

Focus on fundamentals – attractive opportunities for RWE

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- 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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More growth, less CO₂ - Our strategic roadmap for 2012

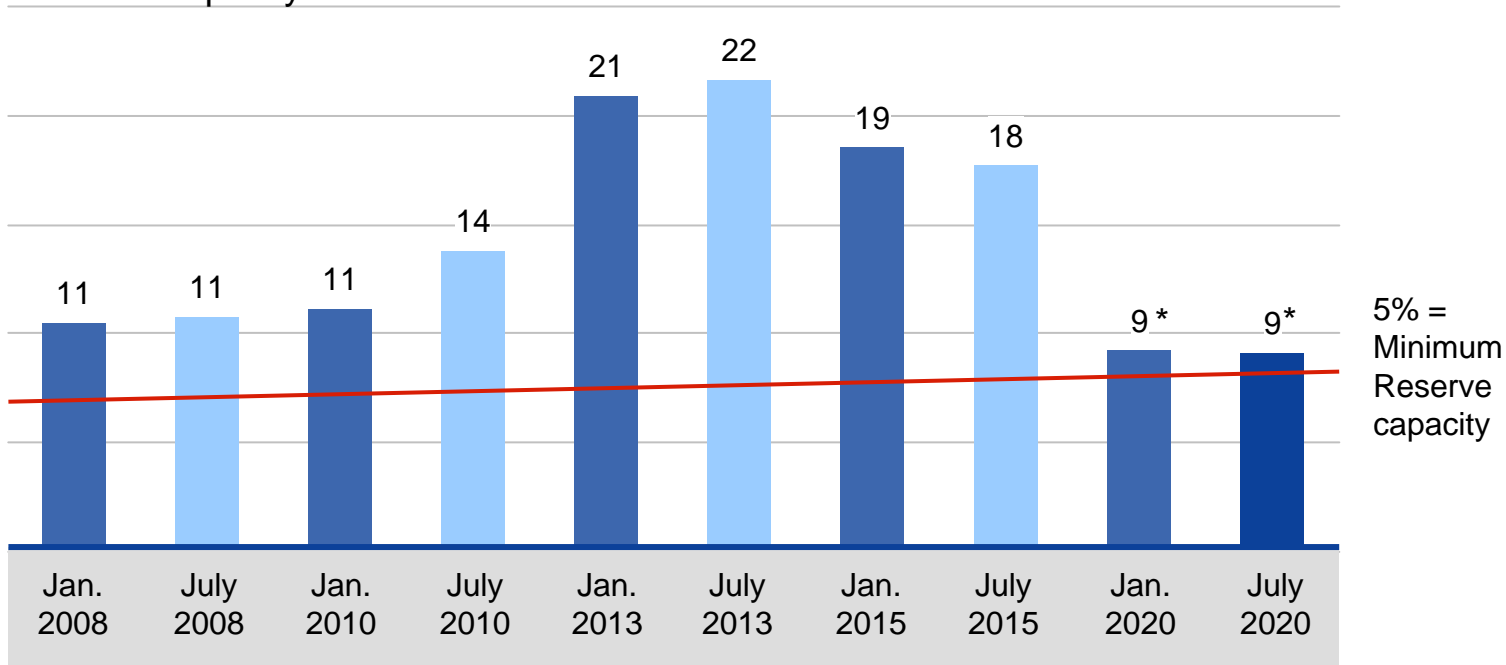
What we aim to do	Target for 2012
<p>➤ Defend and expand existing margins in RWE key markets Germany and UK</p>	<p>GER: defend/grow margins on current volumes UK: defend/grow volumes and profitability</p>
<p>➤ Increase level of regional diversification</p>	<p>Share of non-German operating result grows from 36% (2007) to 40 - 50%</p>
<p>➤ Boost proportion of renewables in our generation portfolio while creating value</p>	<p>More than tripling of installed base to 4,500 MW</p>
<p>➤ Reduce carbon exposure</p>	<p>Reduction by 20% (compared to 2006 emissions)</p>
<p>➤ Strengthen gas midstream activities</p>	<p>Profitably increase contracted European gas supply purchase volume from 40 to 60 bcm p.a.</p>
<p>➤ Grow equity gas business organically</p>	<p>Doubling of hydrocarbon production by 2012/2013 to 12 bcm p.a.</p>

Fundamentals are still intact

- German power prices remain our key value driver despite tighter allocation of carbon certificates.
- There are a number of reasons why power prices should keep rising. Besides higher fuel and carbon cost, the increasing scarcity of generation capacity is the most meaningful of these reasons.
- This is not only true for the German generation market but also for adjacent European markets, thereby adding to the generation challenge Germany has to face.
- Double-digit increases in the cost of plant components as well as public resistance to coal-fired power generation are exacerbating the problem.

This is what you probably know: UCTE expects tight capacities for power generation in Germany by 2020

Reserve Capacity in GW



* Some generating capacity of regional and municipal companies (8.2GW) which is not disclosed in detail has been assigned to the category "non attributable".

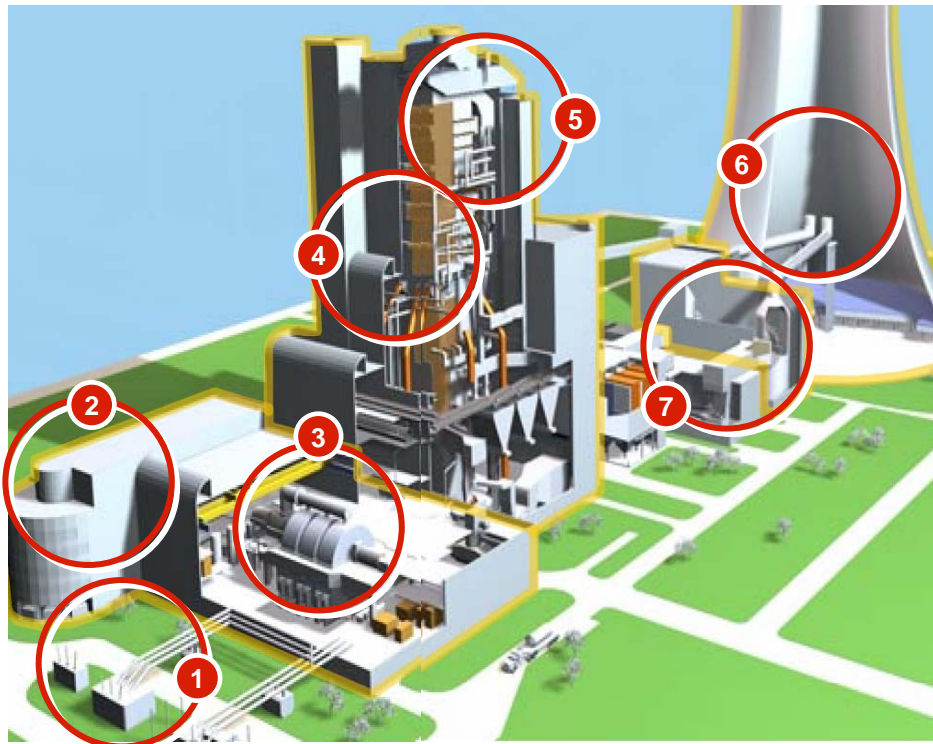
Basis: third Wednesday 11 a.m.

Domestic generating plant capacity Germany: 127.0 GW (Jan. 2008);

Estimated net generating plant capacity for 2008-2020 (UCTE), incl. nuclear phase-out

Source: UCTE (Jan. 2008)

... and this, too: New-build power station costs up heavily



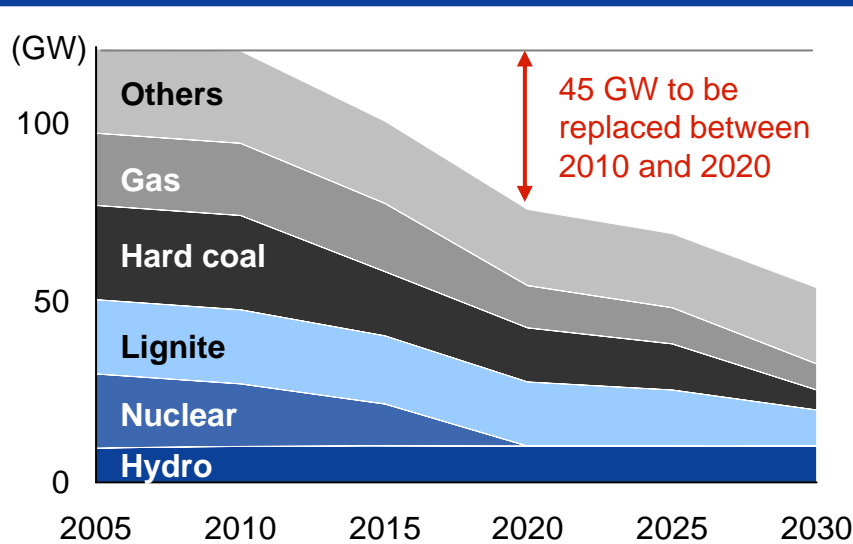
Key power plant components	Price increase last 12 months
1 Transformers	+ 15%
2 Control technology	+ 5%
3 Steam turbines	+ 30%
4 High pressure piping	+ 25%
5 Steam generators	+ 30%
6 Cooling technology	+ 20%
7 Flue gas desulphurization	+ 25%

Source: RWE survey, March 2008

But are you aware of this?

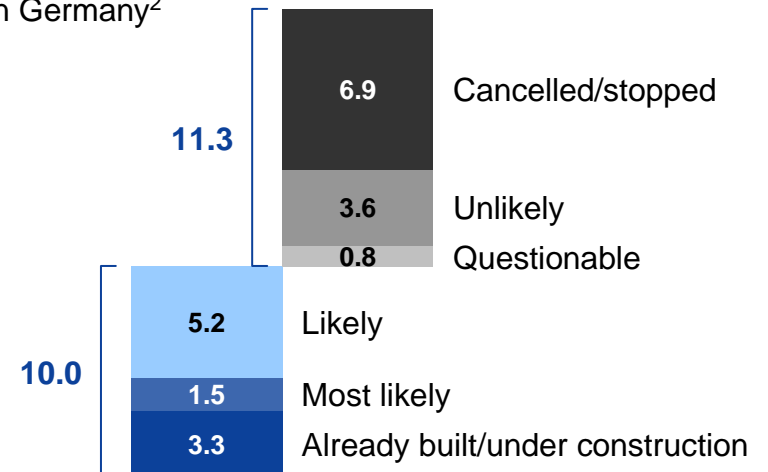
Significant new power capacity planned in Germany – but half already cancelled or unlikely

Significant reliable new build needed in Germany¹



But how much will actually come ...?



21.3 GW of hard coal generation capacity announced in Germany²

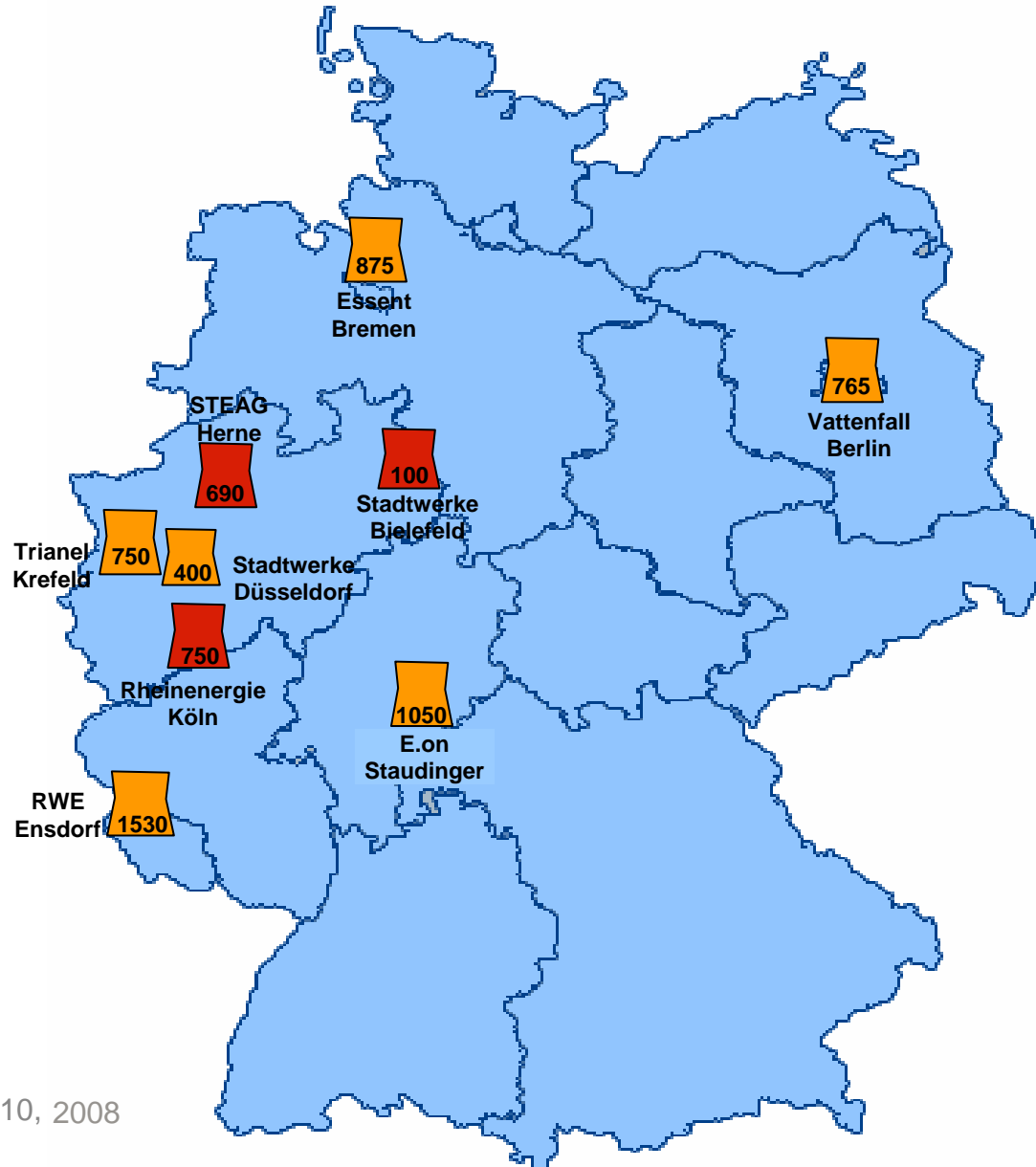


¹ Note: Including plants currently under construction. General plant lifetime is 40 years. Decommissioning of nuclear power plants under the terms of the German government's nuclear phase-out programme. Source: RWE.

² Source: RWE, January 2008.

Two main reasons for calling off new build

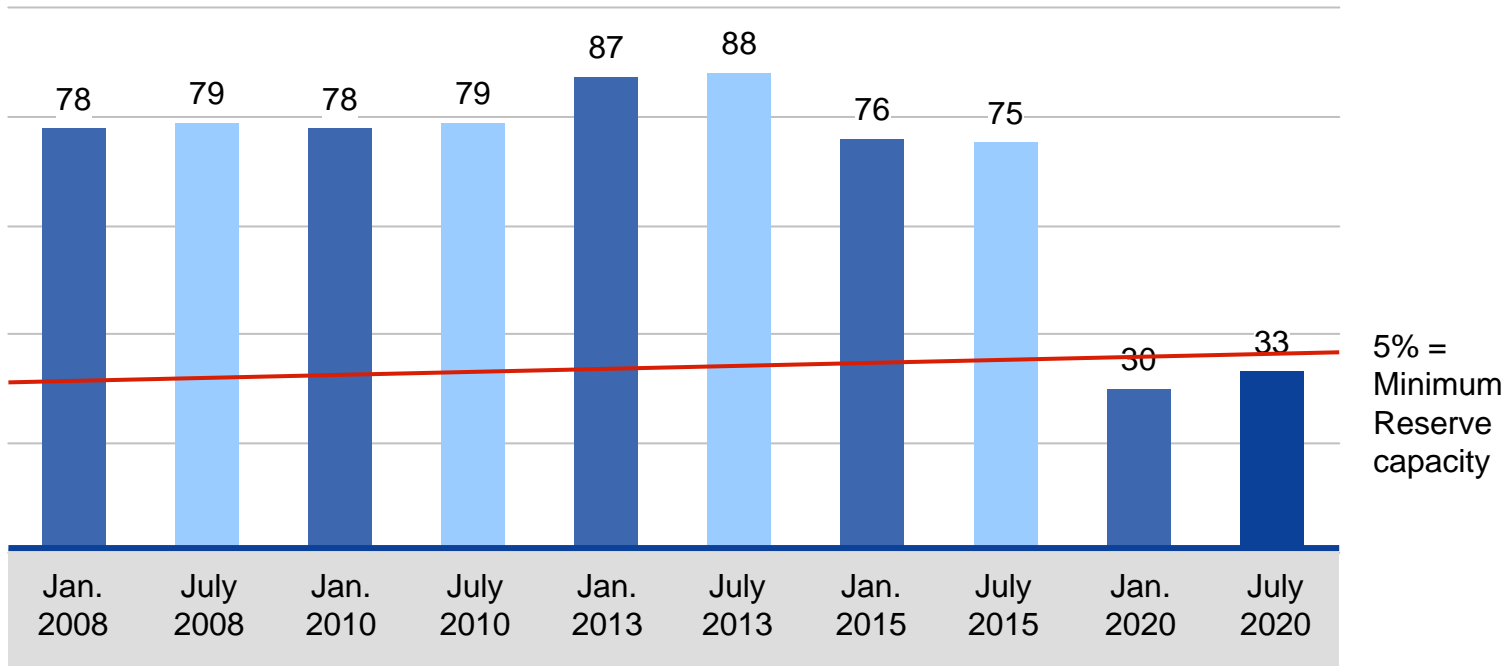
-  Increased component prices
-  Public resistance



Source: RWE survey 2008

Not only a German issue – UCTE expects capacity shortage in Europe by 2020

Reserve Capacity in GW



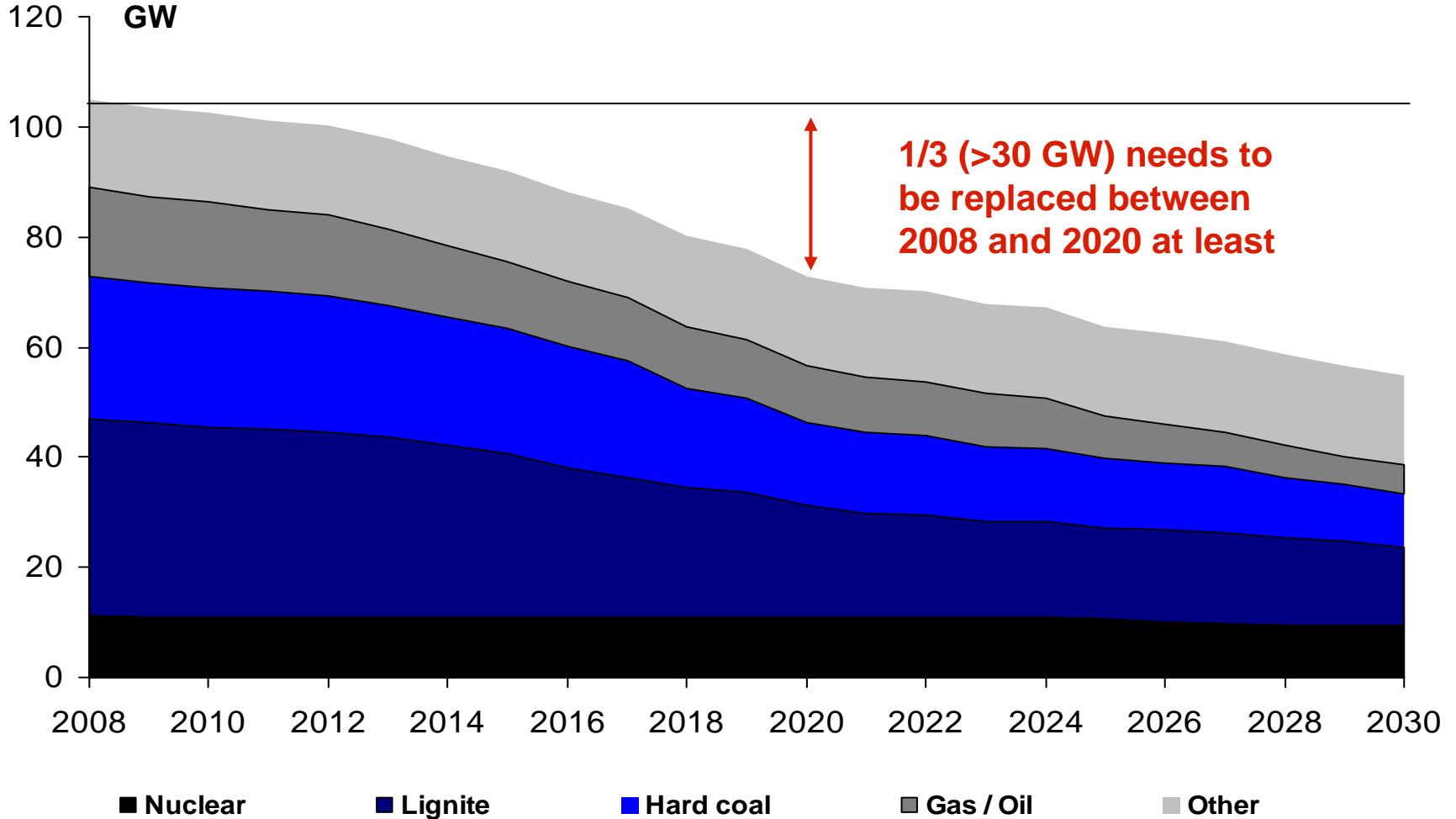
Basis: third Wednesday 11 a.m.

Domestic generating plant capacity Europe: 643.5 GW (Jan. 2008);

Estimated net generating plant capacity for 2008-2020 (UCTE), incl. nuclear phase-out

Source: UCTE (Jan. 2008)

Significant new power capacity needed in Eastern Europe



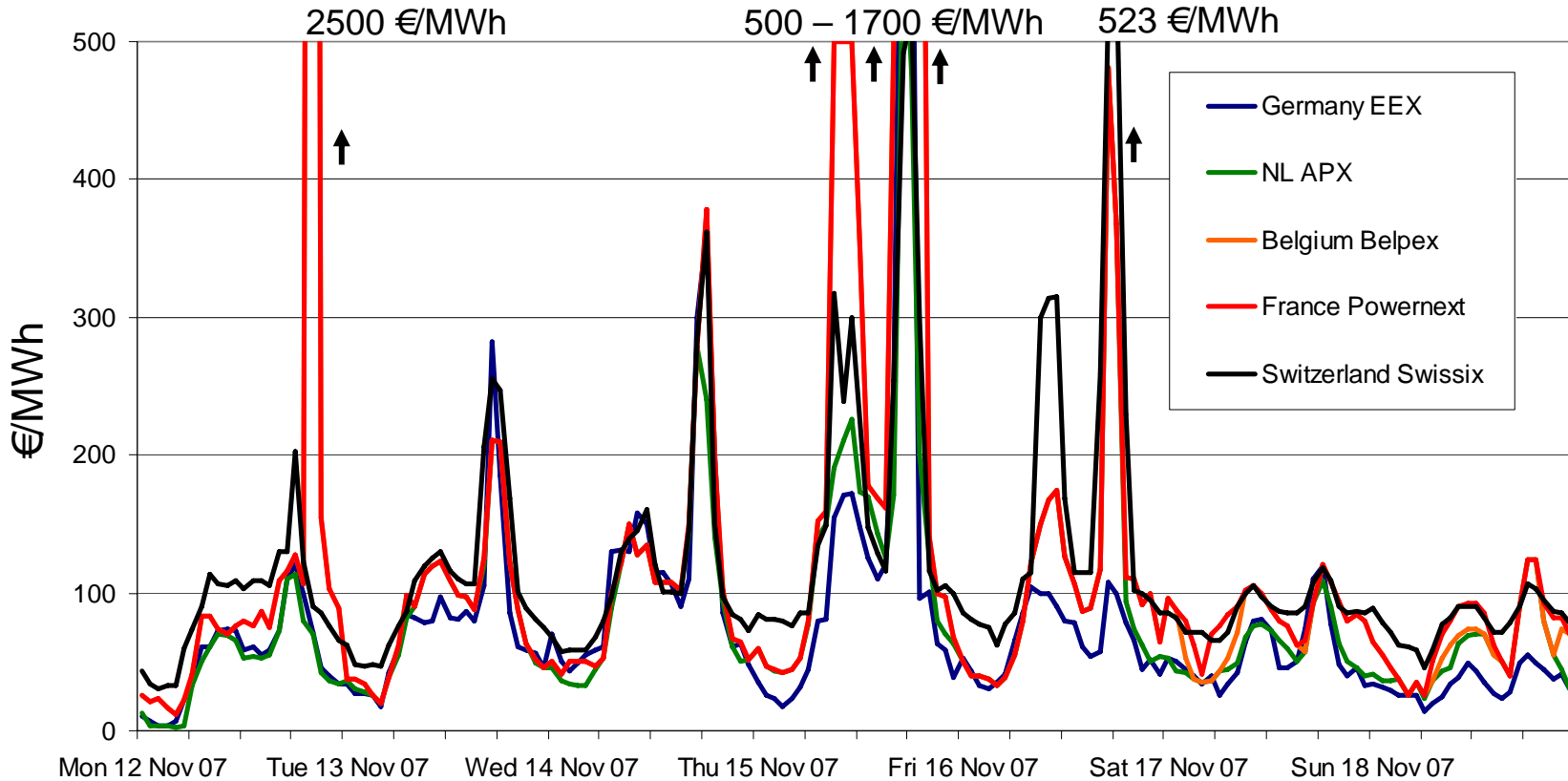
Countries included: Albania, Bulgaria, Croatia, Czech Republic, Greece, Hungary, Poland, Rumania, Slovenia, Slovakia, Serbia, Montenegro, Bosnia, Macedonia

When the worst comes to the worst – capacity shortage in Q4 2007

- Problems in plant availability
 - Germany: Outages of nuclear power ca. 4.5 GW (Biblis A&B, Krümmel, Brunsbüttel), lignite up to 2 GW, hard coal up to 2 GW
 - France: extended and / or deferred maintenance cycles in Q4 2007 for nuclear plants of up to 12 GW
- End-October and mid-November 2007: First cold weather snaps (5°C below normal temperature) in Central Europe resulted in increasing load esp. in France (ca. 1.5 GW/°C)
- In addition, relatively low volumes of wind power were available in Germany (Oct. 2007: only 50% of normal feed-in volumes)
- France importing, esp. from Germany (up to 5 GW / hour)

Spot price spikes already reflect shortage of EU generation capacity

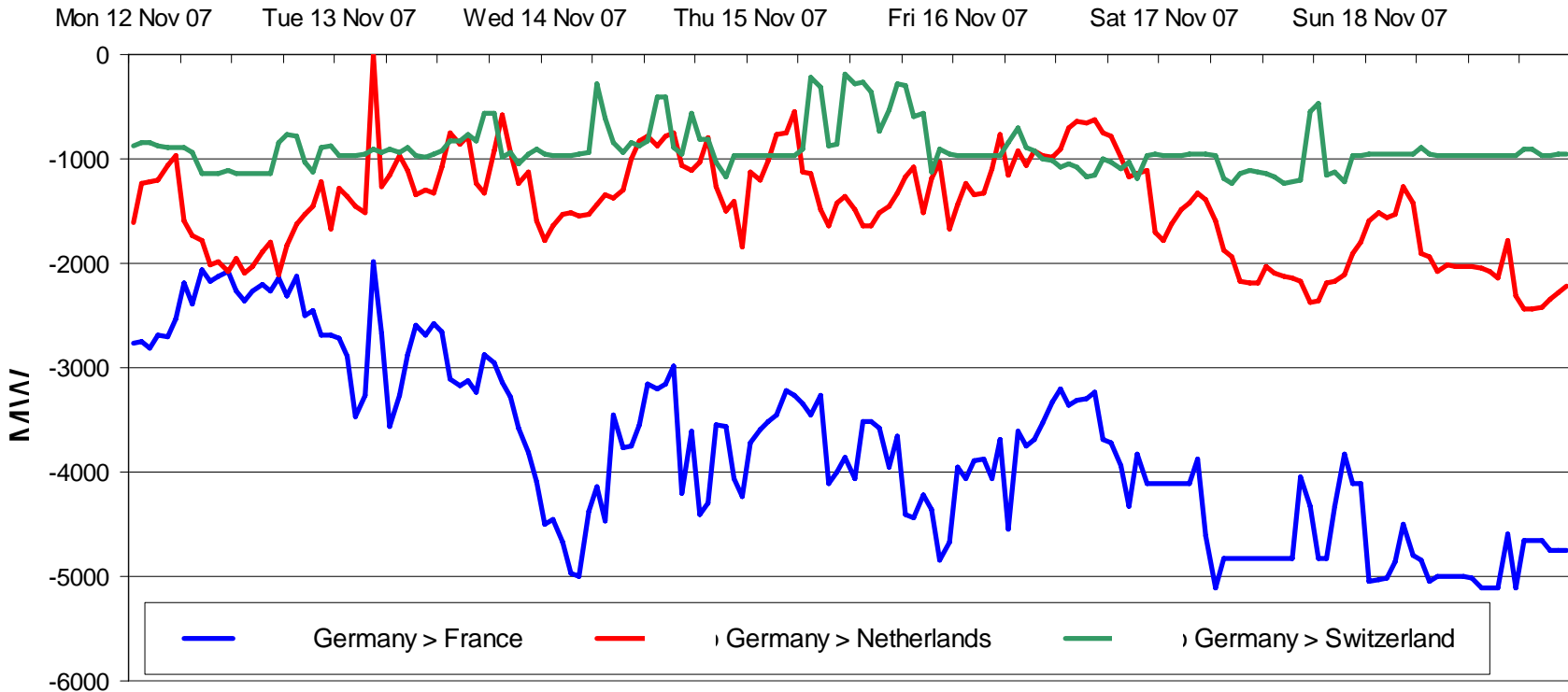
Hourly spot market prices at European power exchanges between Nov 12th –18th



The commercial* power transfer links European spot markets



Import/Export balance between Germany, France, the Netherlands and Switzerland



Germany exported up to 5,000 MW /hour to France, ca. 1,000 MW to Switzerland and up to 2,000 MW to the Netherlands.

* different from physical flow

The correlation between the different power markets has grown significantly since 2005

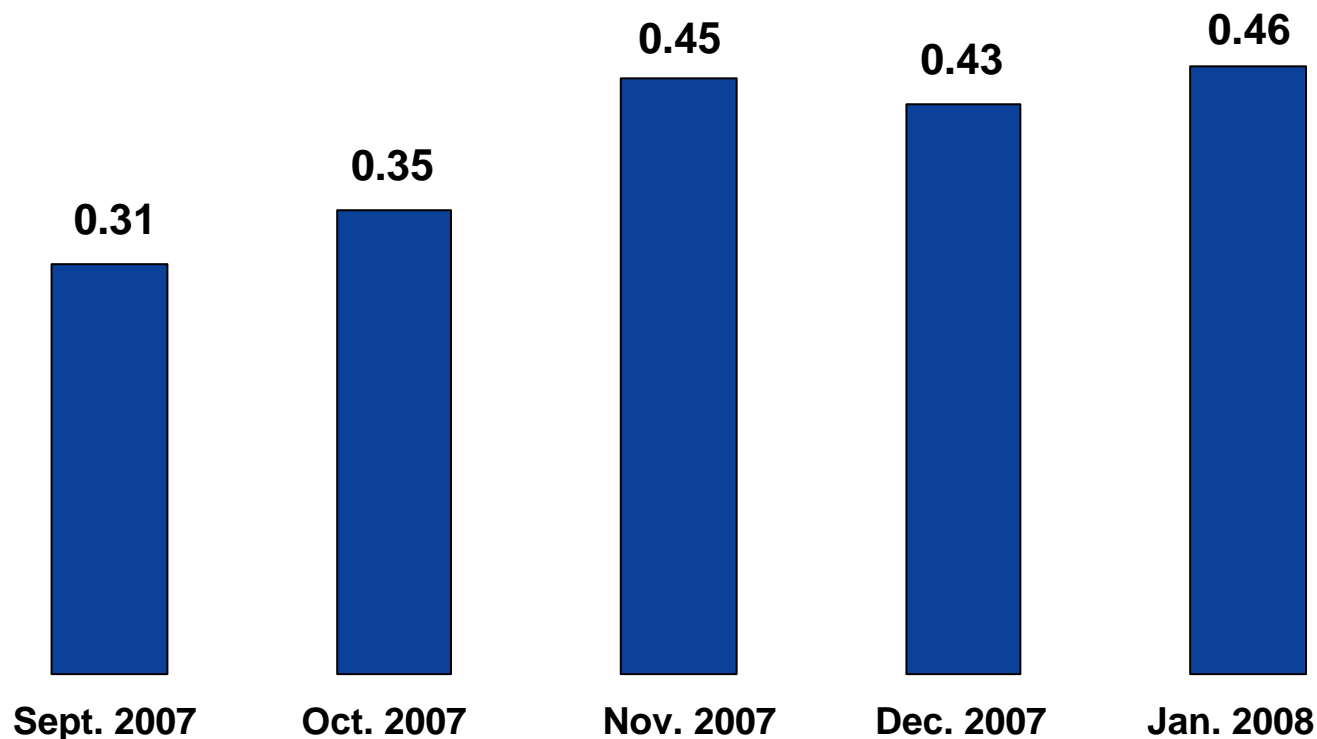
Year	D / F	D / NL	D / NP	D / UK
2004	0.807	0.694	0.175	0.206
2005	0.945	0.778	0.724	0.411
2006	0.959	0.874	0.608	0.537
2007	0.912	0.914	0.688	0.669

- The ETS has tied European power market prices closer together. Correlations to gas and oil markets have also increased.

NP: Nordpool

* Correlations of based on prices of the respective front-year (Cal05 in 2004, Cal06 in 2005, Cal07 in 2006, Cal08 in 2007), numbers for 2007 until Oct 07

The fuel side – correlation between German electricity wholesale prices and international hard coal prices has increased



* Correlation of electricity and hard coal prices (API2) of the respective front-year adjusted for currency effects (start in 2005 for forward 2008)

German new entrant prices*: If you were to push the investment button today, this is what you need in the market

	HARD COAL	CCGT
NEW PLANT <i>standard size in MW</i>	750	425
efficiency factor	46,2%	58,6%
fuel cost [€/MWh th]	13,85	30,00
CO ₂ [t/MWh th]	0,34	0,20
CO ₂ cost [€/t]	23,00	23,00
other variable costs [€/MWh th]	0,23	0,12
-> 1 MWh thermal = _ MWh electric	0,462	0,586
I) Total variable cost [€/MWh el]	47,45	59,29
maintenance rate [% of invest / a]	1,80%	1,80%
maintenance cost [€/MW/a]	28.800	13.050
staff [people/MW]	0,09	0,06
staff cost [€/MW]	7.650	5.100
load hours new plants [h]	7.500	4.000
II) Operating costs [€/MWh el]	4,86	4,54
III) Capital costs [€/MWh el]	20,25	16,94
TOTAL GENERATION COST [€/MWh el]	72,56	80,77

* standardised on a typed power plant and all numbers based on market prices March 2008

Create your individual German new entrant price!

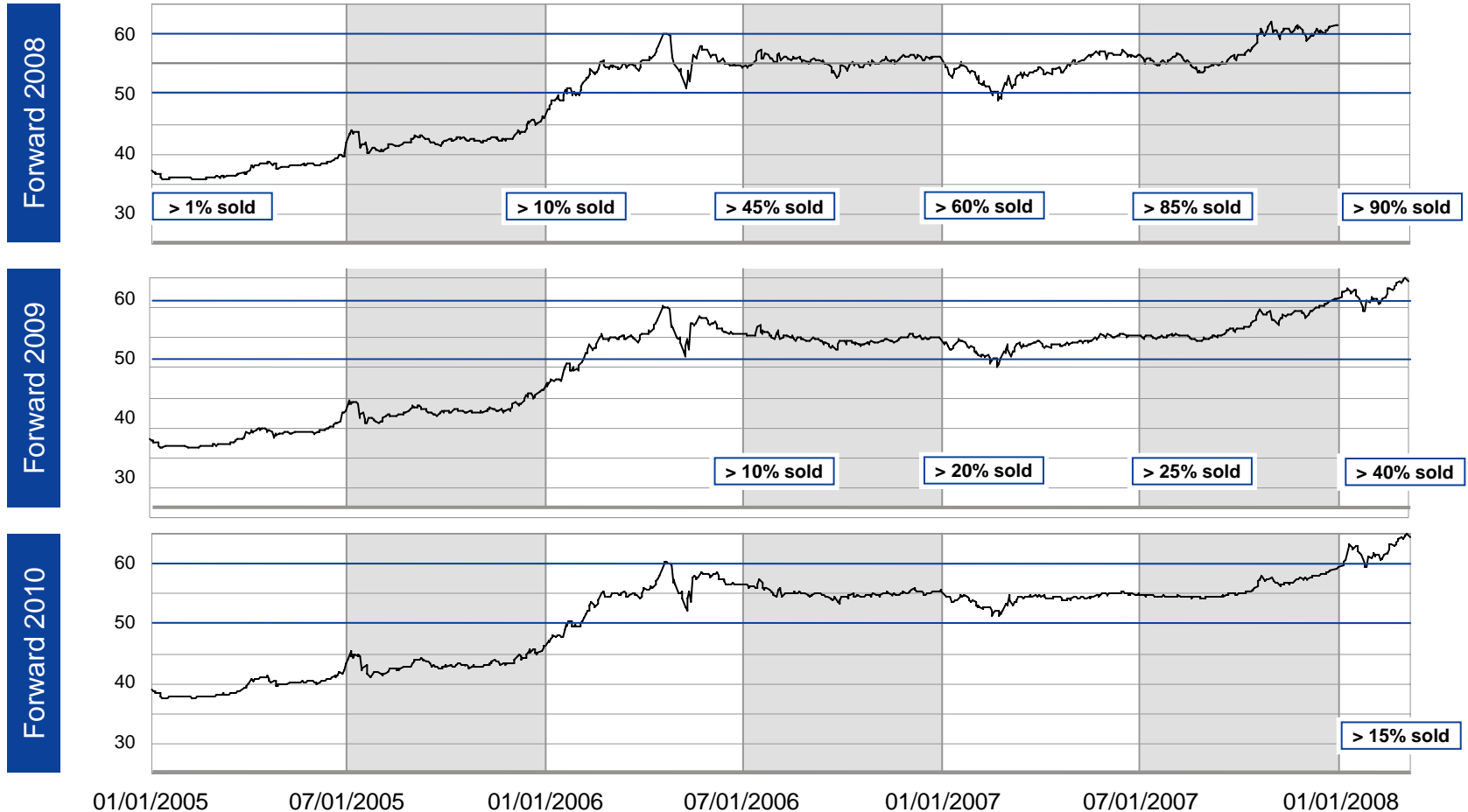


Gas price [€/MWh]		27,00
Hard coal price [\$/t]	133,00	
CO2 price [€/t]	23,00	
Load factor [h]	7500	4000
Capex [€/KW]	1600	725
	Hard coal	Gas
New entrant price [€/MWh]	72,56	80,77

based on a typed power plant

RWE Power: Still ca. €15/MWh¹ to catch up with current market price

Forward selling of RWE Power in the German market (base load forwards in €/MWh)



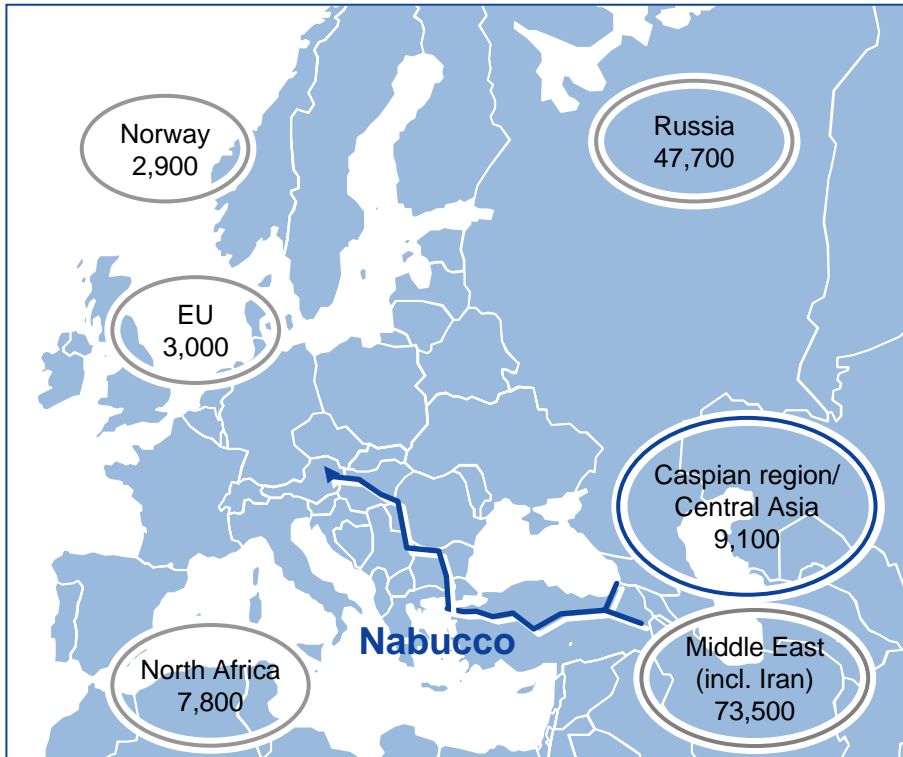
¹ Compared to average realised price of €47/MWh for forward 2007

as of 03/03/2008

Looking at new fundamentals

- When it comes to new business opportunities, LNG and international gas pipelines will play an important role for us.
- In common with the key power generation markets in Europe, the global LNG market is driven by scarcity of capacity: in terms of the availability of equity gas (which RWE has) and liquefaction (which RWE is working on). In regasification, flexible concepts are required as this part of the LNG value chain is likely to suffer from overcapacity.
- Playing a role in the international pipeline business is important for us not only in terms of margin potential but also in terms of accessing new markets.
- Both LNG and pipeline projects help us to leverage the hydrocarbons and skills from our RWE Dea upstream business.

RWE now part of the Nabucco consortium



- 3,300 km pipeline link to large gas resources in the Caspian and Middle East
- Construction of first phase expected to be finished in 2013; €4 - 6 bn investment; final phase finished by 2018 with 31 bcm/a
- Required gas volume for the first phase is available in the western Caspian region
- Partners: BOTAS (Turkey), Bulgargaz (Bulgaria), Transgaz (Romania), OMV (Austria), MOL (Hungary) and RWE each holding 16.7%

(x) Gas reserves in bcm

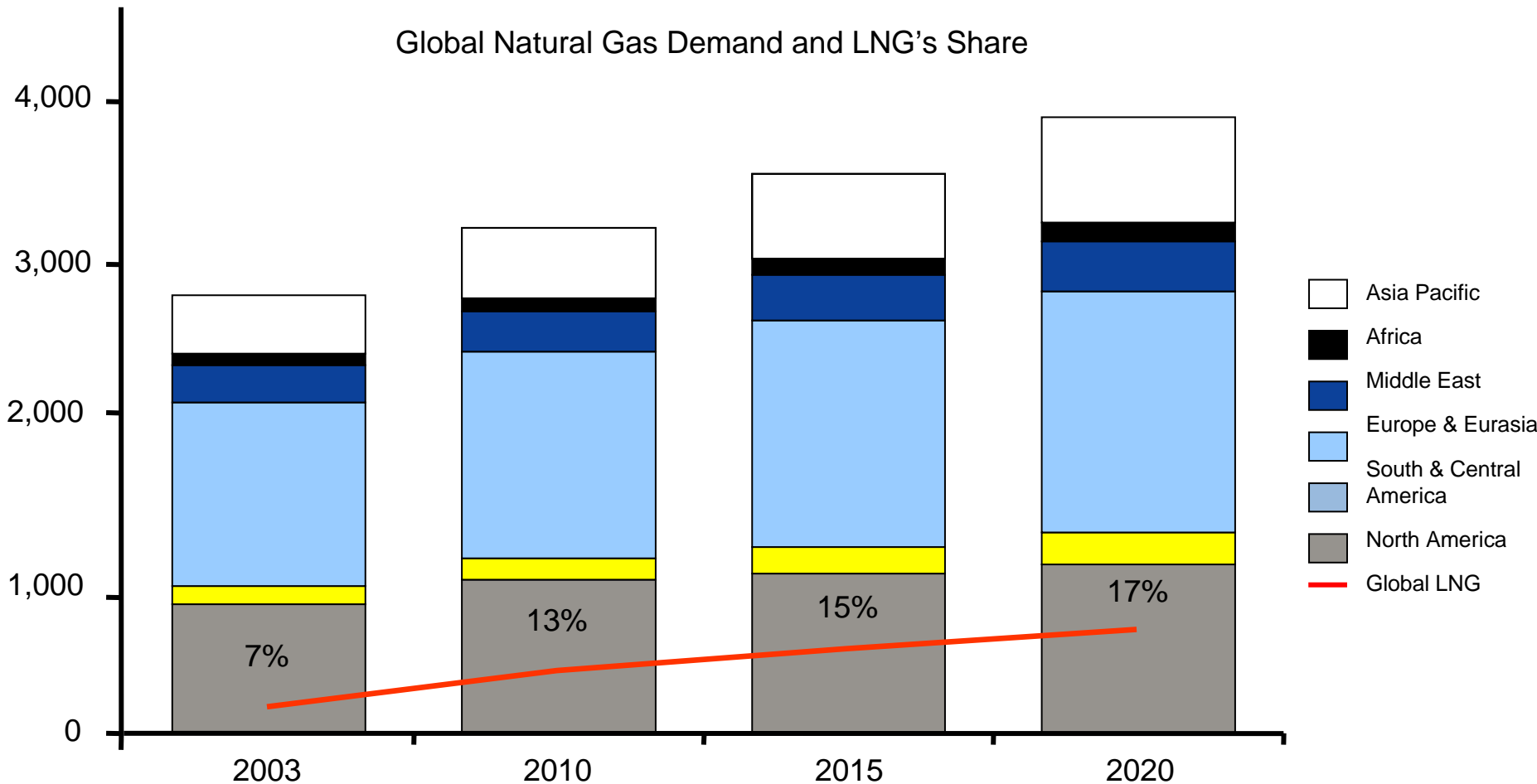
Source: BP Statistical Review 2007

LNG is becoming an increasingly important component of global gas supply



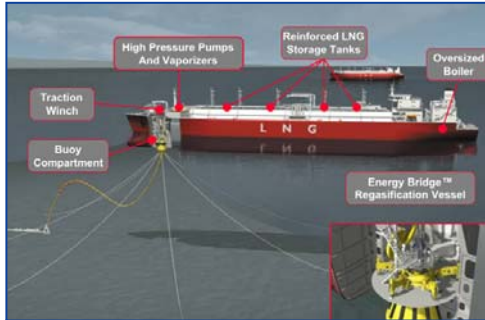
Bcm

Global Natural Gas Demand and LNG's Share



Source: CERA
 EEI Conference, Ingo Alphéus | March 10, 2008

Accelerate – our asset light entry into the attractive global LNG market



Accelerate Deepwater Ports

- Gulf Gateway (USA) (since March 2005)
- Northeast Gateway (USA) (about to becoming onstream)



Accelerate GasPorts

- Teesside GasPort (since February 2007)
- German GasPort (development underway)



Ship to ship transfer (STS)

- Transfer between conventional and Accelerate ships is possible

- 50% in Accelerate JV for approx. €350 m – entry into onboard regasification
- Main assets: two US offshore deepwater ports (ca. 10 bcm/a capacity); GasPort in UK (ca. 4 bcm/a capacity), Germany (planning phase) and access to a fleet of four LNG vessels with ca. 3.8 bcm/a transport capacity
- Discharge of LNG at conventional import terminals also possible

- German power price still has substantial value creation potential for us – despite CO₂

- We work on adding further attractive fundamentals to our portfolio:
 - more exposure to gas
 - higher share of Non-German activities with underlying growth
 - significant growth in renewable generation