

# Sustainable growth in a highly competitive market

**Andy Duff**

Chief Executive Officer

**Kevin Akhurst**

Managing Director Generation & Renewables

**David Threlfall**

Chief Executive Officer npower Retail

**Volker Beckers**

Chief Financial Officer



# Forward Looking Statement

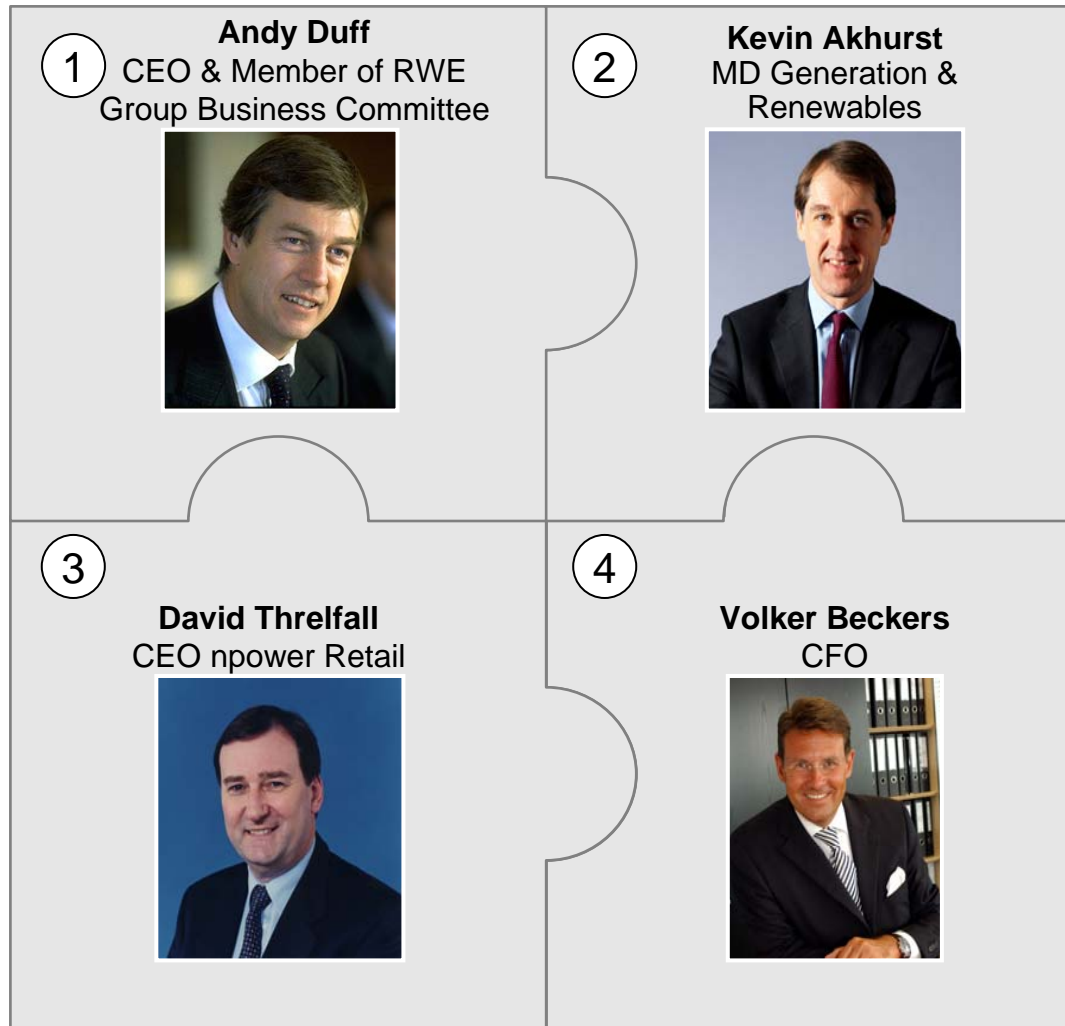


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- Projections of revenues, income, earnings per share, capital expenditures, dividends, capital structure or other financial items;
- Statements of plans or objectives for future operations or of future competitive position;
- Expectations of future economic performance; and
- Statements of assumptions underlying several of the foregoing types of statements

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# RWE npower Executive Board

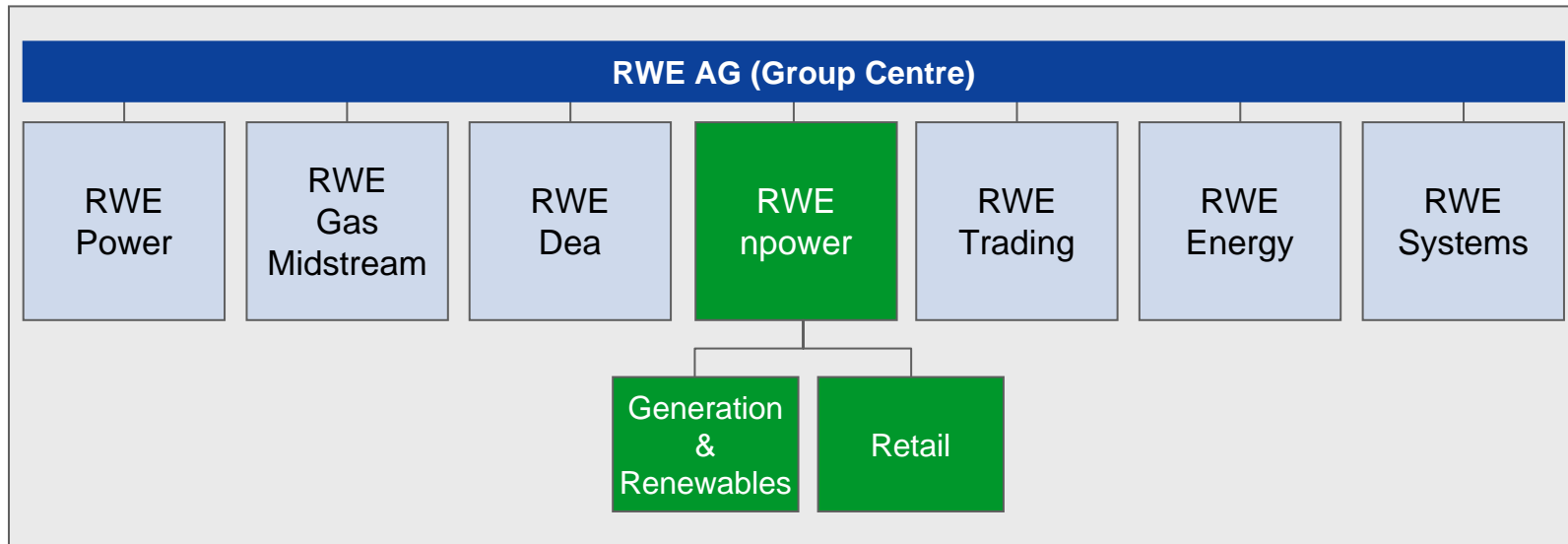


# ‘Britain’s brightest energy company’

**Andy Duff, CEO**



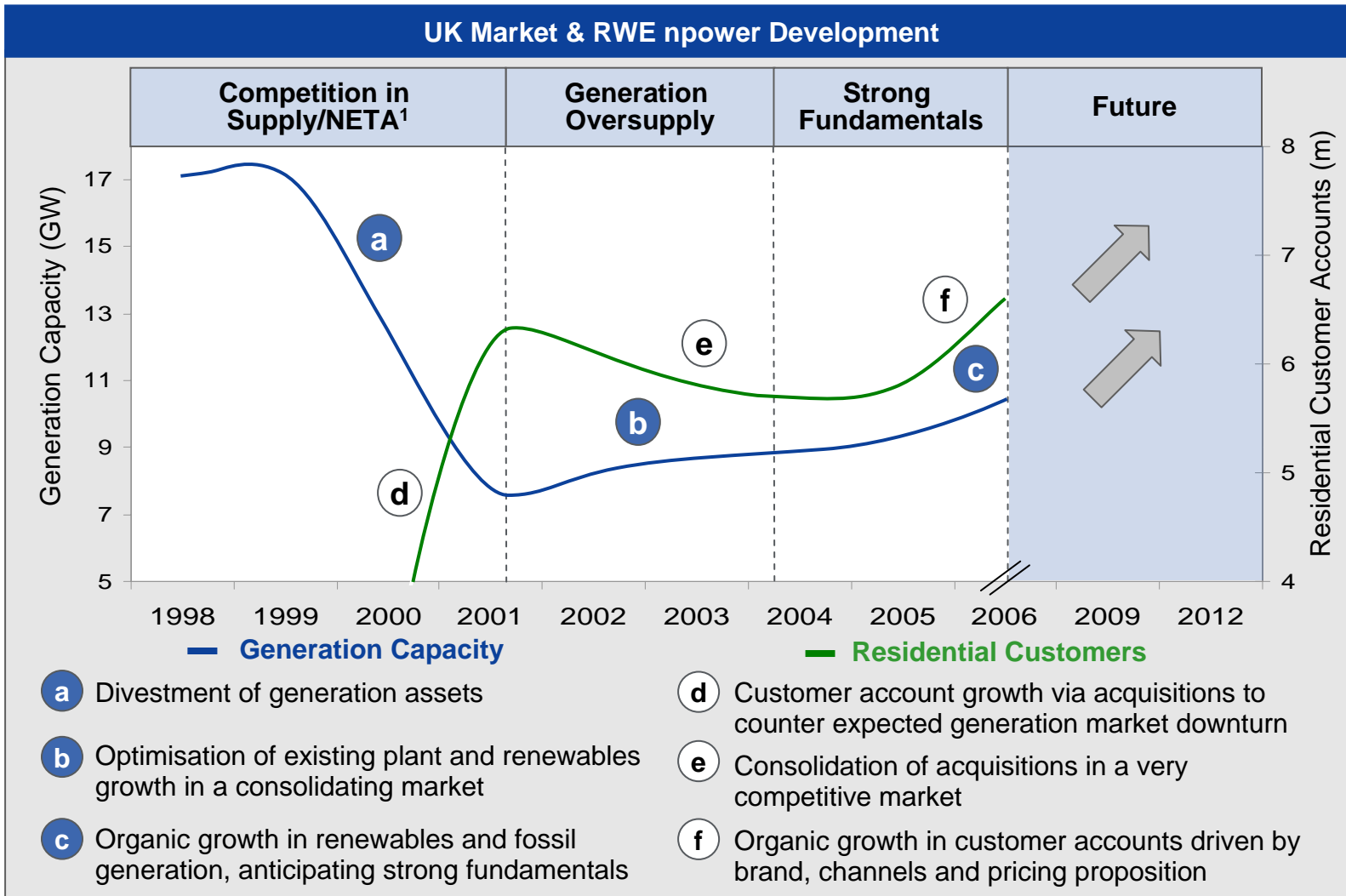
# We are a key part of the RWE Group



	RWE npower 2006	% of Total RWE Group <sup>1</sup>
■ Revenue (€ million)	8,485	20%
■ Operating Result (€ million)	512	9%
■ Employees	11,624	19%
■ Generation Capacity (MW)	10,825	25%
■ Residential Customers	6.6m	22%

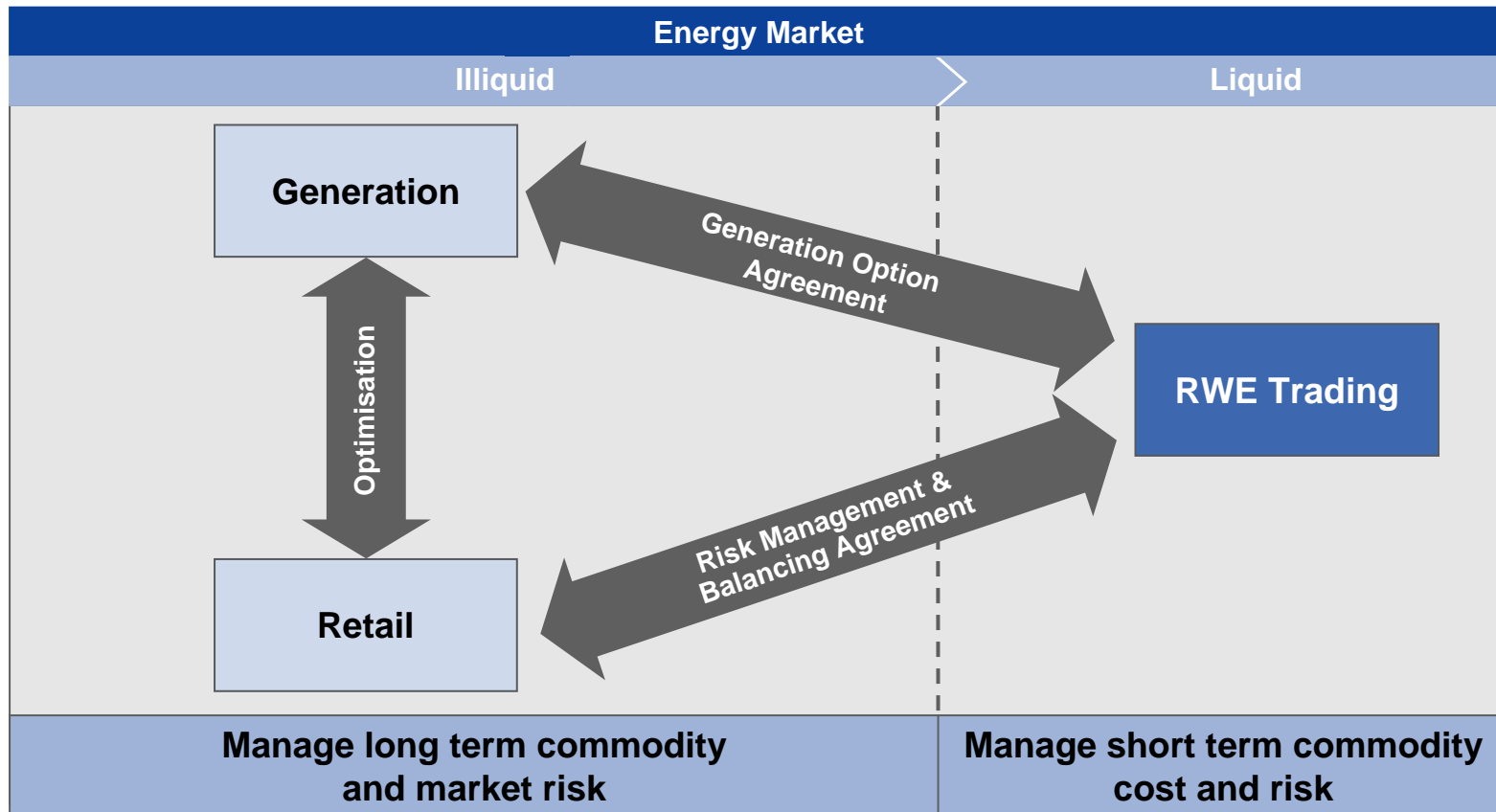
<sup>1</sup> Excluding American Water

# Since 1998 we have responded to the market to ensure the success of the business



<sup>1</sup> New Electricity Trading Arrangement  
 Note: all curves have been smoothed

# We benefit from a unique internal market, the value of which gives us a competitive advantage

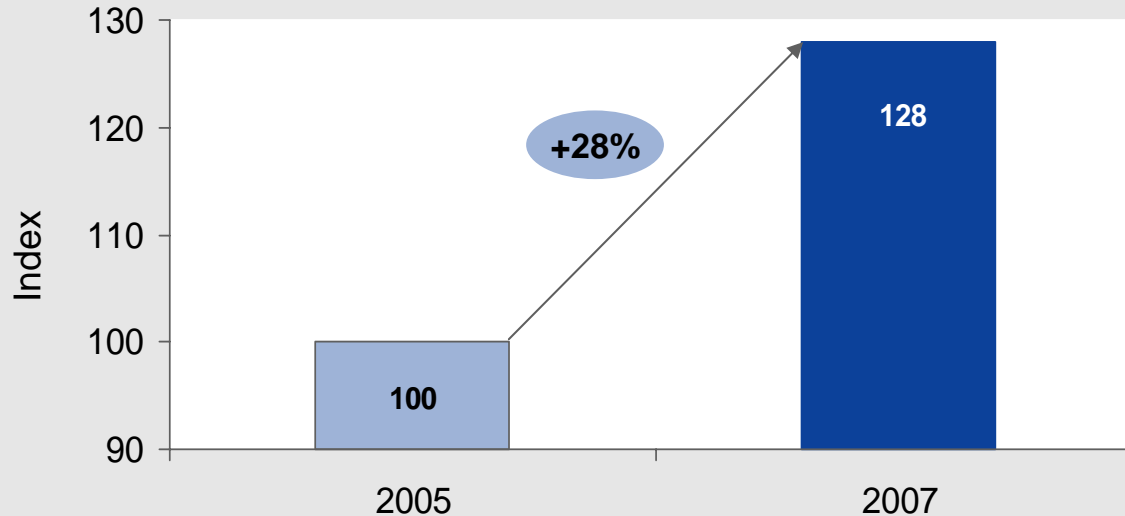


- Generation capability (option to generate) is sold to RWE Trading, who monetise the value of our plant by treating them as real options and exercise the options when generation is economic
- The model facilitates a competitive commodity cost base for the Generation & Retail businesses
- Additional value is captured through proprietary trading

# We have increased staff motivation and commitment, improving the customer experience



Staff Survey: "We are proud to work for RWE npower"



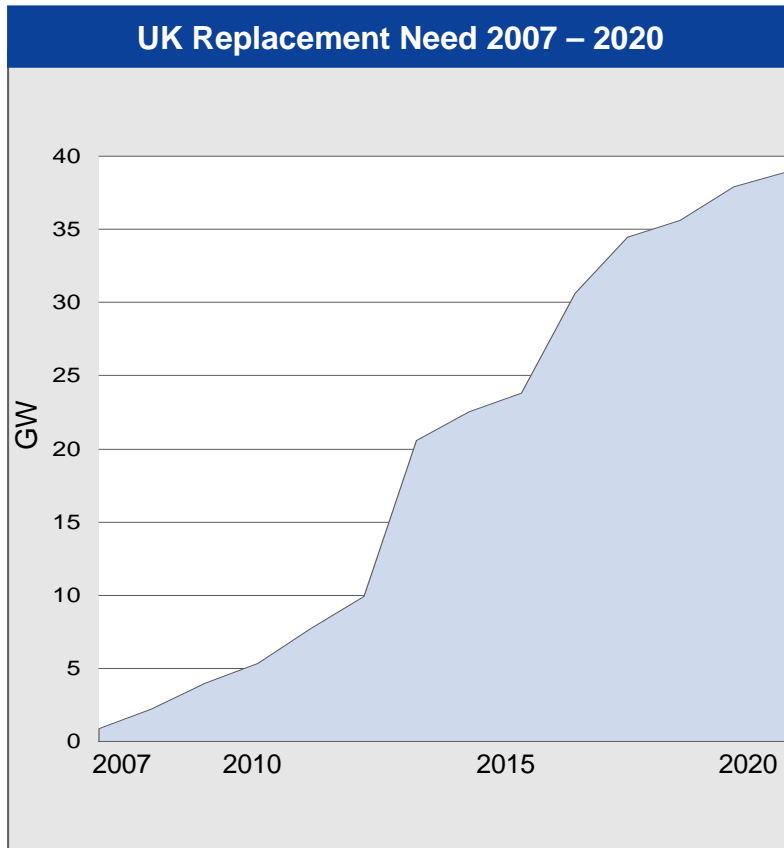
THE  TIMES 2007  
**TOP 100**  
GRADUATE EMPLOYERS

- The only Energy Utility in 'The Times Top 100 Graduate Employers'
- Building Commercial Capabilities: We have recruited 87 Graduates and will grant 41 Apprenticeships in 2007

- Improvement to customer facing systems and processes has built staff loyalty and commitment
- Staff motivation is becoming visible to customers through their experience with RWE npower
- We are recruiting and training to ensure RWE npower is well positioned for future skill requirements



# We are meeting the expected generation challenges ... through our planned new build and site options



Source: RWE npower

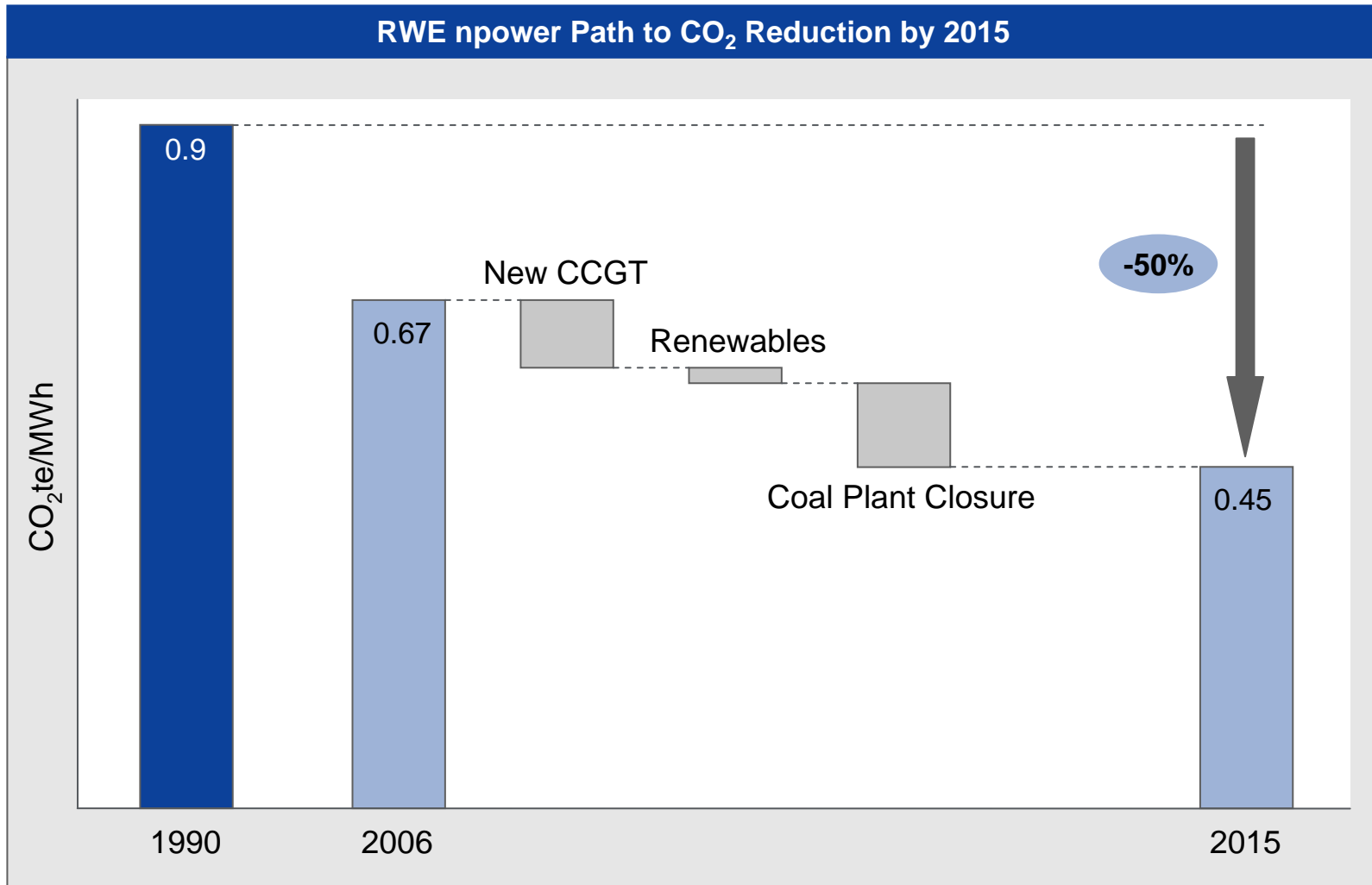
**RWE npower Generation Pipeline**

CCGT
Staythorpe (1,650 MW)
Pembroke (2,000 MW, pending consent)
Site options (~8,000 MW)
Renewables
Rhyl Flats (90 MW)
Gwynt-y-Môr (750 MW, pending consent)
On & offshore site options (~4,000 MW)
Coal (Site Options)
Development of clean coal (CCS) <sup>1</sup>
Tilbury (1,600 MW)
Blyth (1,600 – 2,400 MW)

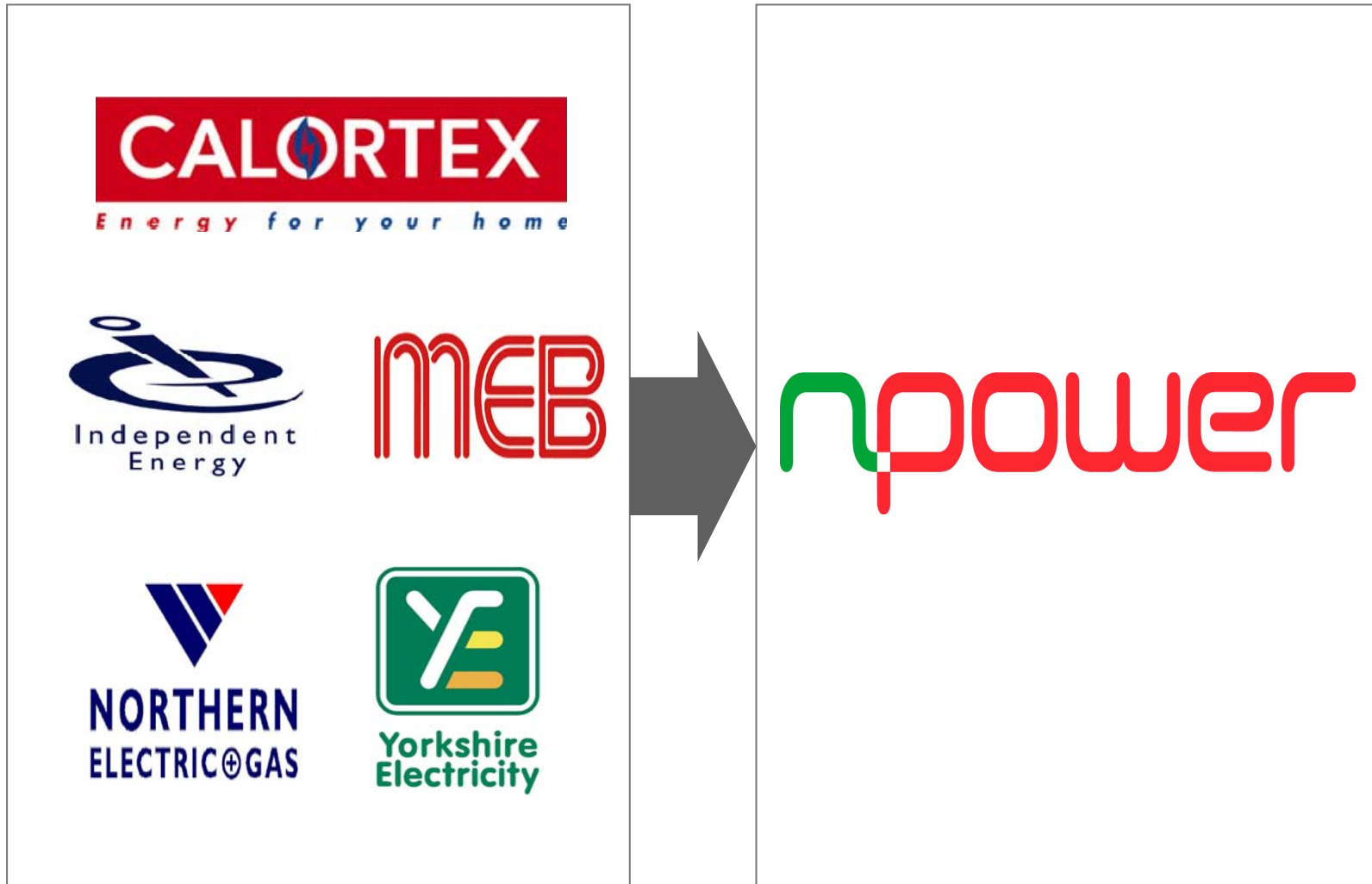
<sup>1</sup> Carbon dioxide Capture & Storage

- Between 2007 – 2020 c. 35 GW of replacement capacity will be required, presenting energy players with opportunities for market share growth
- Our strong generation pipeline puts us in a good position to capitalise on the gap, across a range of fuel types

# We will halve our CO<sub>2</sub> intensity by 2015



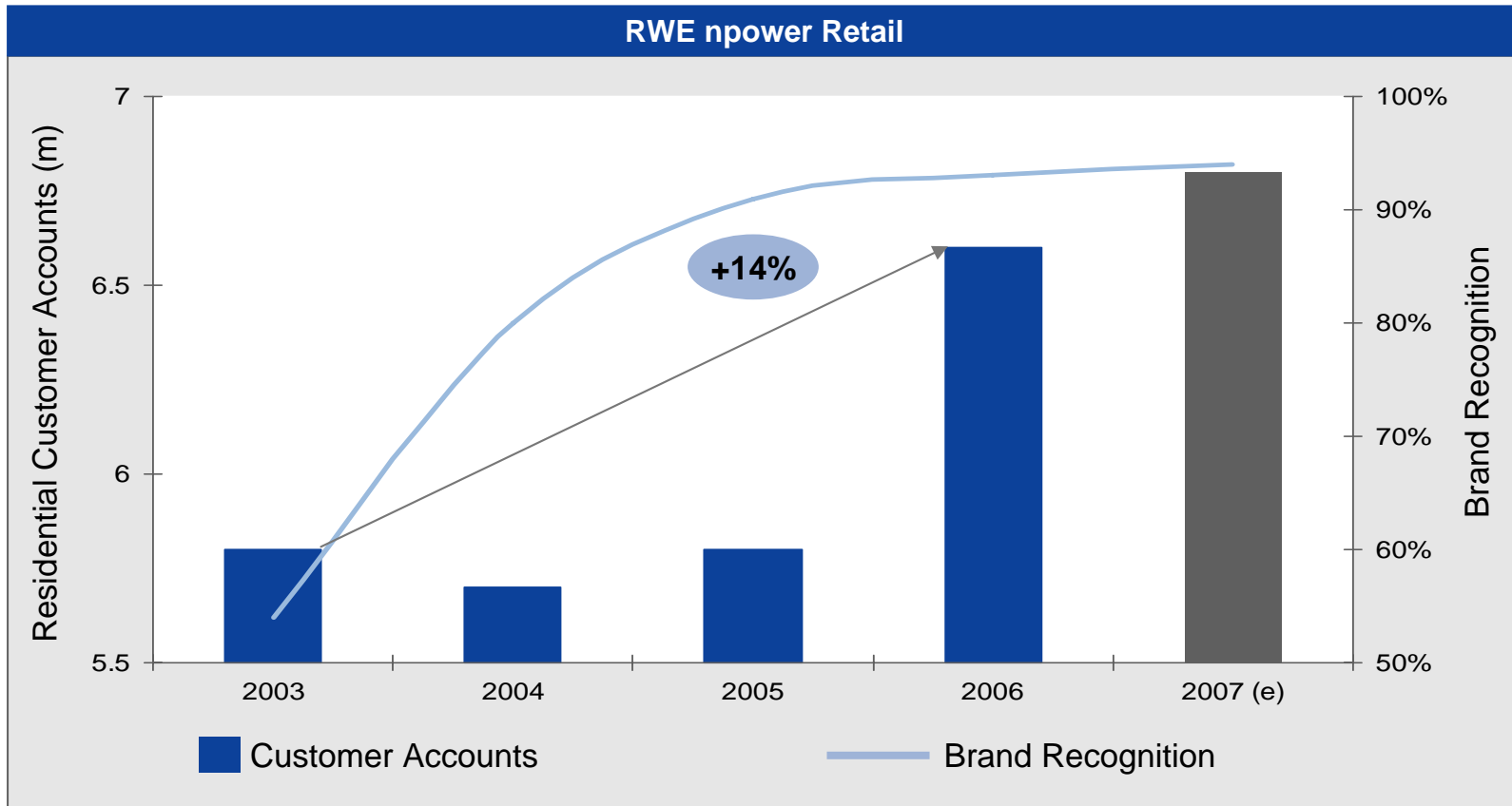
From several disparate companies ... we have successfully created a recognised national brand



# Increased brand recognition has helped us to grow customer accounts ... and we will continue to grow



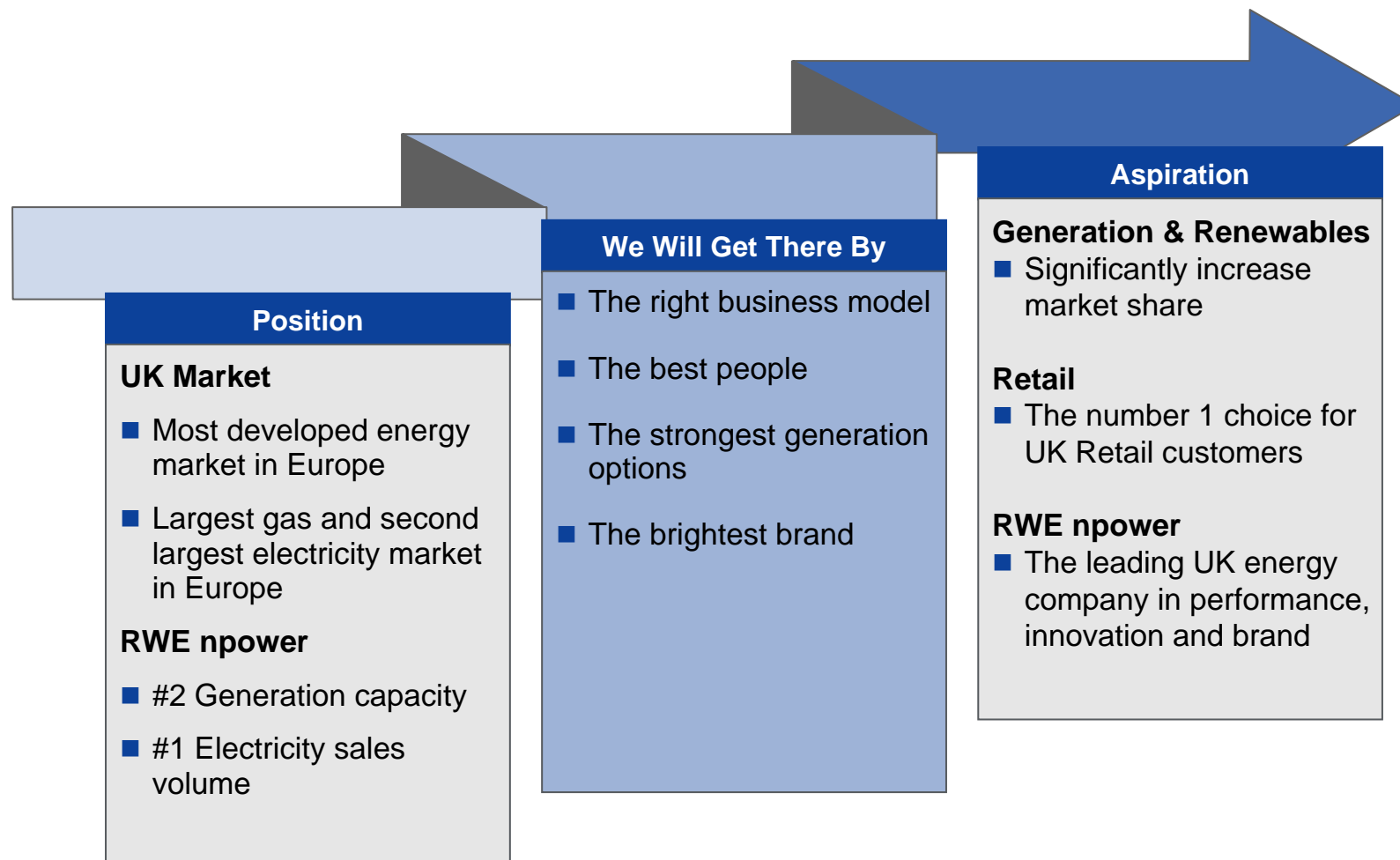
## RWE npower Retail

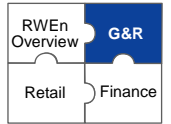


Source: Cornwall Associates July 2007 (Customer Accounts); Millward Brown July 2007 (Brand Recognition). Brand recognition is national aided result

- Since 2003, investment in our brand has paid off through increased customer awareness
- We operate in a fiercely competitive market, with high customer churn and price volatility
- Despite this, we expect to grow accounts from 5.8m in 2003 to a targeted 6.8m by the end of 2007

# Starting from a strong position we aspire to become the UK's leading integrated energy company



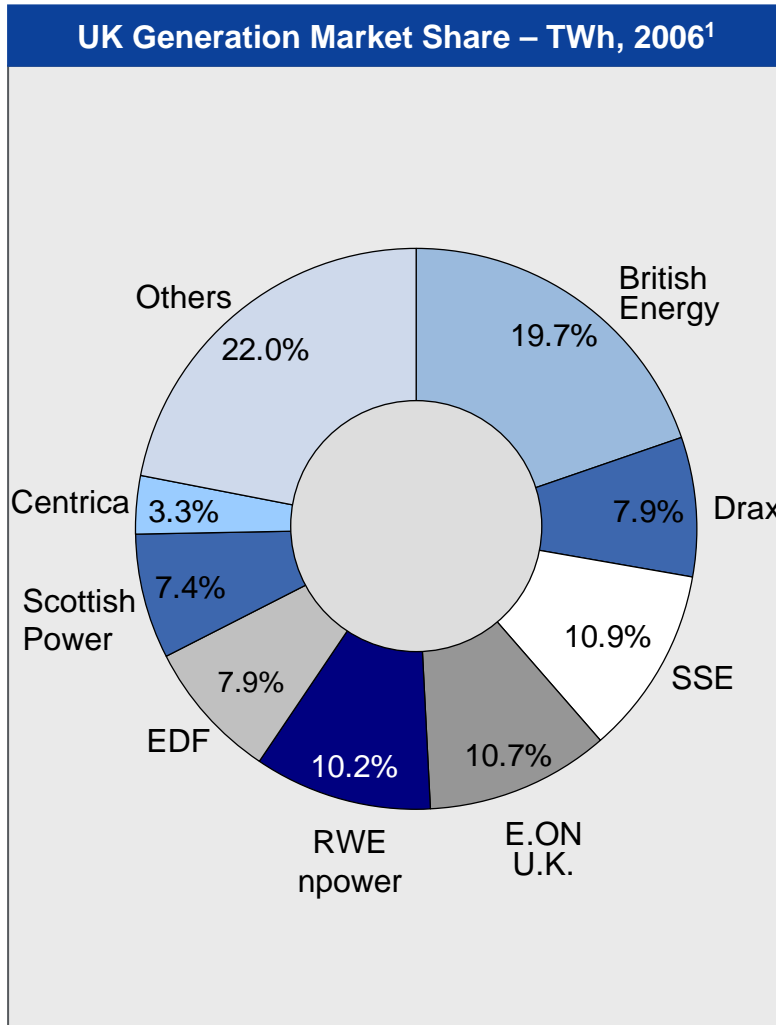


# ‘Building a powerful future’

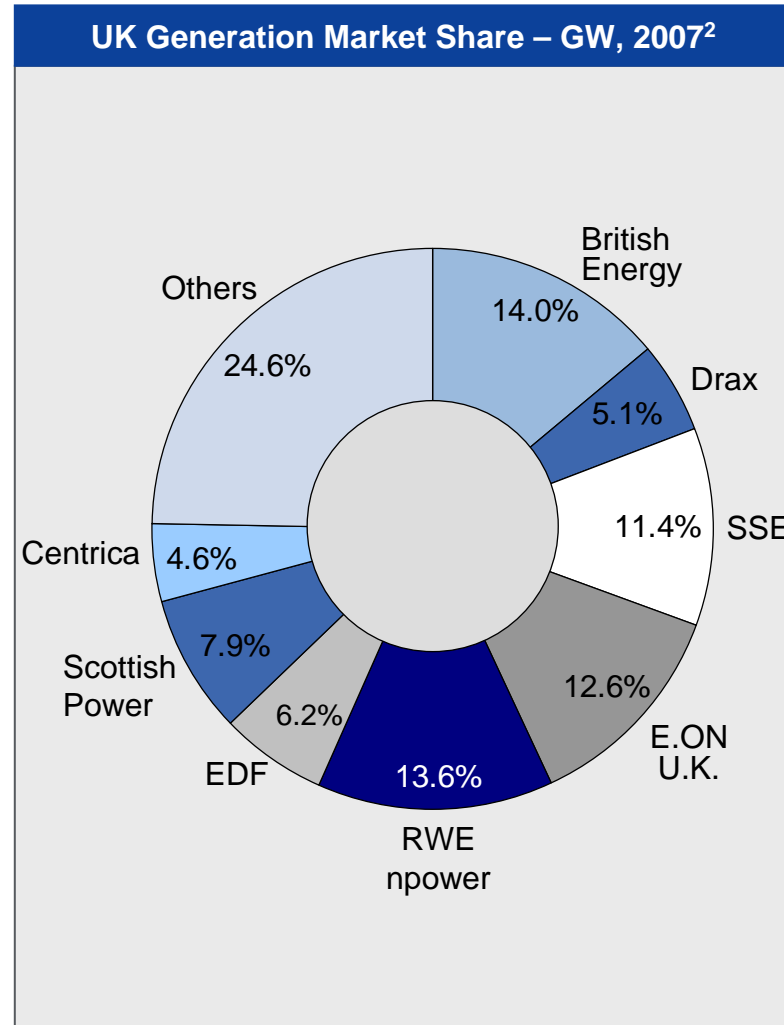
**Kevin Akhurst, MD Generation & Renewables**



# RWE npower is number 2 in generation capacity

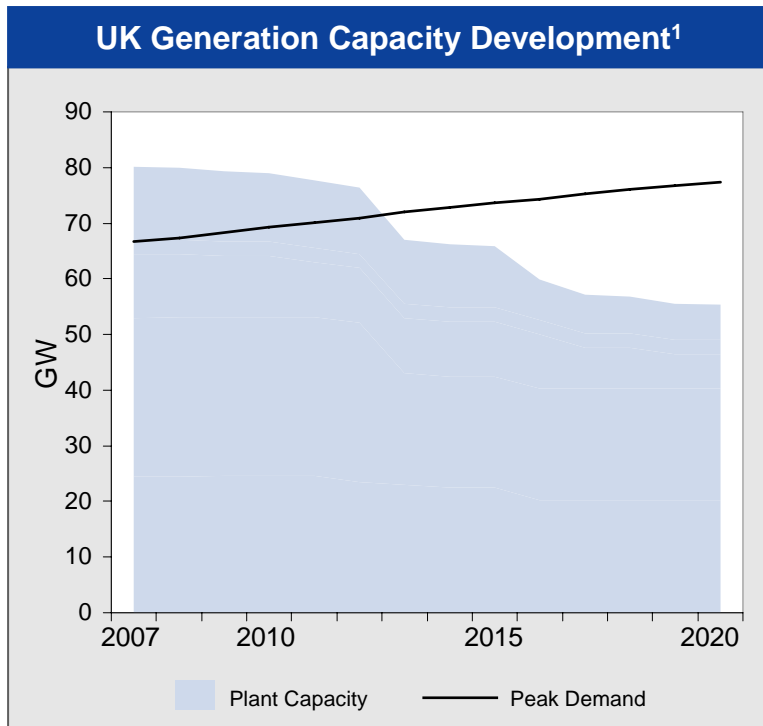


<sup>1</sup> Source: Elexon 2007; excludes wind, hydro, CHP, own station use and Northern Ireland



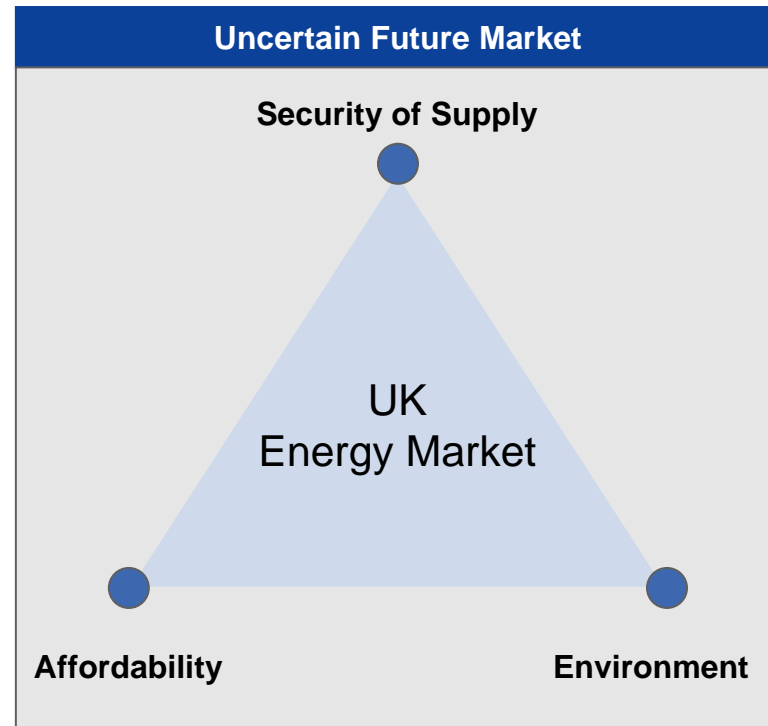
<sup>2</sup> Source: DBERR

# The UK requires about 35 GW of new build by 2020 ... but market uncertainty makes technology choices difficult



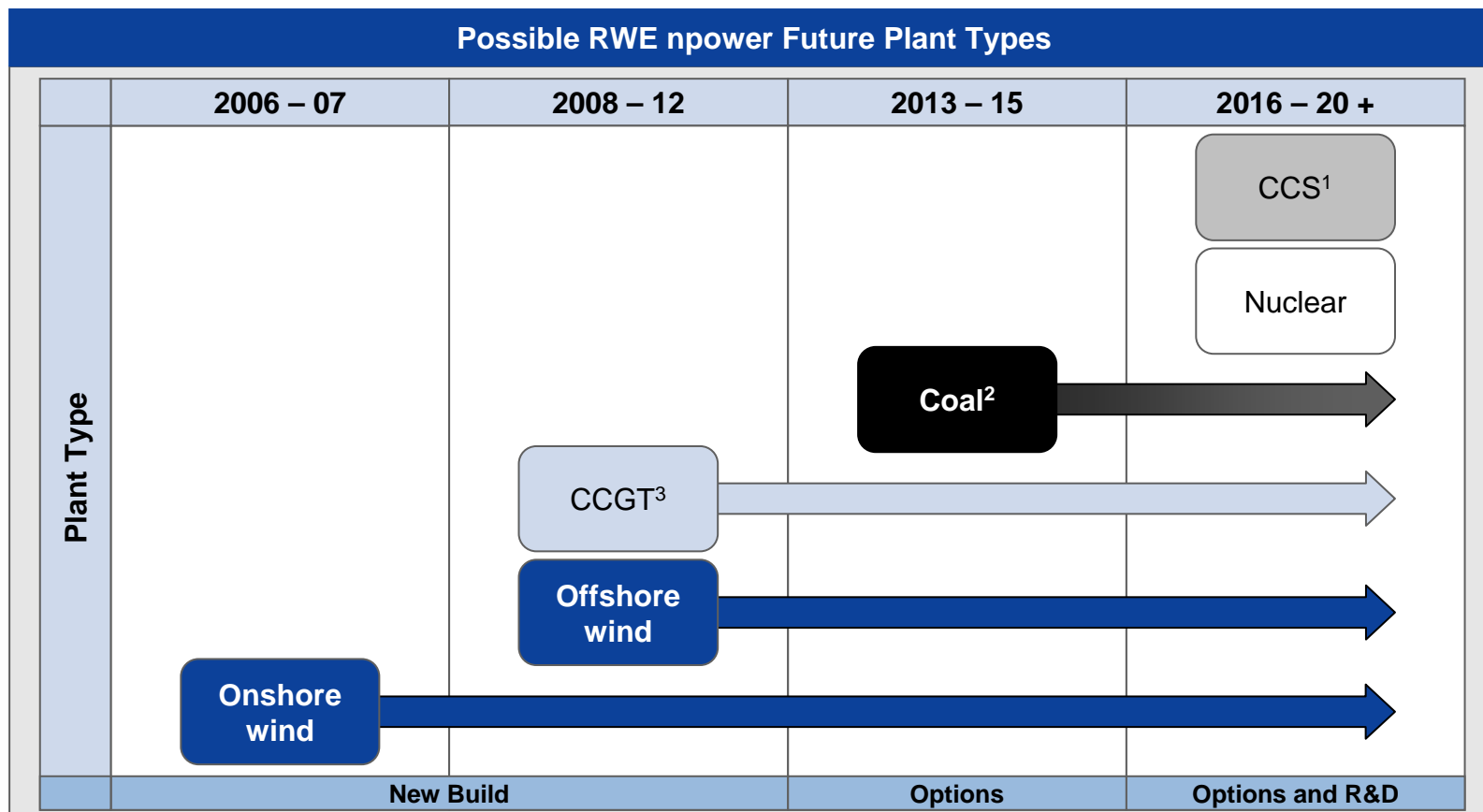
<sup>1</sup> Excludes announced new build plans

- Up to 50% of current plant likely to close by 2020
  - Large Combustion Plant Directive (LCPD) closures
  - Nuclear decommissioning
  - Retirement of ageing plant
- ~35 GW of new build required by 2020



- Exact mix of UK new build will be shaped by competing factors
- Potential for all plant types exists

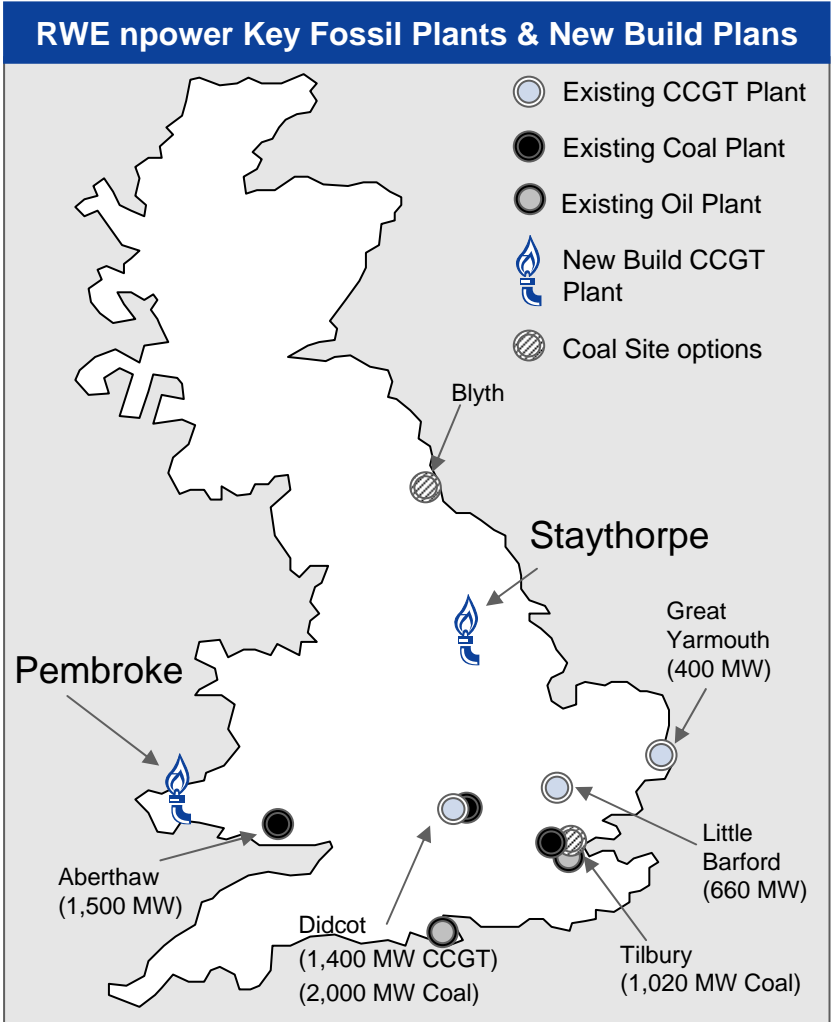
# We are therefore looking at a diverse mix of possible future plant types



<sup>1</sup> Carbon dioxide Capture & Storage; <sup>2</sup> Carbon-capture ready; <sup>3</sup> Combined Cycle Gas Turbine

- Our new build process is phased, with different plant types possible in different timeframes
- Between 2008 and 2012 we plan to commission new on and offshore wind farms and new gas plant
- New coal plant is still not decided upon, with CCS<sup>1</sup> & nuclear longer term possibilities

# We have 3.6 GW of planned new gas plant and over 3 GW of coal site options



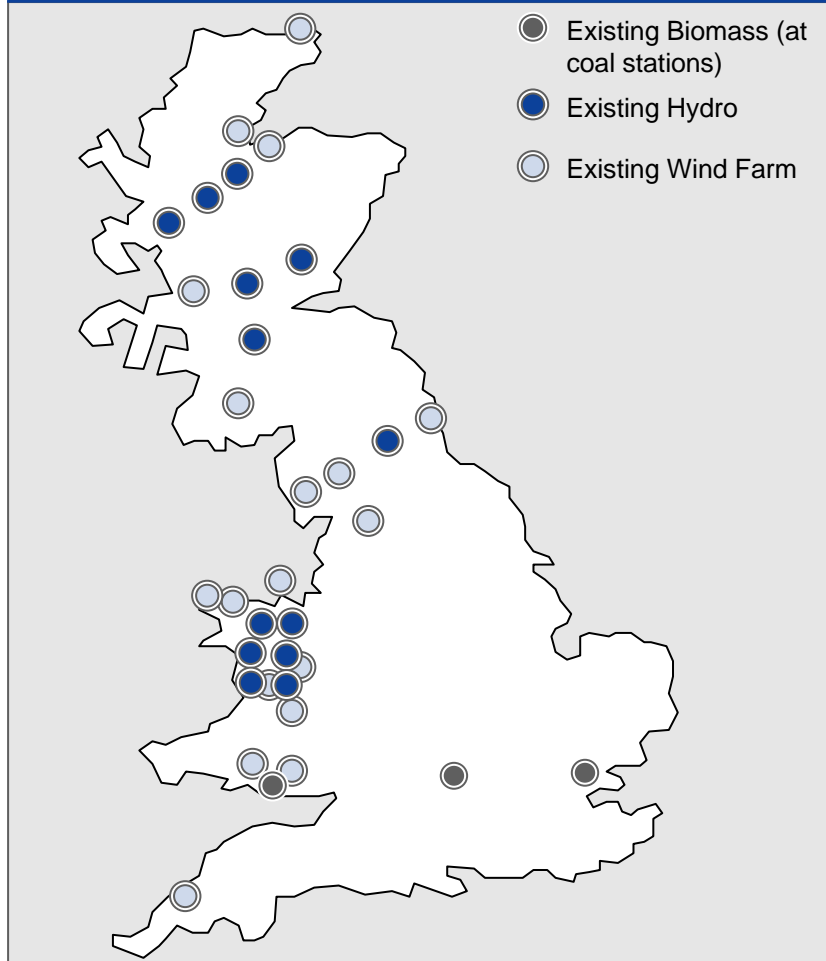
- ### New Build & Planned CCGT
- Staythorpe (1,650 MW)
    - Construction started in 2007
    - Alstom secured as EPC<sup>1</sup> provider
    - Commissioning expected in 2010
    - Thermal efficiency of 58%
  - Pembroke (2,000 MW)
    - Awaiting consent
    - Alstom secured as EPC<sup>1</sup> provider
    - Commissioning expected in 2011
    - Thermal efficiency of 59%
  - Further options: more than 8,000 MW

- ### Coal Site Options
- Blyth (1,600 – 2,400 MW)
  - Tilbury (1,600 MW)

<sup>1</sup> Engineer, Procure & Construct

# We are the largest operator of wind farms in the UK ...

## RWE npower Renewables Sites



<sup>1</sup> Cornwall Energy Associates, Issue 98, 3 September 2007

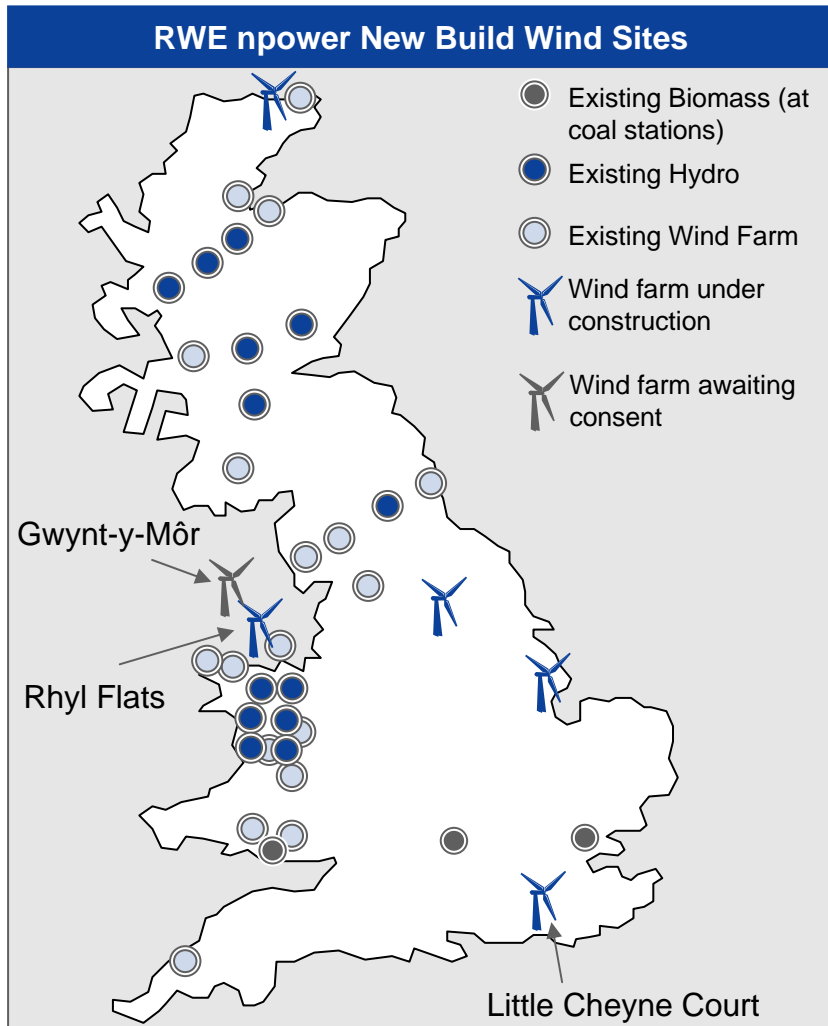
## UK Renewables Market Overview

- Renewables Obligation Certificates (ROCs) provide UK renewables pricing mechanism, a combination of subsidy and market pricing
- UK Government Energy White Paper particularly re-affirms role of offshore wind and new technologies
- UK is the most attractive wind location in Europe<sup>1</sup>

## RWE npower Position

- We are the UK's largest wind farm operator with more than 400 MW capacity
- North Hoyle was the UK's first major offshore wind farm
- We have some of the best available sites for wind generation in the UK

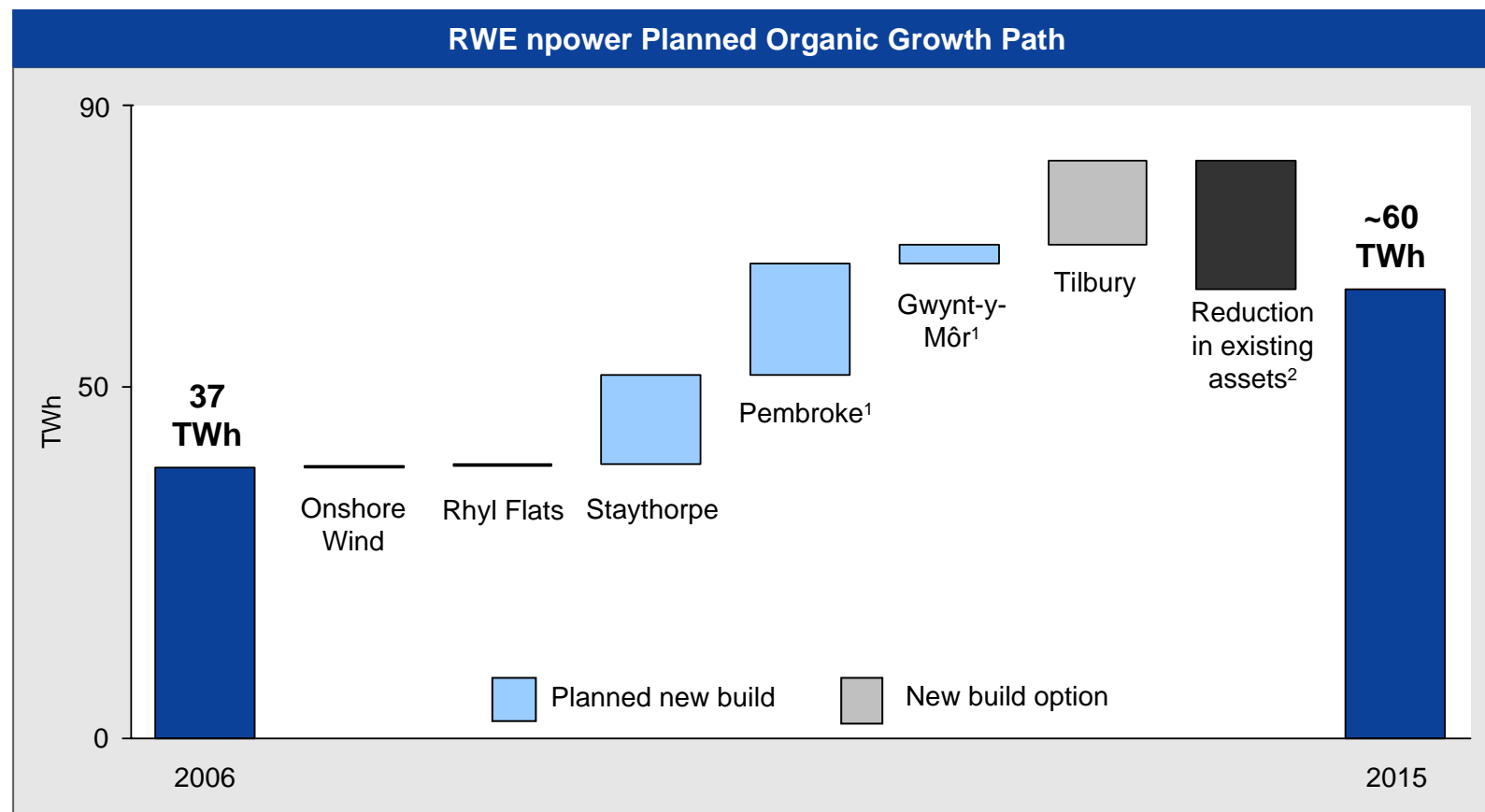
# ... and our on- and offshore wind farm new build plans aim to further strengthen this position



- ### New Build & Planned Wind
- Rhyl Flats (90 MW)
    - Construction started 2007
    - Commissioning expected in 2009
  - Gwynt-y-Môr (750 MW)
    - Pending consent
    - Commissioning expected in 2012-14
  - 4 onshore wind farms (~80 MW)
    - Status: construction started 2007
    - Commissioning expected in 2008

- ### Wind Site Options
- ~ 2,000 MW of onshore pipeline
  - ~ 2,000 MW of offshore pipeline

# Our new build plans will deliver organic growth in generation



<sup>1</sup> Pending consent <sup>2</sup> Closing coal & oil plant: Tilbury, Didcot A, Fawley & Littlebrook; reduced output from existing CCGTs & Aberthaw

- Through our planned new build and site options we expect to increase our power output by approximately 60% by 2015
- Our growth plans, in both output and installed capacity terms, will continue post 2015 by realising the development of some of our long term new build options

# We consider nuclear and carbon dioxide capture & storage as longer term options

## Nuclear



- Strong case for nuclear in the UK energy mix
- Joint activity with RWE Power
- Involved in all aspects of Government's review of nuclear
- In discussions with British Energy about potential sites
- Developing our position as possible investor/developer

## Carbon dioxide Capture & Storage (CCS)



- RWE Group R&D budget at €1bn 2007-13
- 70% directed to carbon avoidance
- Co-ordinated RWE Group Research & Development programme
- RWE Power: IGCC<sup>1</sup> (pre-combustion)
- RWE npower: (post-combustion)
  - Combustion Test Facility (Didcot)
  - 1 MW pilot plant at Aberthaw
  - Possible 25 MW pilot plant at Tilbury

<sup>1</sup> Integrated Gasification Combined Cycle

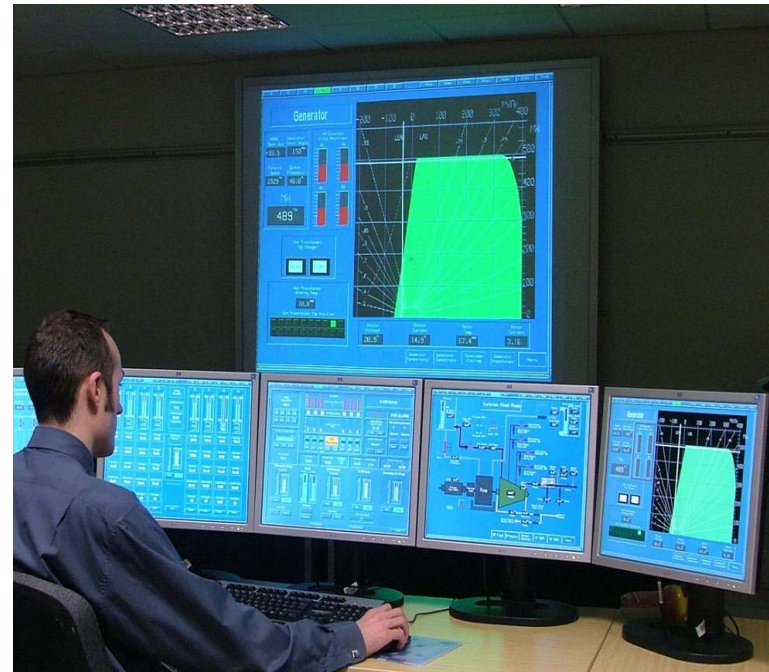
# We use our market leading technical and commercial skills to increase plant profitability

Engineering Expertise

Commercial Optimisation

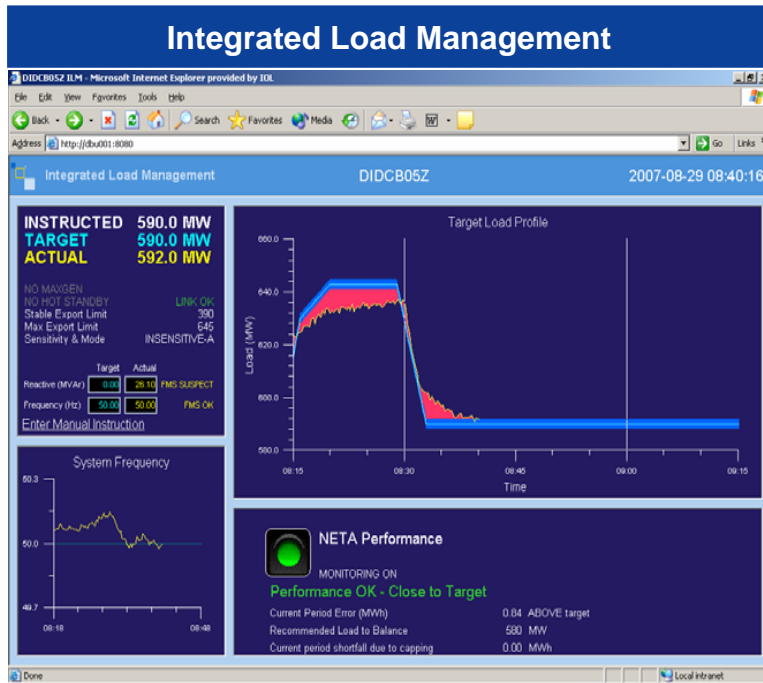


- World leading engineering experts
- Breadth and depth of expertise drives superior plant performance

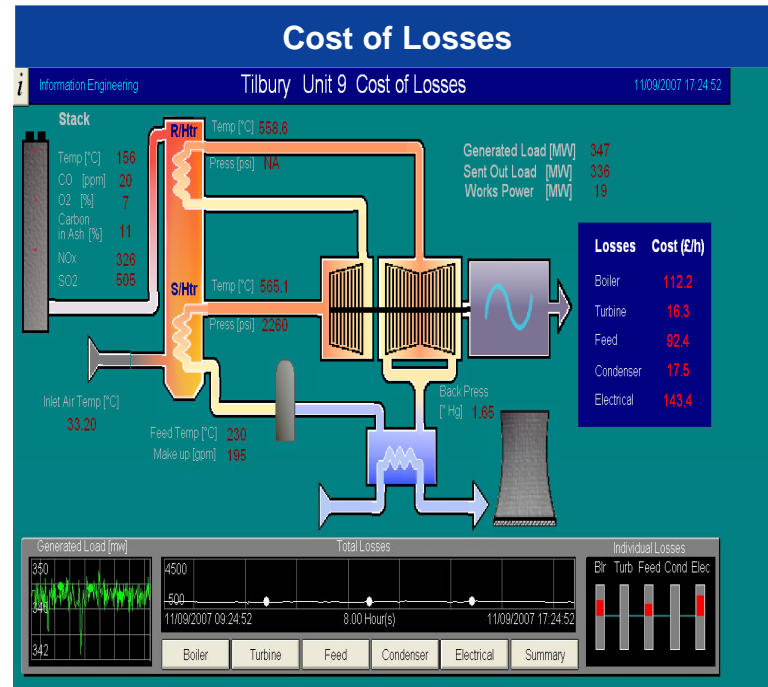


- Integration of technical and commercial knowledge
- Continual plant re-optimisation

# Commercial Optimisation: proprietary tools give plant operators real time information



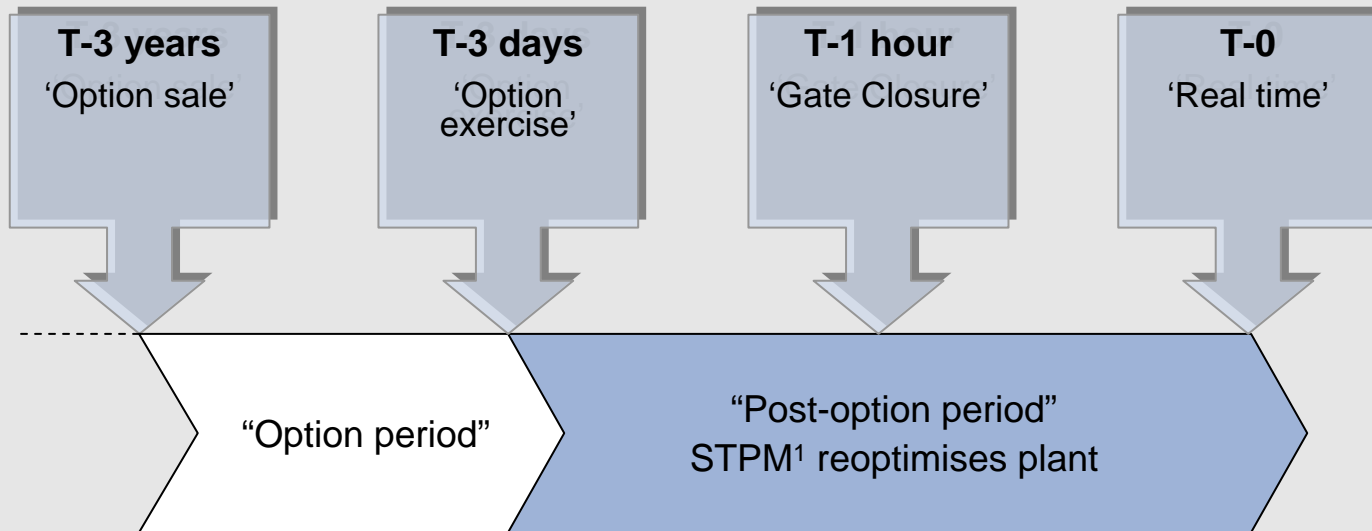
- Provides clear profile of plant output with respect to instructions from system operator
- Tracks commercial cost implications of not meeting system requirements



- Measures thermal performance of plant process
- Expresses performance in monetary values to enable minimising of unit generation cost

# Commercial Optimisation: our strong trading arm and flexible plant create value in the market

## UK Power Market Timeline



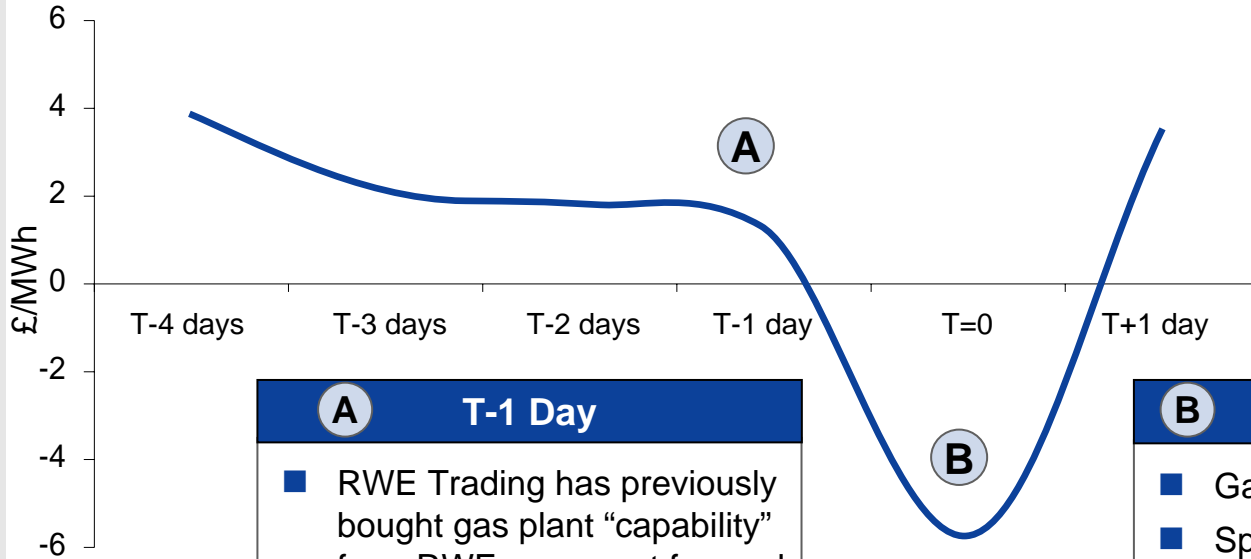
<sup>1</sup> Short-Term Position Management

- Our approach is based around treating plant as 'spread options' to convert fuel into electricity at short notice and monetise the value of these 'options' when generation is economic
- Once the option is exercised plant operation is further refined through Short-Term Position Management in order to respond to market fluctuations

# Commercial Optimisation: our strong trading arm and flexible plant create value in the market

## UK Day-Ahead Clean Spark Spreads

Example:



### A T-1 Day

- RWE Trading has previously bought gas plant “capability” from RWE npower at forward spreads
- Rising gas demand from on-coming cold snap
- Gas supply shortages

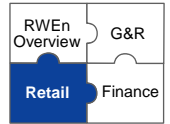
### B T=0

- Gas price: 200p/th
- Spark spread: -£6/MWh
- CCGT & oil plant arbitrage
  - Great Yarmouth (CCGT)
  - Didcot B (CCGT)
  - Littlebrook (Oil)
- Gt. Yarmouth & Didcot B entered into Balancing Mechanism

# We are preparing for the challenges of future growth

Challenges	RWE npower Actions
<ul style="list-style-type: none"><li>■ Environmental and CO<sub>2</sub> targets</li></ul>	<ul style="list-style-type: none"><li>■ Wind &amp; CCGT<sup>1</sup> new build</li><li>■ Nuclear framework discussions</li><li>■ R&amp;D<sup>2</sup> into CCS<sup>3</sup></li></ul>
<ul style="list-style-type: none"><li>■ Uncertain energy markets</li></ul>	<ul style="list-style-type: none"><li>■ Pressing for regulatory clarity</li><li>■ Balanced new build strategy</li><li>■ Strong set of plant options</li></ul>
<ul style="list-style-type: none"><li>■ Maintain financial performance in a period of rising investment</li></ul>	<ul style="list-style-type: none"><li>■ Planning ahead</li><li>■ Leveraging RWE Group scale economies</li></ul>
<ul style="list-style-type: none"><li>■ Engineering requirements</li></ul>	<ul style="list-style-type: none"><li>■ Substantial in-house expertise</li><li>■ Active recruitment</li><li>■ Knowledge share in RWE Group</li></ul>

<sup>1</sup> Combined Cycle Gas Turbine; <sup>2</sup> Research and Development; <sup>3</sup> Carbon dioxide Capture & Storage

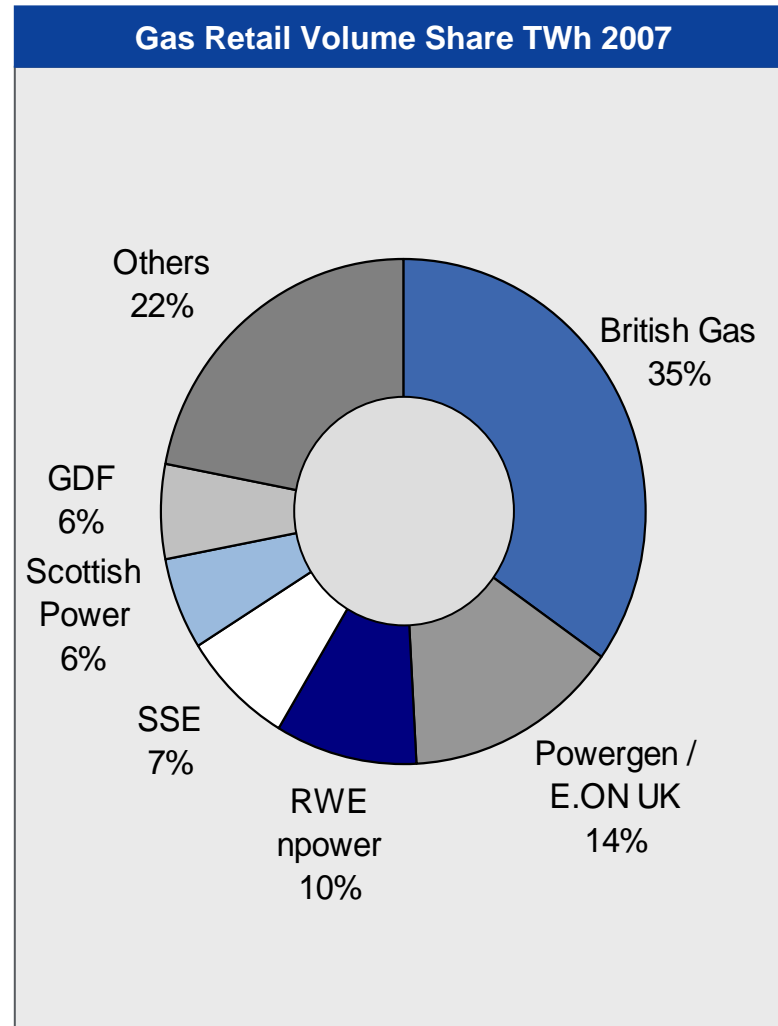
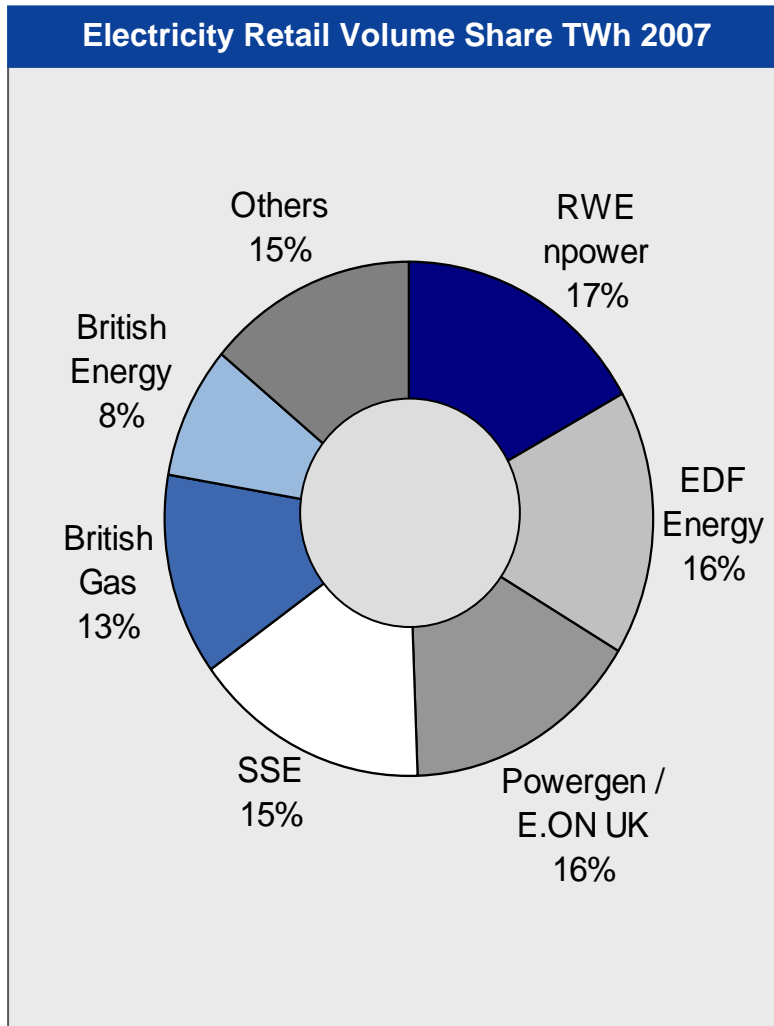


# ‘Turning customers into fans’

**David Threlfall, CEO npower Retail**

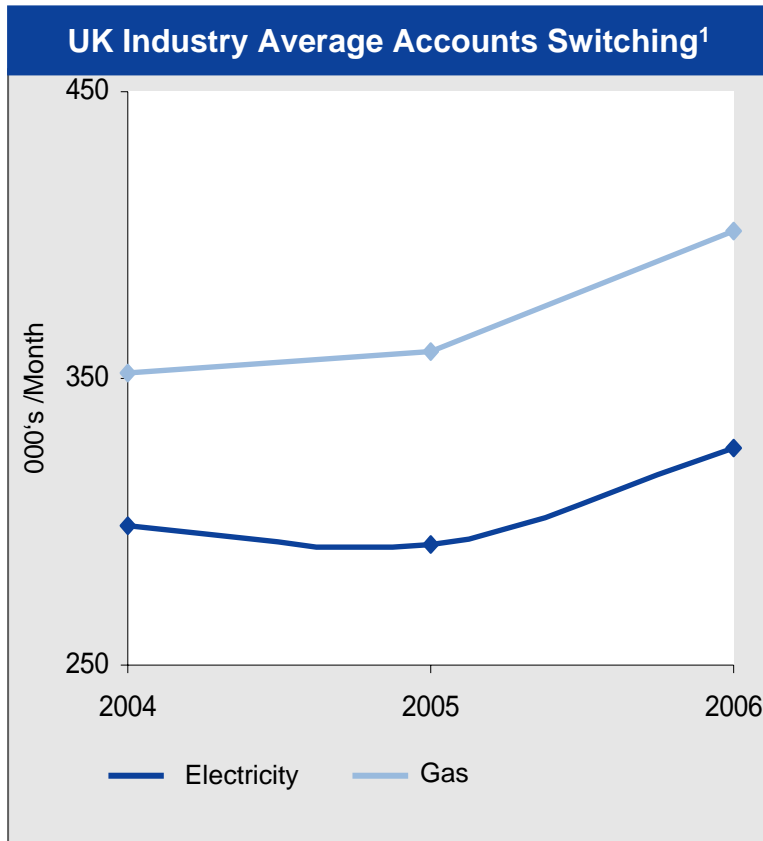


# RWE npower is number 1 in electricity volume



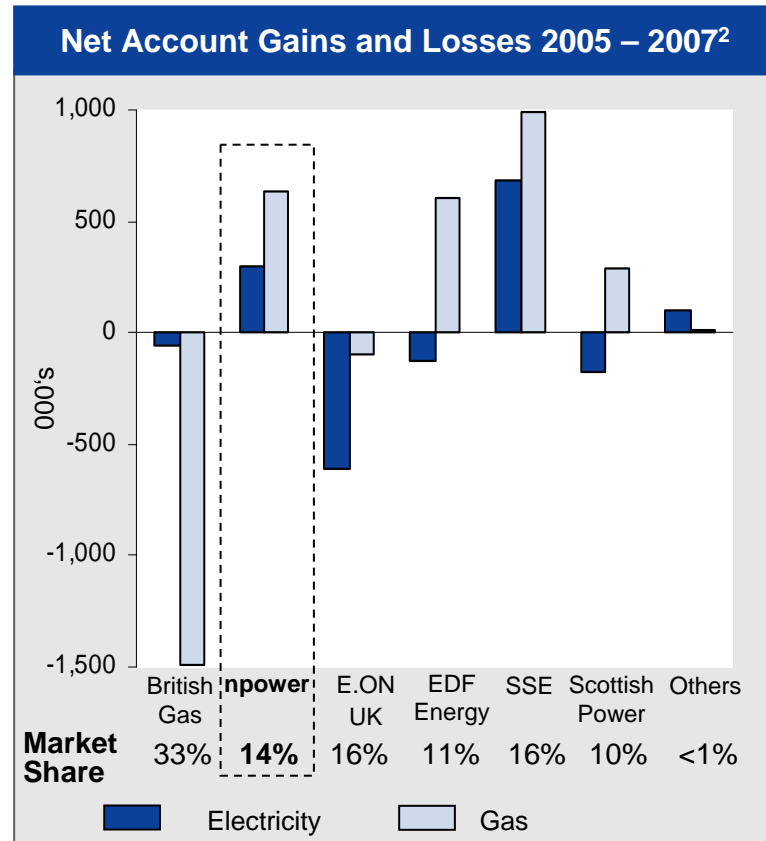
Source: Cornwall Associates 2007

# Our retail business prospers in a highly competitive market



<sup>1</sup> Source: Ofgem – June 2007

- The Residential market remains highly competitive
- Switching remains high, with churn of 16% in 2005 and 18% in 2006 (calculated from Ofgem information)

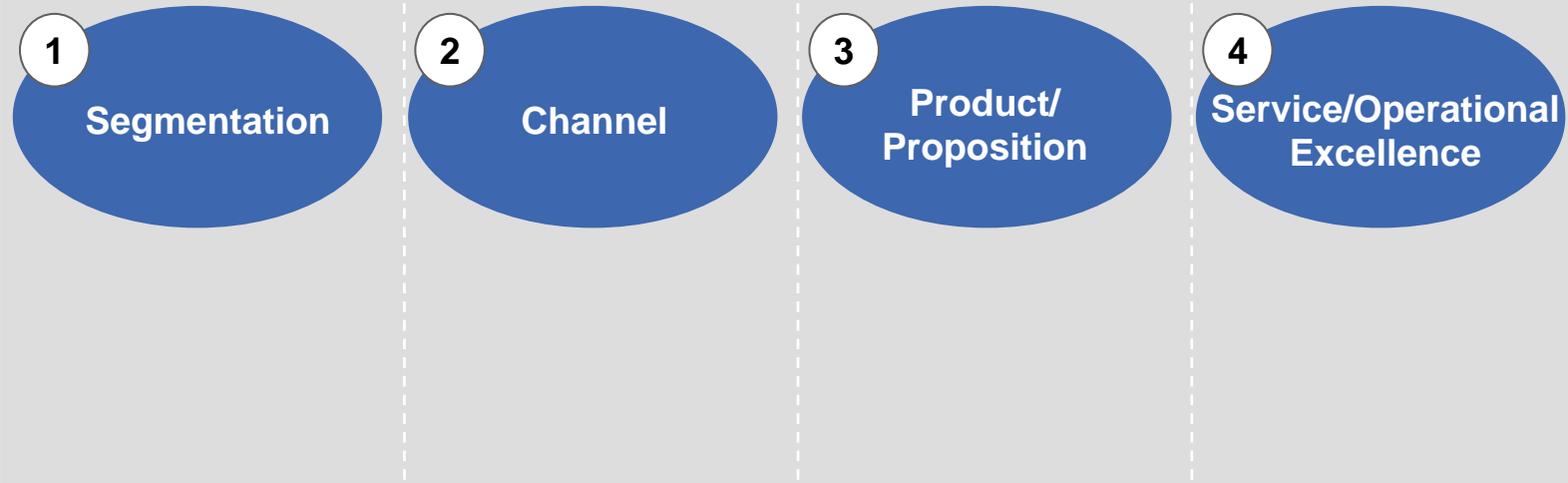


<sup>2</sup> Source: Cornwall Associates – July 2007

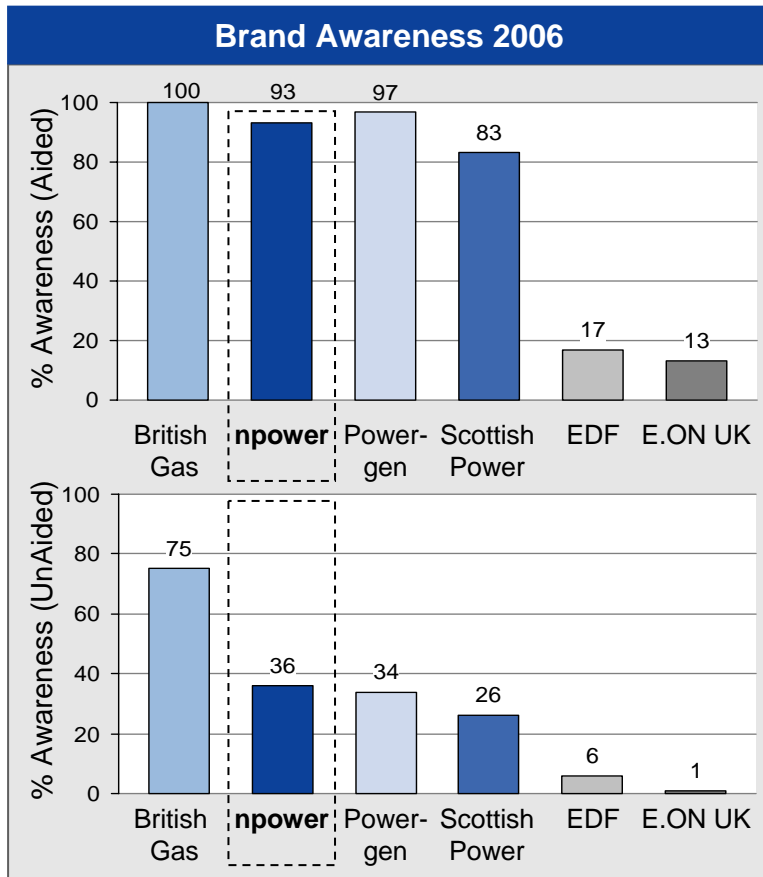
- We are a net gainer of Residential switchers in gas and electricity
- We have gained ~1m customers between 2005 and H1 2007

# Our four key Retail levers in the brand environment

## BRAND



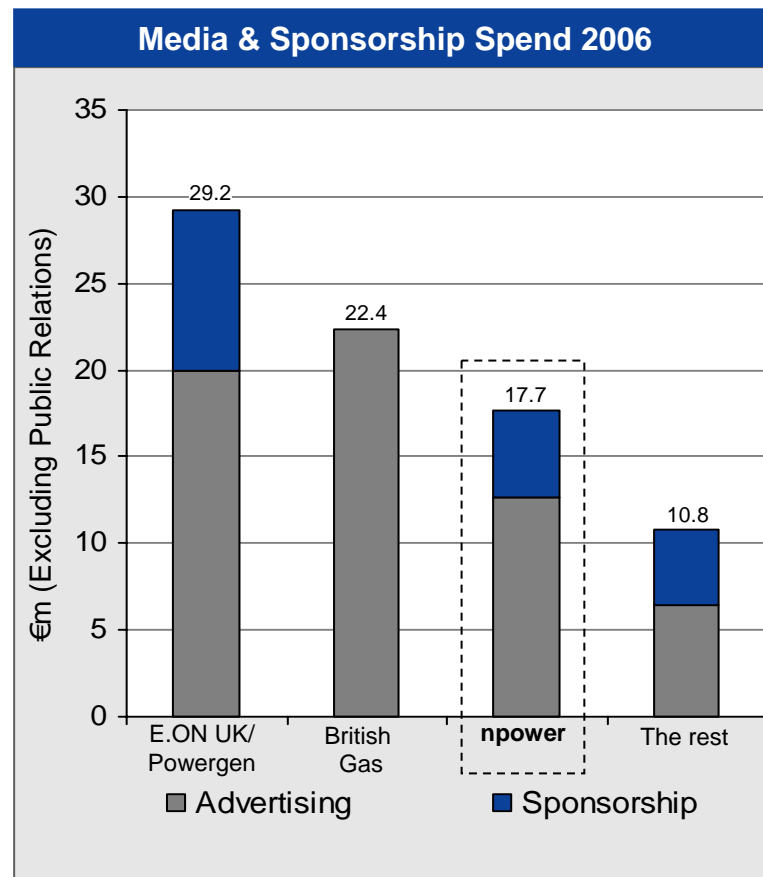
# Brand building is not an indulgence ... we spend our money wisely



Source: Millward Brown (2006)

Our spend is lower than E.ON and British Gas ...

- Effective spend on brand provides competitive advantage over other Brands



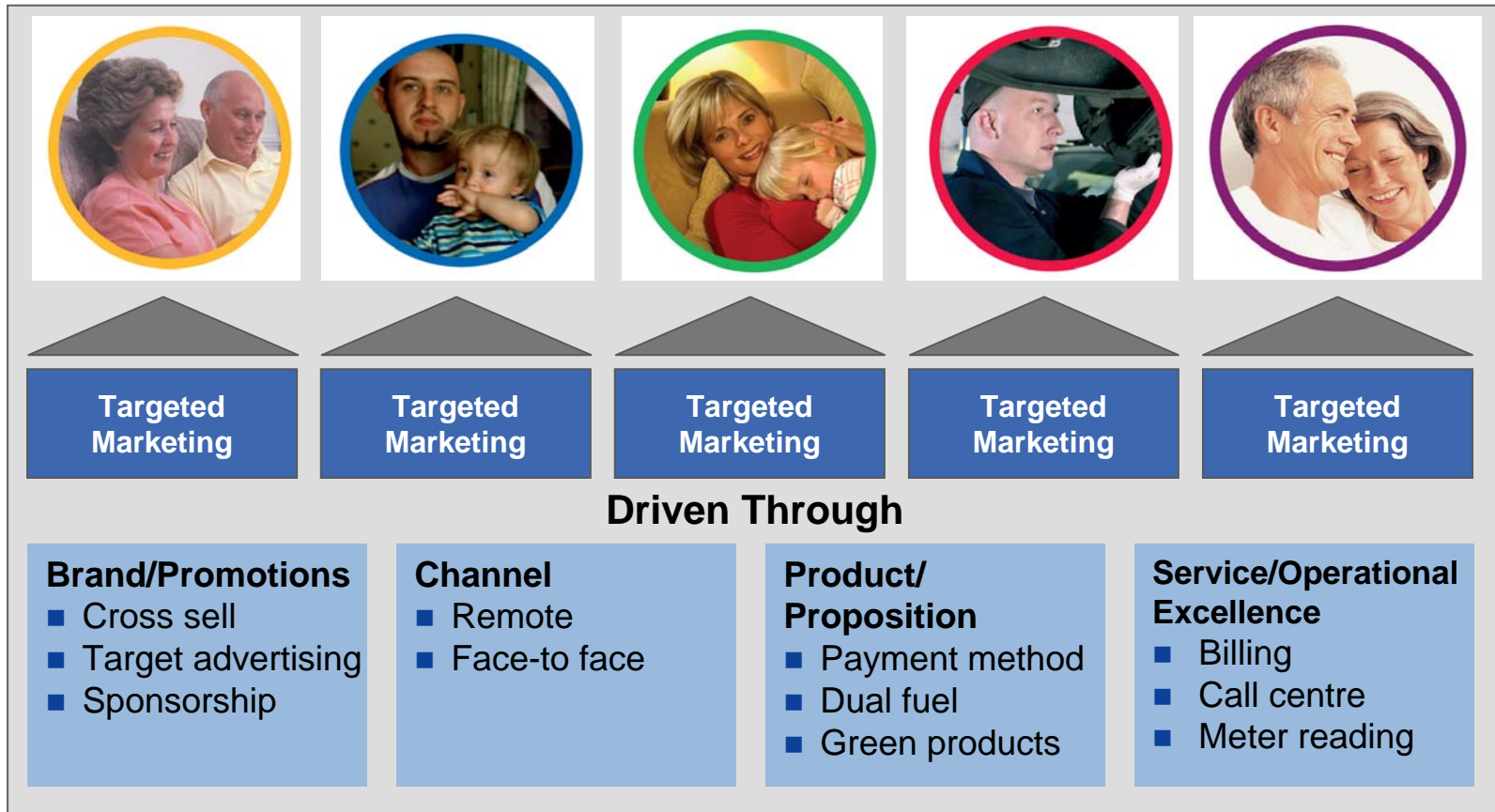
Source: AC Nielsen & Vizeum Media Clout (2006)

... and yet our brand retains high awareness

- Brand awareness is continuing to rise in 2007

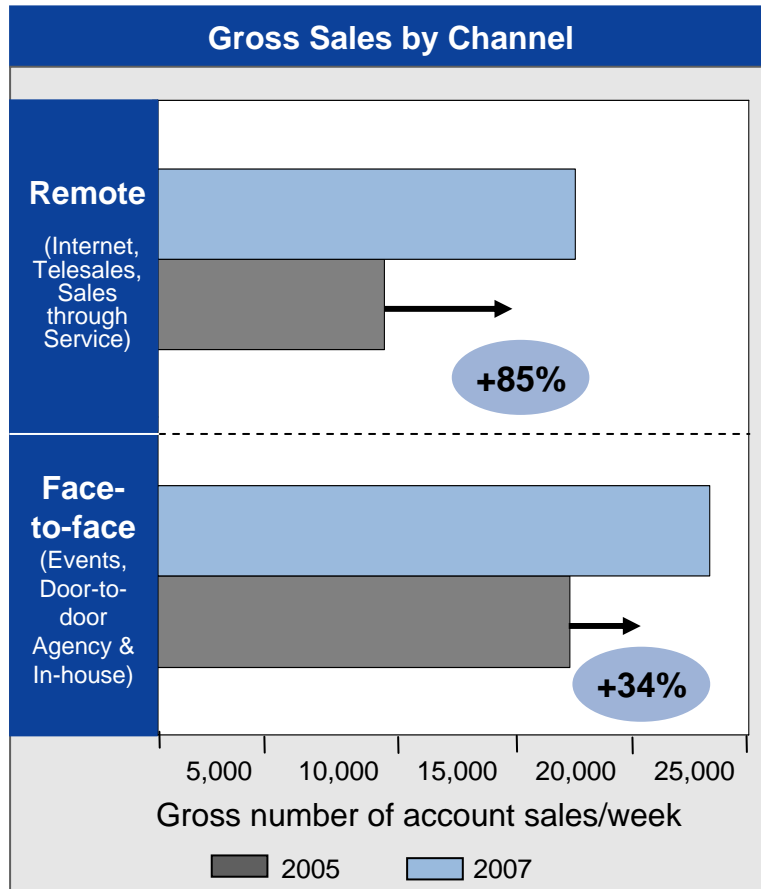


# We segment our customers in terms of behaviour to understand their long-term value



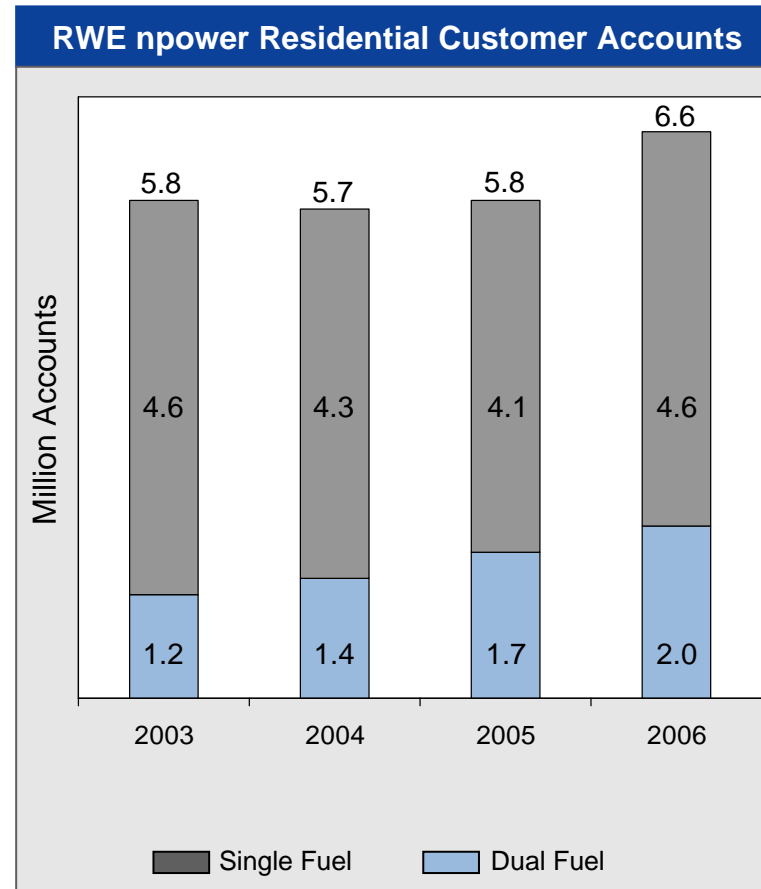
- Our strategy is to deliver segmented propositions which differentiate us from the competition
- We know the marketing channels and products that work best for each customer segment
- This supports our dual goals of growing market share while maintaining margins

# We talk to our customers through a wide range of channels ... targeting valuable Dual Fuel accounts



Channel sales performance grows ...

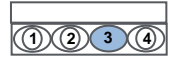
- Development of our internet channel
- Investment in training agency and in-house sales teams



... and dual fuel accounts have risen

- Dual Fuel customers tend to be more loyal
- Rewarded with £80 discount to encourage further growth

# In the last five years we have transformed our product range to meet our customers' needs

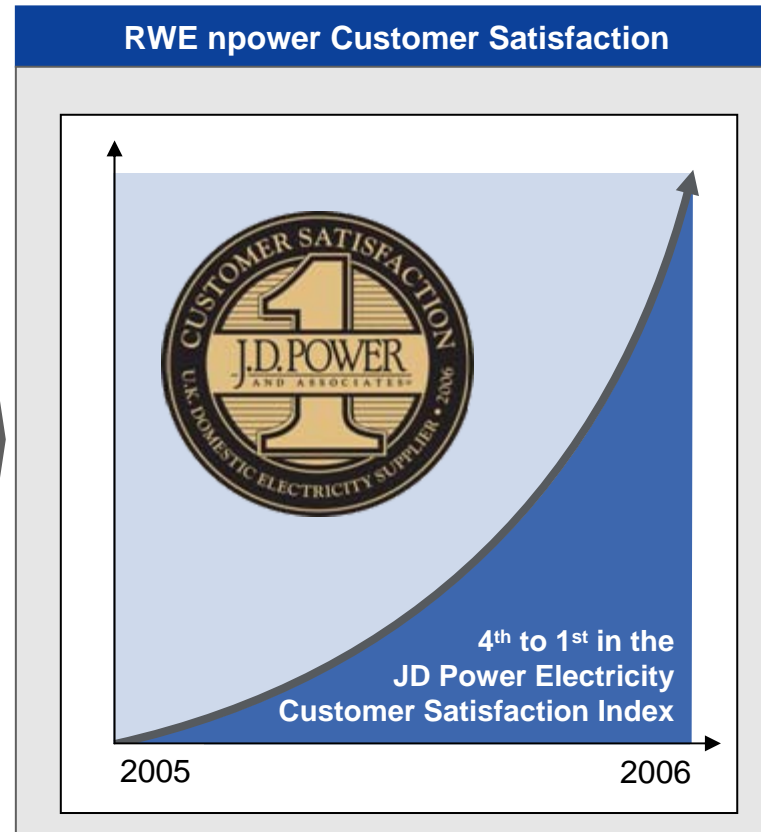
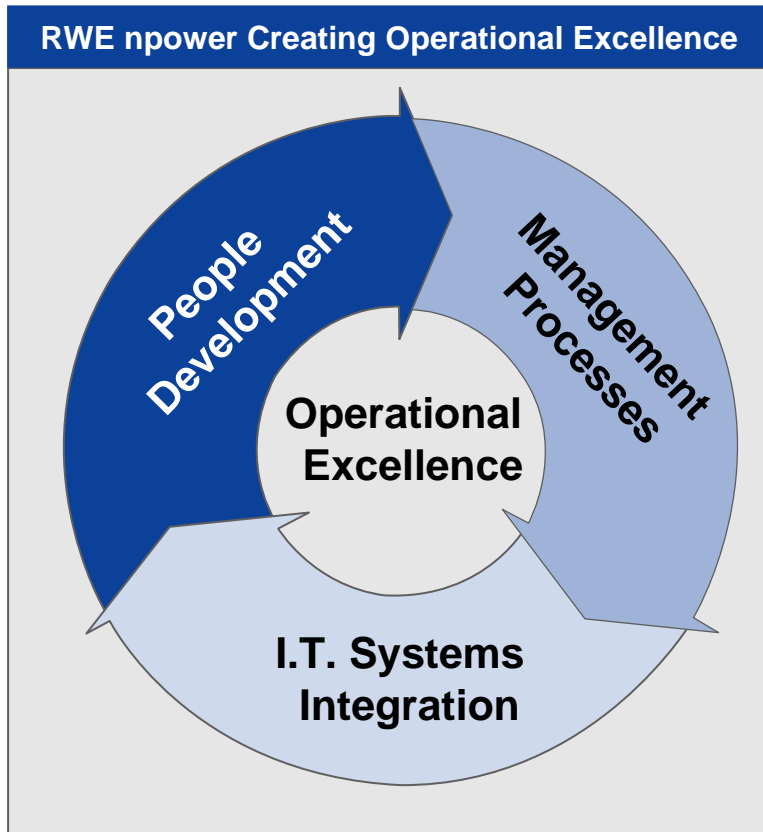


Products & Services	Core	Green	Innovation	Energy Services	Future
	<ul style="list-style-type: none"> <li>■ Gas</li> <li>■ Electricity</li> <li>■ Dual Fuel</li> <li>■ Payment methods</li> </ul>	<ul style="list-style-type: none"> <li>■ 'Juice'</li> <li>■ National Trust partnership</li> </ul>	<ul style="list-style-type: none"> <li>■ 'Gas Guardian'</li> <li>■ 'Tracker' product</li> </ul>	<ul style="list-style-type: none"> <li>■ npower hometeam</li> <li>■ Installation &amp; service</li> <li>■ Solar</li> <li>■ Heat pumps</li> </ul>	<ul style="list-style-type: none"> <li>■ Wind</li> <li>■ DCHP<sup>1</sup></li> <li>■ CO<sub>2</sub> management</li> </ul>

<sup>1</sup> Domestic Combined Heat & Power

- **Juice** – a green electricity product matched to the output from the UK's first offshore wind farm North Hoyle
- **National Trust partnership** - green energy affinity programme donating £15/customer/year for low carbon initiatives to the National Trust
- **Gas Guardian** - 'price promise' product fixed to competitors gas offering at a time of rising prices
- **Tracker** - launched in early 2007 and was the first product of its type; Tracker reflects changes in wholesale energy costs by following an independent pricing index
- Formation of **npower hometeam** boosted through the acquisition of Homerserve's gas service business - provide heating maintenance and installation services

# Investing in operational excellence has led to improved service



We are investing in Operational Excellence ...

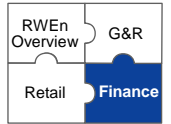
- 13 different billing platforms to 1
- 40 man years training staff
- Comprehensive review of processes

... whilst increasing customer satisfaction

- Only company in 2006 to increase J.D. Power satisfaction score

# We are preparing for the challenges of future growth

Challenges	RWE npower Actions
<ul style="list-style-type: none"><li data-bbox="116 382 649 472">■ Environmental and social obligations</li></ul>	<ul style="list-style-type: none"><li data-bbox="940 382 1530 472">■ Developing affordable green energy products</li></ul>
<ul style="list-style-type: none"><li data-bbox="116 725 535 758">■ Customer retention</li></ul>	<ul style="list-style-type: none"><li data-bbox="940 704 1568 793">■ Continue to improve customer service &amp; value proposition</li></ul>
<ul style="list-style-type: none"><li data-bbox="116 1042 734 1086">■ Continuing strong competition</li></ul>	<ul style="list-style-type: none"><li data-bbox="940 1018 1620 1108">■ Maintain brand strength and develop further channel offerings</li></ul>



# ‘10% ROCE – the journey’

**Volker Beckers, CFO**



# We are on track to achieve our 2007 ROCE target



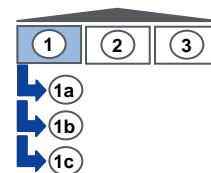
€m	2005 <sup>1</sup>	2006 <sup>1</sup>	% Change
External Revenue	6,382	8,485	+33%
Operating Result	437	512	+17%
ROCE	6.6%	7.3%	-
CAPEX	315	396	+26%
Context to Performance	<ul style="list-style-type: none"> <li> Competitive pricing leading to customer growth</li> <li> Good STPM<sup>2</sup> performance</li> <li> Changing generation market &amp; introduction of carbon certificates</li> </ul>	<ul style="list-style-type: none"> <li> Continued customer growth and brand awareness</li> <li> Extracting option value of plants</li> <li> Strong STPM<sup>2</sup> performance in context of UK plant outages</li> <li> Unplanned plant outages in a volatile market</li> </ul>	
Key Financial Performance Drivers	<div style="display: flex; justify-content: space-around; text-align: center;"> <div style="border: 1px solid black; padding: 5px; width: 30%;"> <b>1</b> Risk Management         </div> <div style="border: 1px solid black; padding: 5px; width: 30%;"> <b>2</b> Cost Efficiency         </div> <div style="border: 1px solid black; padding: 5px; width: 30%;"> <b>3</b> Investment Management         </div> </div>		

<sup>1</sup> Excludes RWE UK Trading as of 2004

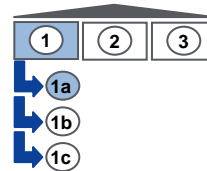
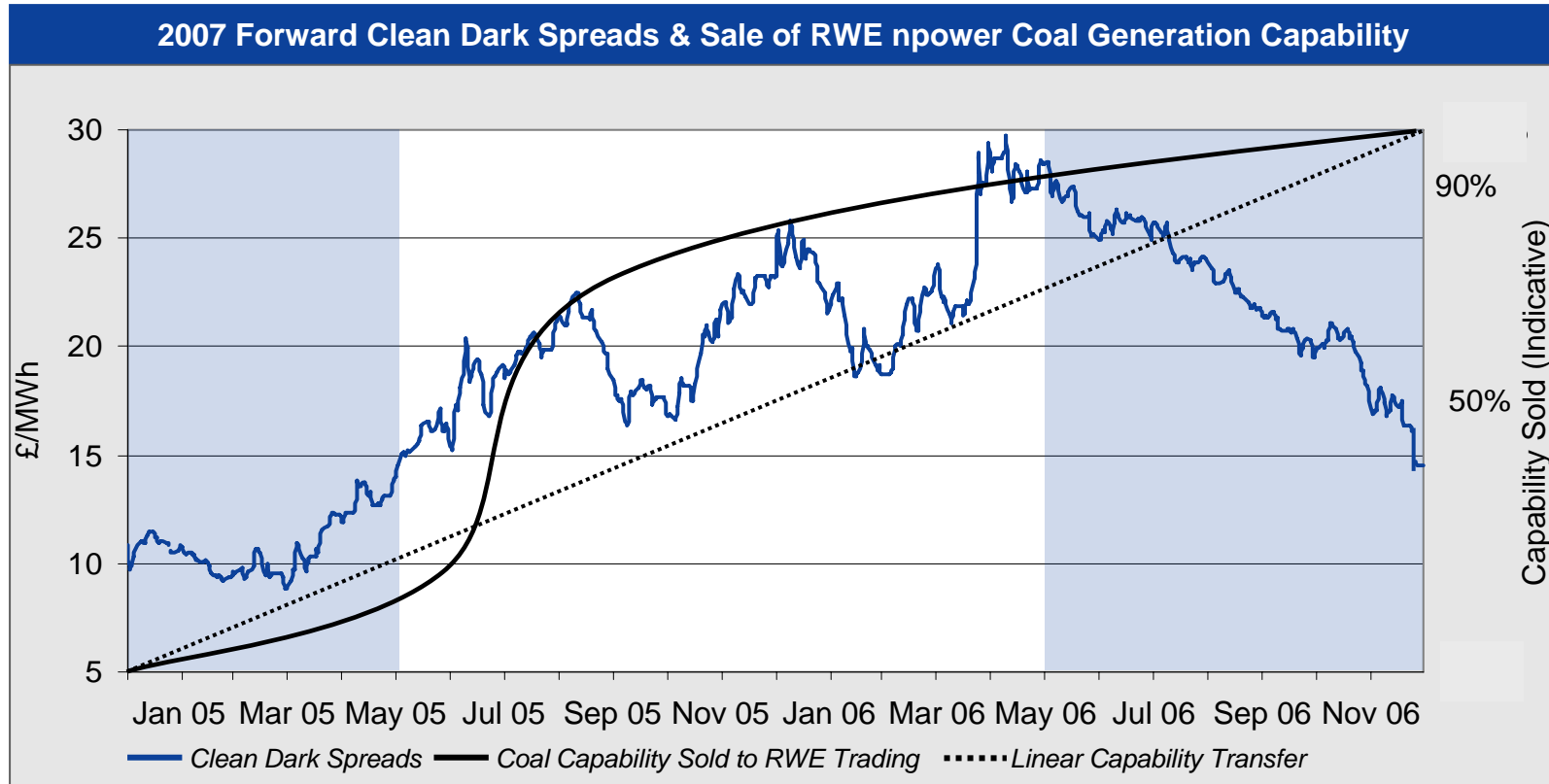
<sup>2</sup> Short-Term Position Management

# Stable and predictable earnings and cash flow through Risk Governance and Management

	Risk Management Steps	Principles & Advantages
Reconcile Positions		<ul style="list-style-type: none"> <li>■ Generation &amp; Retail positions reconciled through internal market:                     <ul style="list-style-type: none"> <li>- Positions optimised within environment of limited liquidity</li> <li>- Portfolio benefits captured</li> <li>- Internal transfers coordinated to reduce transaction costs</li> </ul> </li> </ul>
Minimise Risk		<ul style="list-style-type: none"> <li>■ Hedging liquid positions (Generation &amp; Retail) stabilises earnings &amp; cash flow</li> <li>■ Symmetrical hedging of fuel/CO<sub>2</sub>/power positions provides further stability</li> </ul>
Realise Opportunities		<ul style="list-style-type: none"> <li>■ Hedge Policy sets limits and defines authorities</li> <li>■ Policy supports realisation of earnings opportunities, e.g. prioritising value of coal for gas</li> </ul>
<b>Examples</b>		
	<ul style="list-style-type: none"> <li>↳ Hedging of Generation Capability</li> <li>↳ Credit Risk Management</li> <li>↳ Working Capital Management</li> </ul>	<ul style="list-style-type: none"> <li>1a</li> <li>1b</li> <li>1c</li> </ul>



# We prioritise capability sales to ensure stability and exploit market opportunities

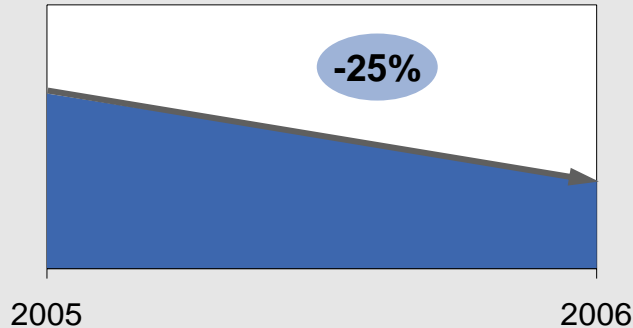


- Based on a well defined risk governance framework the level of hedge intensity varies depending on the relative clean dark vs. spark spread performance, within available liquidity
- Dark spread capability transfers were accelerated compared to linear hedging from May 2005 onwards and resulted in >90% of 2007 coal capability being sold by May 2006

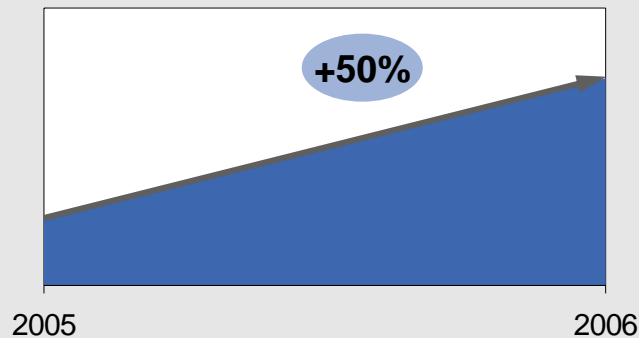
# Robust credit risk management has reduced risk exposure to larger customers

## Measures for I&C<sup>1</sup> Customers

### Insolvency as a % of Turnover



### Proportion Under Credit Insurance



<sup>1</sup> Industrial & Commercial

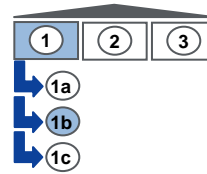
## Key Points

Advanced internal rating of our large counterparties has reduced insolvency rates

- Measurement and ongoing monitoring of forward price exposure to fixed-term contracts, using Monte Carlo modeling
- Limit framework for combinations of counterparty ratings and exposure

Inclusion of more robust credit terms in I&C contracts reduced our non-insured exposure

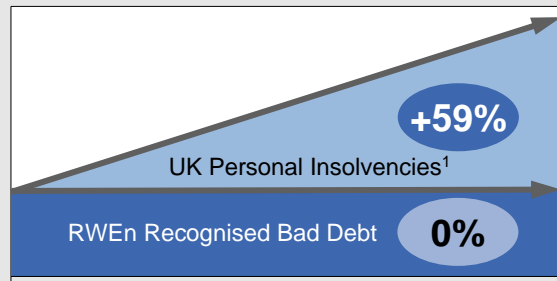
- Contracts allow for mitigation following unacceptable changes in credit risk
- “Trading-Style” margining agreements with major counterparties in place to protect against forward price movements



# Process efficiencies have improved working capital performance

## Residential Measures

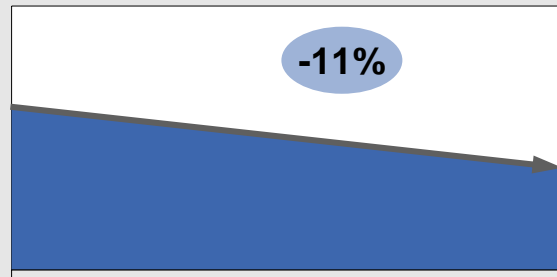
Recognised Bad Debt as a % of Turnover



2005

2006

Days Billed Outstanding (DBO)



2005

2006

<sup>1</sup> DTI report 2006

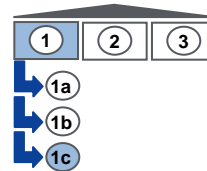
## Key Points

Recognised Bad Debt is flat over the period, against rising UK personal insolvency levels

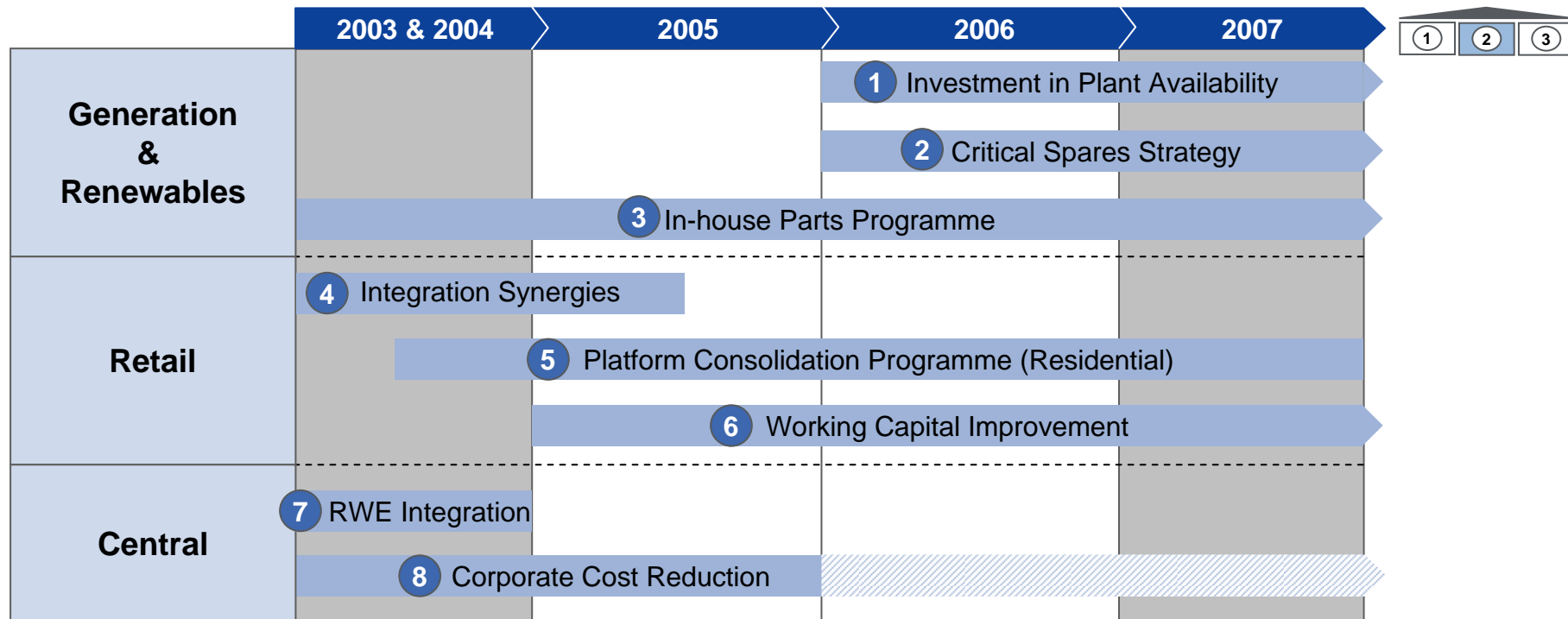
- Increased Direct Debit payment methods
- Continuing improvements in collection processes and systems

System consolidation has facilitated collection process improvements

- Investments have been made in follow-up software
- Accuracy and timeliness of meter readings has increased customer confidence and reduced payment periods



# Cost control and efficiency improvements are a key focus



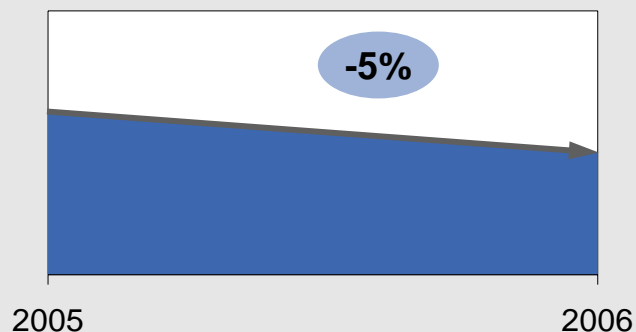
- 1 Plant maintenance investment up to aid plant availability
- 2 For example, in 2006 avoided between 3 and 12 months of outages for one plant
- 3 Non-OEM parts reverse-engineered and redesigned; significant turbine blade saving
- 4 Savings by merging regional Retail companies (e.g. balancing power)

- 5 Consolidation to 1 common billing platform
- 6 Working Capital as a % of turnover down, driven by improvements in DBO
- 7 Post-RWE acquisition integration savings made by reducing overheads
- 8 Until 2005 main savings in Shared Services; continued focus on efficiency

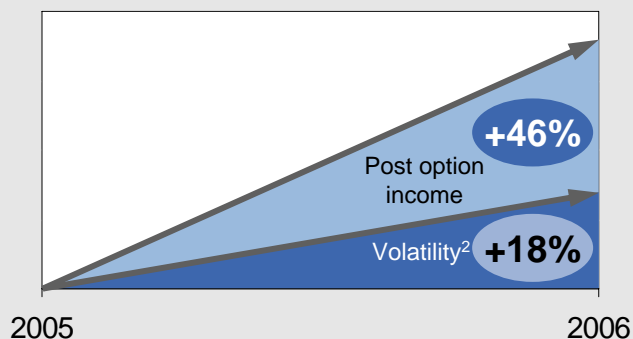
# Key Retail operating costs per customer are down, customer satisfaction is up

## Generation

Operating Cost<sup>1</sup>/TWh



Growth in Return from Flexible Plant



<sup>1</sup> Influencable costs, which include but are not limited to Salaries, Major Repairs and Renewals, Technology Services and Overhaul

<sup>2</sup> Average annualised volatility based on rolling 31 day volatility of day ahead power prices

## Key Points



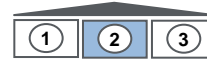
Influencable operating costs were kept flat despite an increase in output

- Cost benefits in 2006 were driven in part by capital investment decisions made in 2005
- Steam turbine retrofits across our three coal stations led to:
  - Reduced maintenance costs
  - Shorter planned outages

We responded to market volatility to maximise our post option income

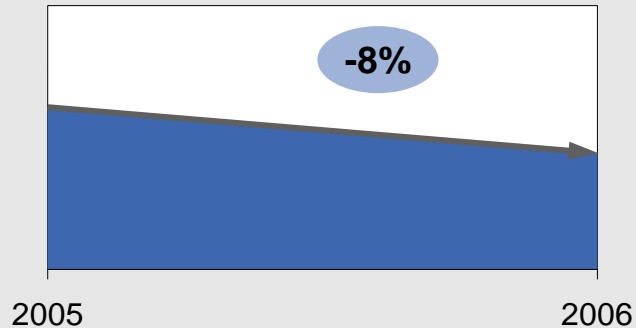
- Market opportunities realised by managing units flexibly
- Benefits of fast response oil units maximised

# Key Retail operating costs per customer are down, customer satisfaction is up

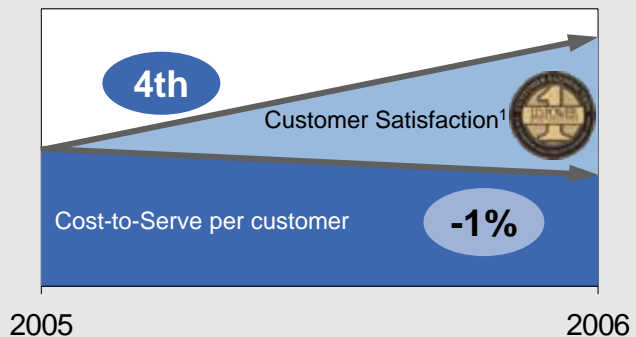


## Retail (Residential)

### Cost-to-Acquire/Customer



### Customer Satisfaction<sup>1)</sup> & Cost-to-Serve/Customer



<sup>1</sup> Electricity. Source: JD Power Customer Satisfaction Survey 2006

## Key Points

We managed to recruit more customers at a lower cost per customer

- Effectiveness of sales channels reviewed:
  - Development of direct sales capability and reduced use of sales agencies
  - Greater use of contact centre and internet
- Improved leveraging of brand position

Investment in systems and people allowed us to reduce cost to serve and improve service quality

- Successful management of account migration to a common billing system
- Effective handling of increased volume and complexity of customer calls

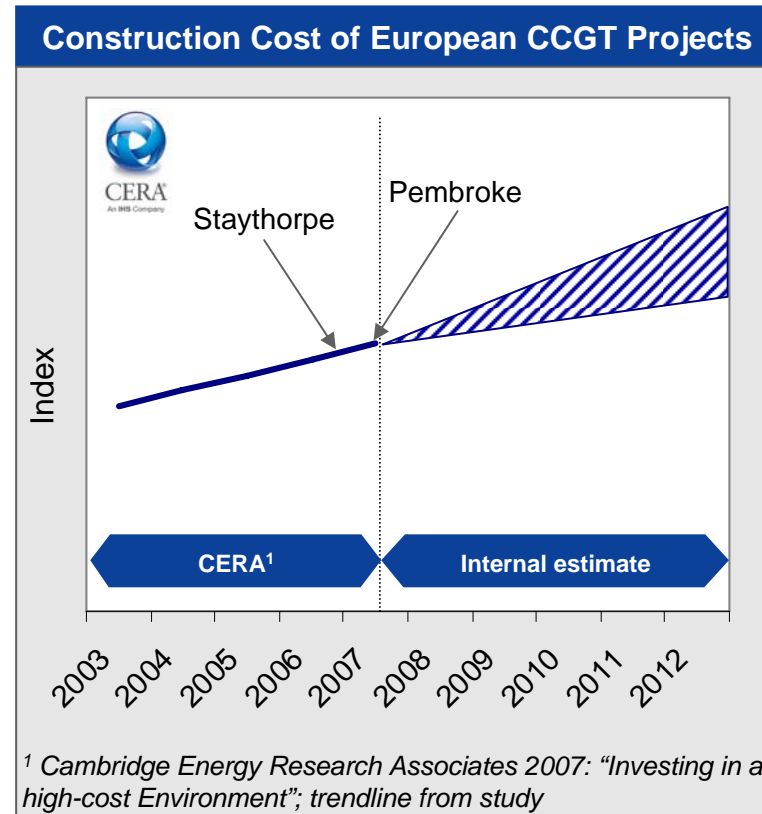
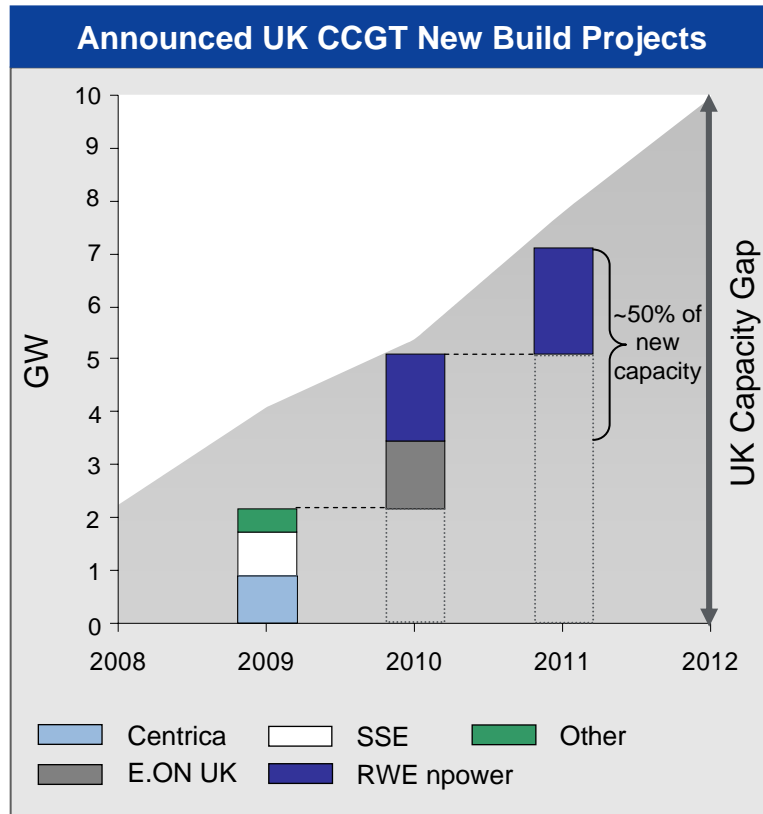
# We have attractive investment opportunities, particularly in new plant build

Current and Future Investment Areas		Organic Growth 2007 - 2011		
	<b>Criteria</b>	<b>Plant</b>	<b>Planned Investment<sup>1</sup></b>	<b>Comments / Key Benefits</b>
<b>Assets</b>	Superior returns on asset investments	Staythorpe (CCGT)	€860m	<ul style="list-style-type: none"> <li>■ Economies of scale</li> <li>■ Existing infrastructure</li> </ul>
<b>Processes</b>	Enduring benefits in cost reduction and service/reliability improvement	Pembroke (CCGT)	€1,100m	<ul style="list-style-type: none"> <li>■ Economies of scale</li> <li>■ Close to LNG ports</li> </ul>
<b>Development</b>	Creation of future revenue or cost cutting potential and reduction in operational and investment risk	Rhyl Flats (Offshore)	€270m	<ul style="list-style-type: none"> <li>■ Operational benefits due to proximity to North Hoyle</li> </ul>
		Onshore Wind	€110m	<ul style="list-style-type: none"> <li>■ Building on knowledge of developing and operating wind farms</li> </ul>
		<b>Total</b>	<b>~€2,300m</b>	<b>Average annual spend of ~€400-500m</b>
		<b>CO<sub>2</sub> Cost Reduction</b>	<b>~€12/MWh<sup>2</sup></b>	<b>Compared to equal output of coal plant</b>

<sup>1</sup> Planned Investment includes a selection of the investments that RWE npower is looking to make

<sup>2</sup> Carbon cost saving for each MWh generated from the planned investment outlined above compared to equivalent output from coal plant (assumes CO<sub>2</sub> cost of €20/t)

# Our ability to judge where and when to invest has positioned us well for the future



- We are a leading investor in new CCGT plant, with over 50% of announced capacity
- UK market expected to fully remunerate required new build plant

- Construction cost for CCGT plant has increased significantly over the last 12 months, driven by shortages of critical components and staff
- We have locked-in attractive costs for our CCGT projects

# We expect to deliver more than 10% ROCE in 2007



€m	2006 Full Year	2007 Outlook (change from 2006)	
External Revenue	8,485		>+10%
Operating Result	512		>+40%
ROCE	7.3%	>10%	
CAPEX	396		>+50%
Context to Performance	<ul style="list-style-type: none"> <li> Successful branding and price proposition leading to continued customer growth</li> <li> Strong generation and supply business; stable earnings driven by lock-in of generation margins</li> <li> Improved plant availability / commercial optimisation</li> <li> Continued improvements in operational and cost efficiency</li> </ul>		