO2 Prices:** The Parties have used their own assumptions for power, supply and CO2 prices consistent with the internal views of each of Red and

White separately. With regards to gas price assumptions, the parties have used as reference point the country specific relevant forward gas prices as of the respective trading hub, plus transportation costs. Principles of allocation of Co2 certificates in both countries and potential changes to already allocated capacity have been agreed between the parties.

In France, the LFR amendment adopted in Parliament is considered with purchase obligations of allocations through auctions at a progressive rate of 10%, 20%, 35% and 60% from 2009 to 2012 (incl.); allocations being 100% charged beyond 2012- both for France and Germany.

Assumptions on the electricity price achieved per plant depend upon Red's and White's internal views on the positioning of each of the respective plants within the merit order.

[Timing Considerations and Valuation Process

The following points describe the key steps for the valuation process:

- *Step 1:* The Parties will reciprocally exchange asset information for their respective Portfolio that will put the other Party in a position to perform a reliable indicative valuation of the swap partner's Portfolio. The data exchange shall be based on a template to be mutually agreed by Red and White.
- *Thereafter:* The Parties perform their valuation work regarding the Portfolios. In the case of important questions on the exchanged templates, a meeting between the Parties shall be mutually agreed.

  As described under the valuation methodology, the Parties shall determine the value of both Portfolios separately on an asset-by-asset basis.
- *Step 2:* The Parties shall finalize their respective Red/White Portfolio valuations and exchange views on the values of both Portfolios on an asset-by-asset basis simultaneously in a physical meeting, it being understood that SNET should be taken as one asset (the "**Step 2 Valuation**"). For the avoidance of doubt, a detailed valuation discussion will need to include a discussion of SNET's individual assets and projects.
- *Step 3:* After signing the MoU, the Parties will provide each other with access to an electronic data room and a physical data room and site visits (if required), disclosing all information about the respective Portfolios necessary to perform a full and fair market valuation in accordance with the Indicative Timetable (Annex 7). The due diligence shall also include selected site visits and expert sessions (including tax, if required).