Managing through the cycle

RWE
The energy to lead

(as of February, 24, 2011)

Forward Looking Statement

This presentation contains certain forward-looking statements within the meaning of the US federal securities laws. Especially all of the following statements:

- 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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Successful fiscal year 2010

- Strong operating performance:
  EBITDA +12%, operating result +8%, recurrent net income +6%
- All divisions except Trading / Gas Midstream with at least double-digit earnings growth
- Integration of Essent concluded and further streamlining of RWE’s organisational structure
- Good progress in our investment programme
- Outlook for 2011: Record earnings cannot be repeated

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Utilities are facing four major challenges

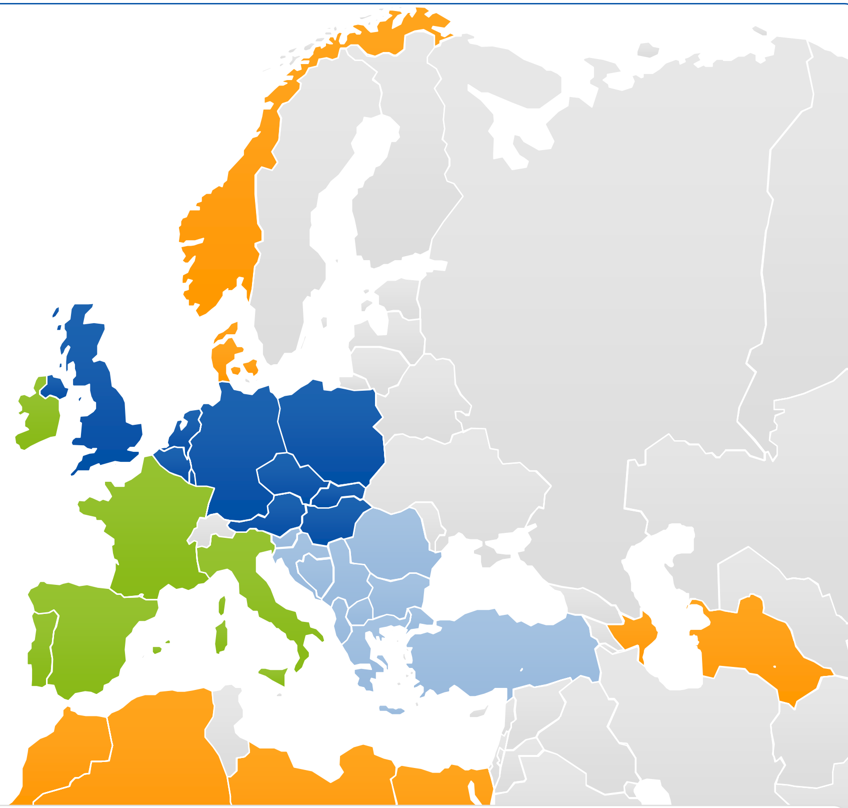
- Low electricity prices and pressure on generation spreads, inter alia due to unexpected strong growth of renewable energies
- German nuclear fuel tax 2011 – 2016
- Negative gas-to-oil-spread due to decoupling of oil and gas prices
- Tighter CO_2-regime from 2013 onwards

Our response to steady the course and safeguard future growth

Continued strategic focus ...	> Maintain strategic and regional focus > Continue to reduce RWE's CO_2 intensity to market average by 2020 > Pursue organic growth, especially in renewables and upstream
... combined with operational measures …	> Reduce capex level 2011 – 2013 by c. € 3 bn > Step up efficiency improvements by € 200 million by 2012 > Adapt asset portfolio to new market environment (revisit generation fleet; renegotiate gas supply contracts)
... and balanced financial targets	> Undertake asset disposals of up to € 8 bn by 2013 > Align dividends by maintaining pay-out ratio of 50% to 60% of recurrent net income > Keep leverage factor below 3.0x mid-term to support solid "A" rating

Europe remains our core market

- RWE's core business remains electricity and gas along the entire value chain
- We build on our leading positions in our core markets to look for further growth
- Regional growth markets mainly CEE/SEE, especially Turkey
- Grow our renewables business in and around our traditional core markets
- Grow our upstream gas & oil position mainly in Europe, Caspian region, Africa and Trinidad & Tobago



- RWE core markets with established market positions
- Growth markets under observation
- Additional markets for upstream gas & oil
- Additional markets especially for renewables business

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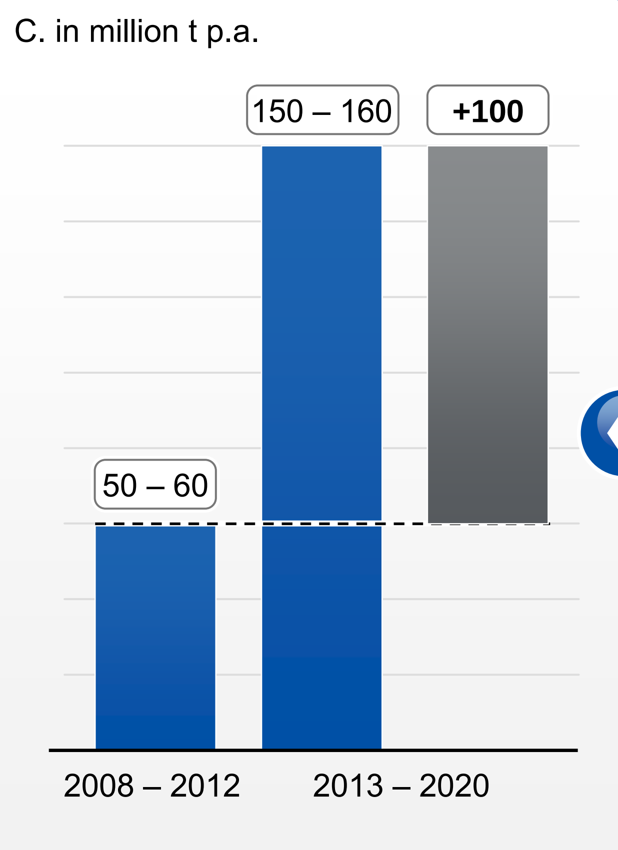
Our strategy to reduce the financial impact of CO_2

Certificates to be purchased



Mitigating factors

Organic growth

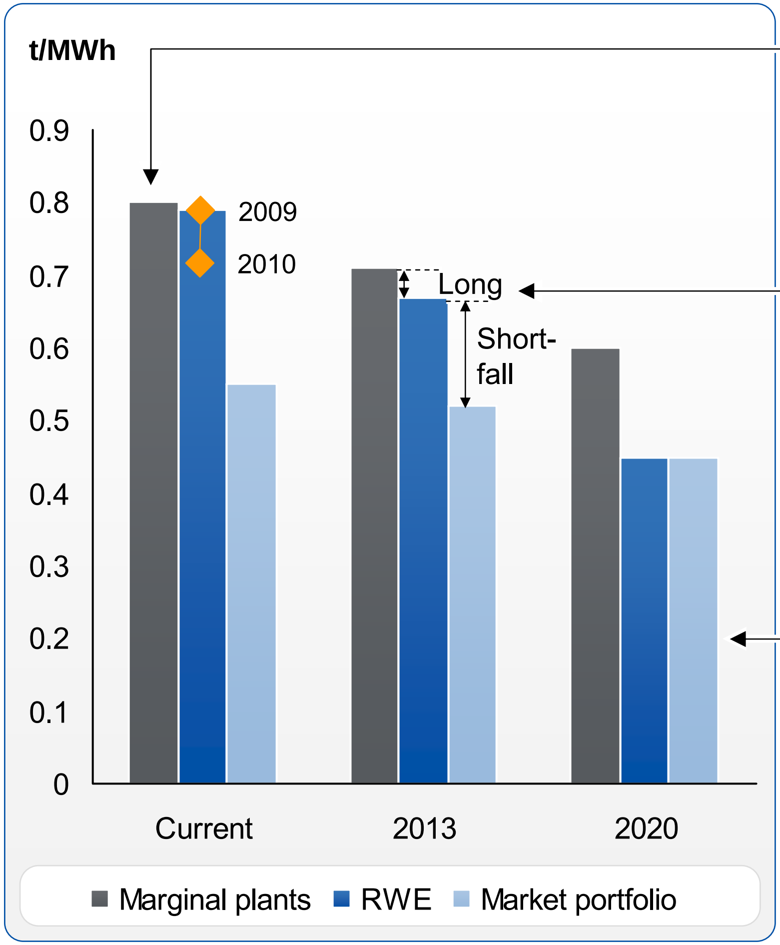
- Commissioning of new build projects (bulk before or in 2013)
- Increase in profits from renewable energies
- Increase in profits from upstream gas & oil
- Stable contribution from retail and grid business
- Lifetime extension of German nuclear

CO_2 reduction, CDM/JI

Portfolio measures like asset swaps or long-term electricity generation products

Increased efficiency programme 2012

Compared to the marginal plant RWE's portfolio is already today financially slightly long CO_2



Pass-through factor

- Factor by which CO_2 price is reflected in power price
- Set by marginal plants which on average have a higher emission factor than the market portfolio

RWE specific emission factor

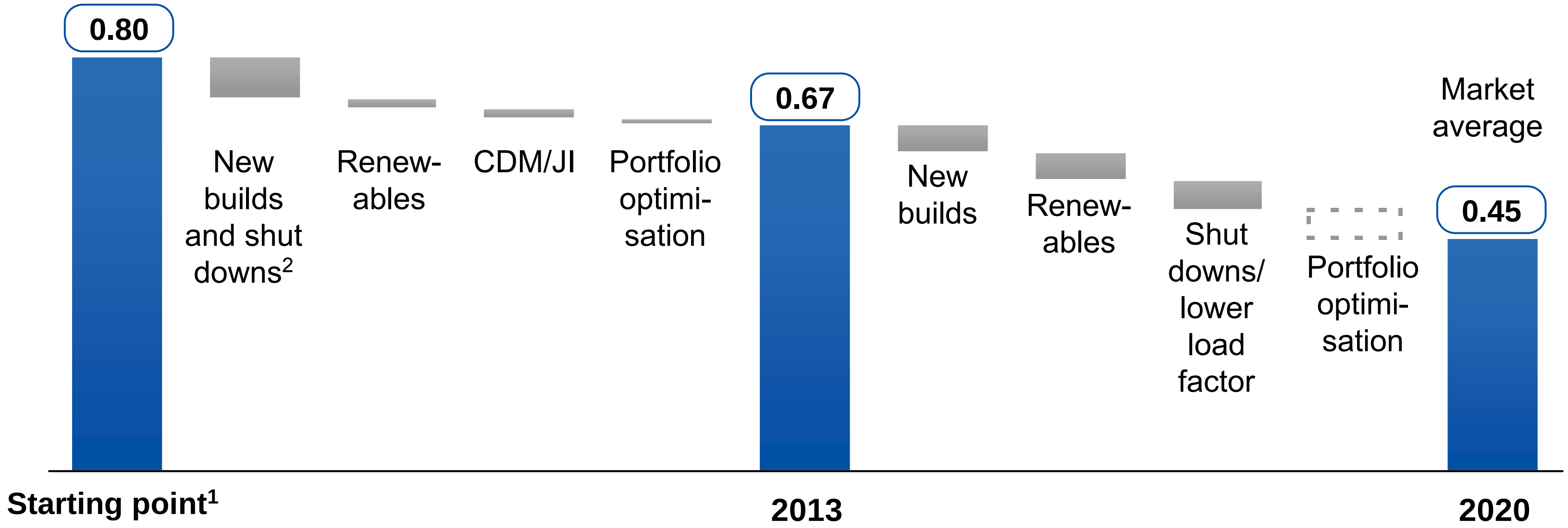
- RWE's portfolio is financially long CO_2
- Target to compensate shortfall to market portfolio via financial measures

Market average emission factor

- Emissions factor of total market portfolio

Managing CO_2: We complement physical measures by comprehensive financial optimisation

Specific CO_2 emissions exposure (t/MWh)

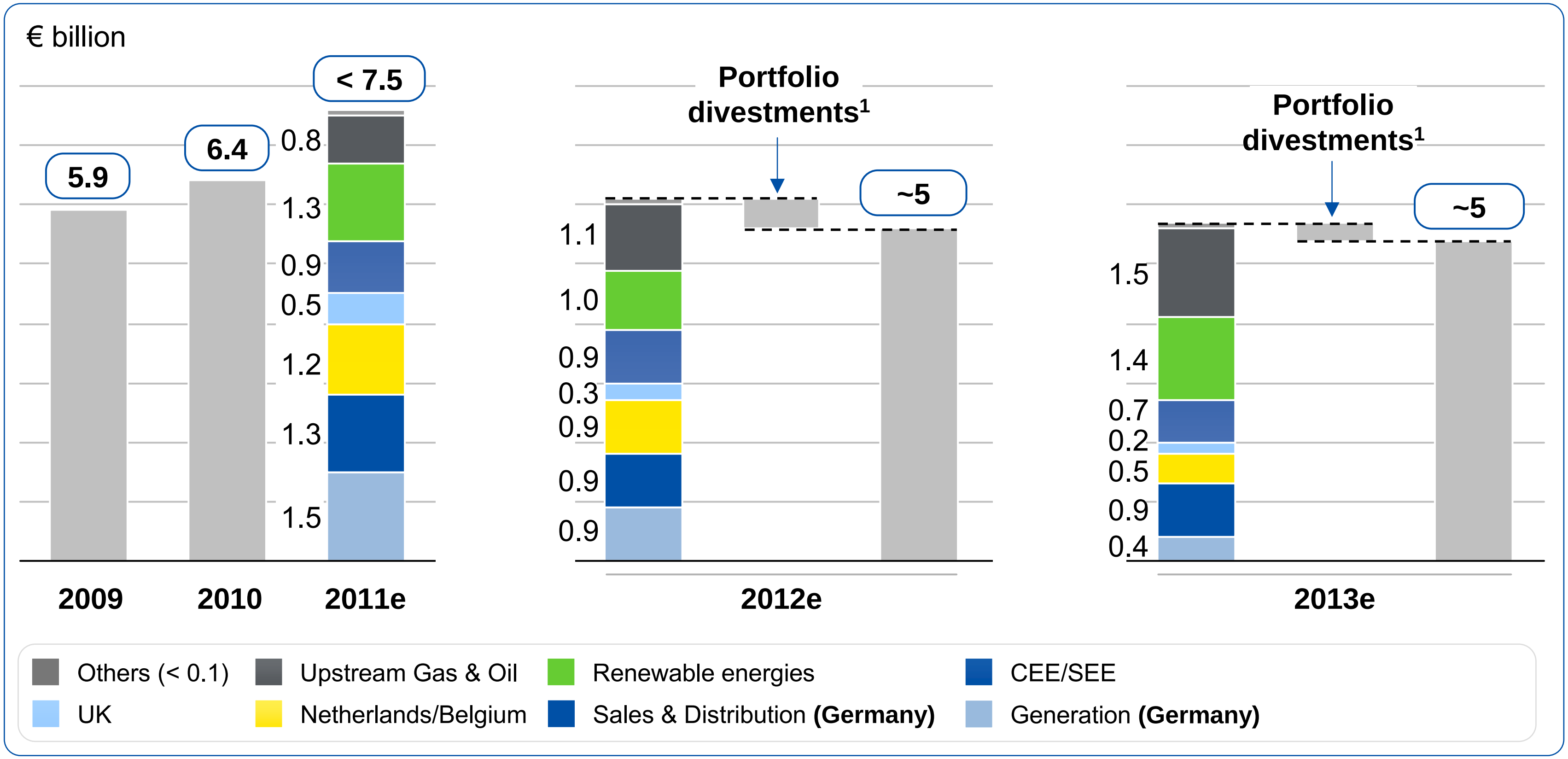


- Our large low carbon new-build programme as well as our investments in renewables will lead to substantial improvement of our CO_2 intensity until 2013
- For NAP 3 (2013 – 2020) we aim to reach a "market average" position in terms of our exposure to changes in CO_2 prices

[1] Assumes standardised load factors for RWE portfolio including Essent based on commodity price levels and power demand in 2007 – 2009
[2] Conventional new builds currently under construction and agreed plant shut down; assumes nuclear lifetime extension

Surpassing the peak of our investment cycle – RWE's capex programme 2011 to 2013

Capex programme 2011 – 2013 cut by approx. € 3 bn compared to previous programme



[1] Reduced capex as a result of portfolio divestments of up to € 8 bn

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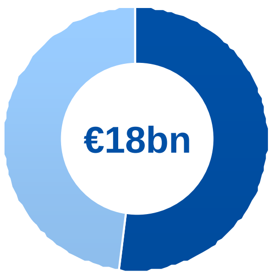
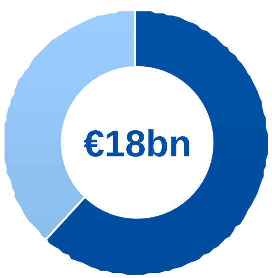
Set the stage for international growth

Share of growth capex[1]



German versus international capex[1]



> More than 50% of our capex will be spent on growing our business and improving efficiency

> More than 60% of our capex will be spent in our international business

> Committed capex:

	2011	2012	2013
ca.	90%	90%	70%

> Hurdle rates for new investment projects increased, despite lower WACC

> Growth and efficiency enhancements will result in additional € 1.2 bn in EBITDA and € 0.9 bn in operating result, once the projects are finished[2]

[1] After portfolio measures
[2] See back-up slide 27 for more details

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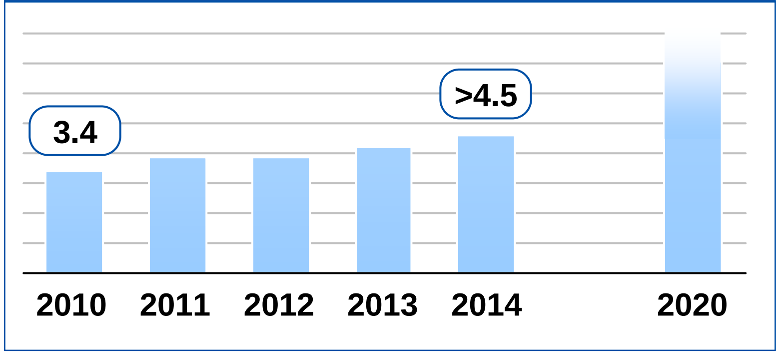
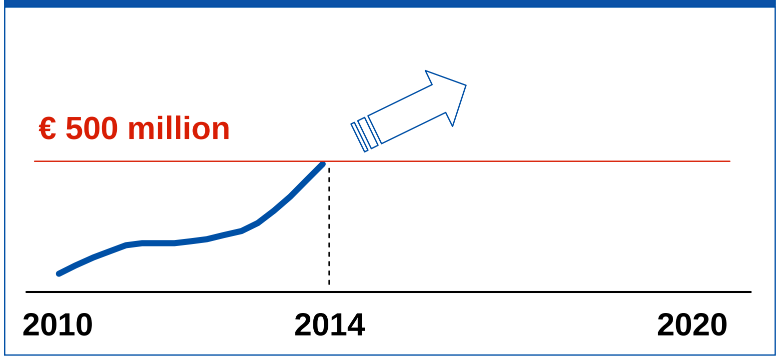
Building up CO_2-free generation – RWE Innogy continues with its ambitious investment programme

Capacity[1] growth targets (in GW)



Operating result growth target



[1] Consolidated capacity in operation or under construction

- Clear commitment to grow our renewable business
- Focused capex programme 2011 – 2013 leads to adjustment of targets. We expect to achieve our 4.5 GW target in 2014. This will be in line with an operational result of approx. € 500 million
- Earnings development is back-end loaded due to concentration on large-scale offshore wind projects and upfront costs for project pipeline
- Operating assets expected to cover their cost of capital already in 2011
- Divisional ROCE/WACC break even (including work in progress) is expected for 2016

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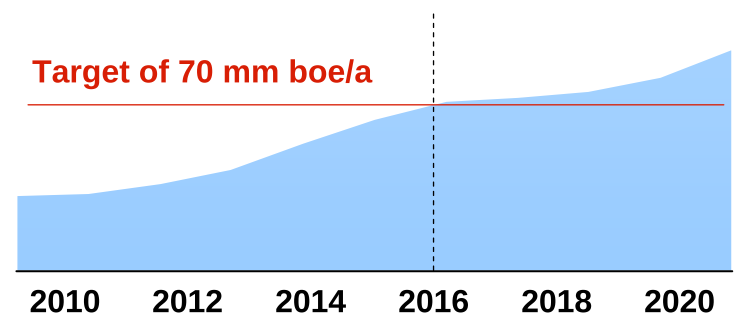
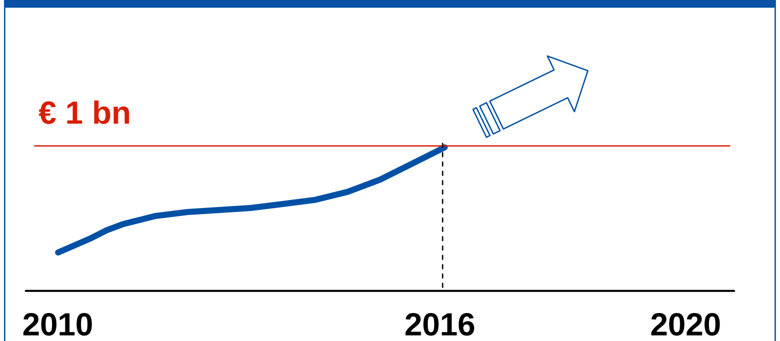
RWE Dea: Significant earnings growth based on own field developments

Ramp-up of gas/oil production



Operating result growth target



> Clear commitment to grow upstream gas and oil position

> Production development of RWE Dea until 2016 is mainly driven by seven major field develop-ments

> Shift in capex programme and project optimisation leads to slight postponement of production and earnings targets.

> 70 mm boe/a will be achieved in 2016. Indication for further production growth to up to 90 mm boe/a (2020)

> Operating result of € 1 bn expected for 2016 with further growth potential thereafter

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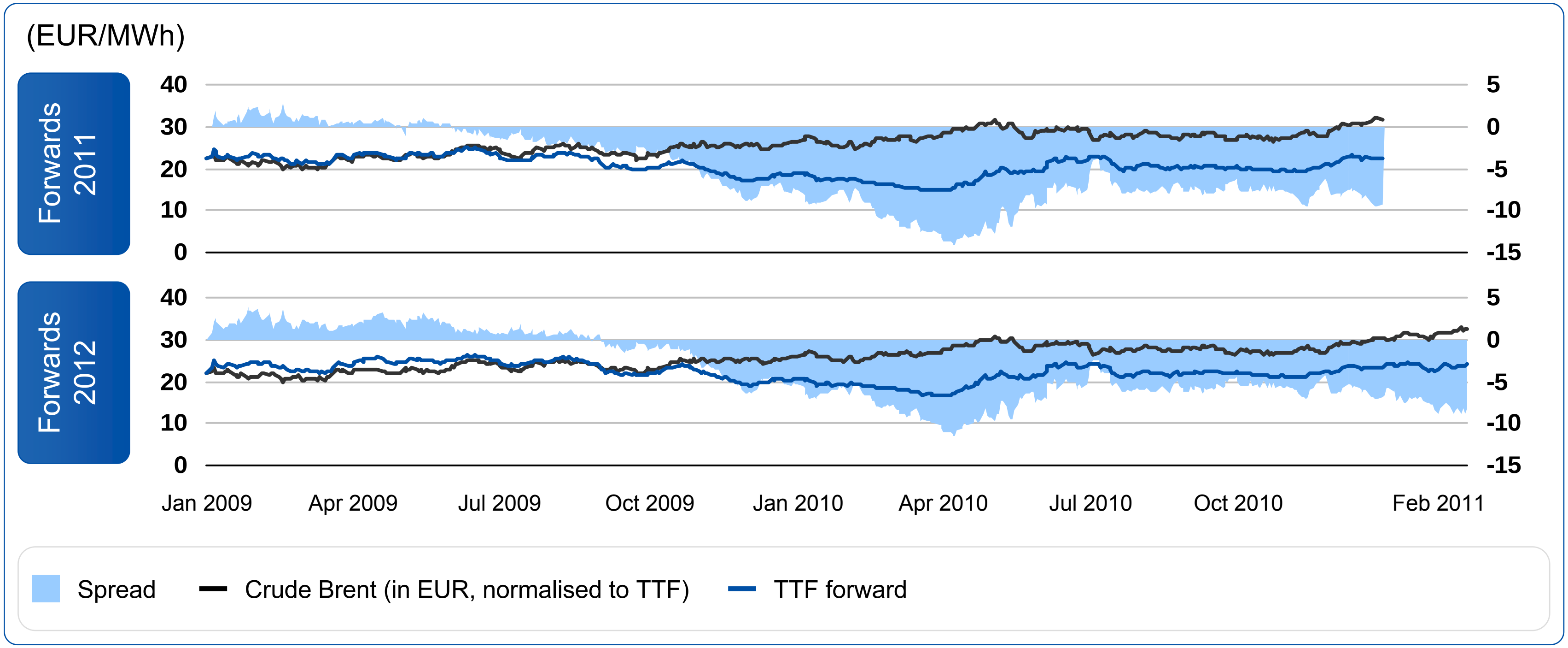
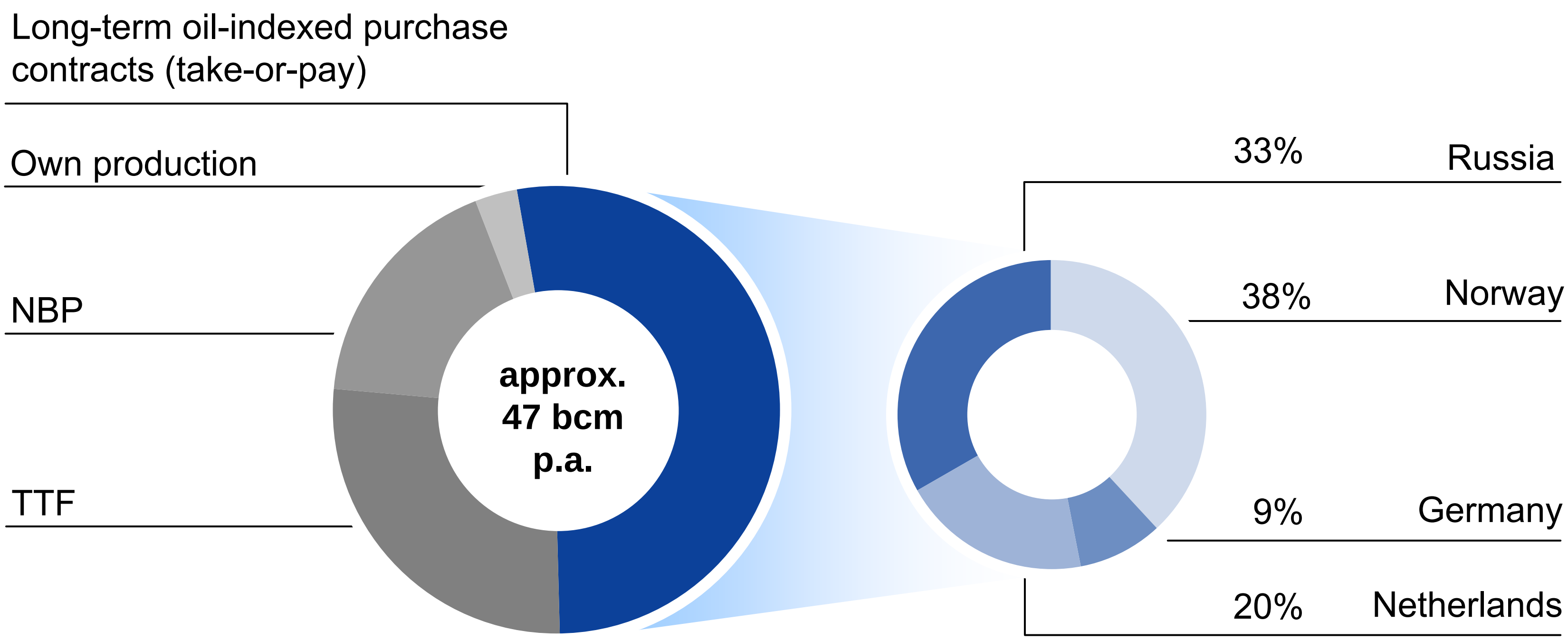
Development of TTF gas price and brent oil price since January 2009



Relative development of the TTF and brent forwards for the years 2011 and 2012 since January 1, 2009.
To compare both, the brent oil price is normalised to the TTF gas price as of January 1, 2009. The curves simply illustrate the development of the market prices which should give a rough indication about the gas-to-oil-spread situation. The real gas-to-oil-spread exposure depends on the individual contract details and will deviate from this slide.

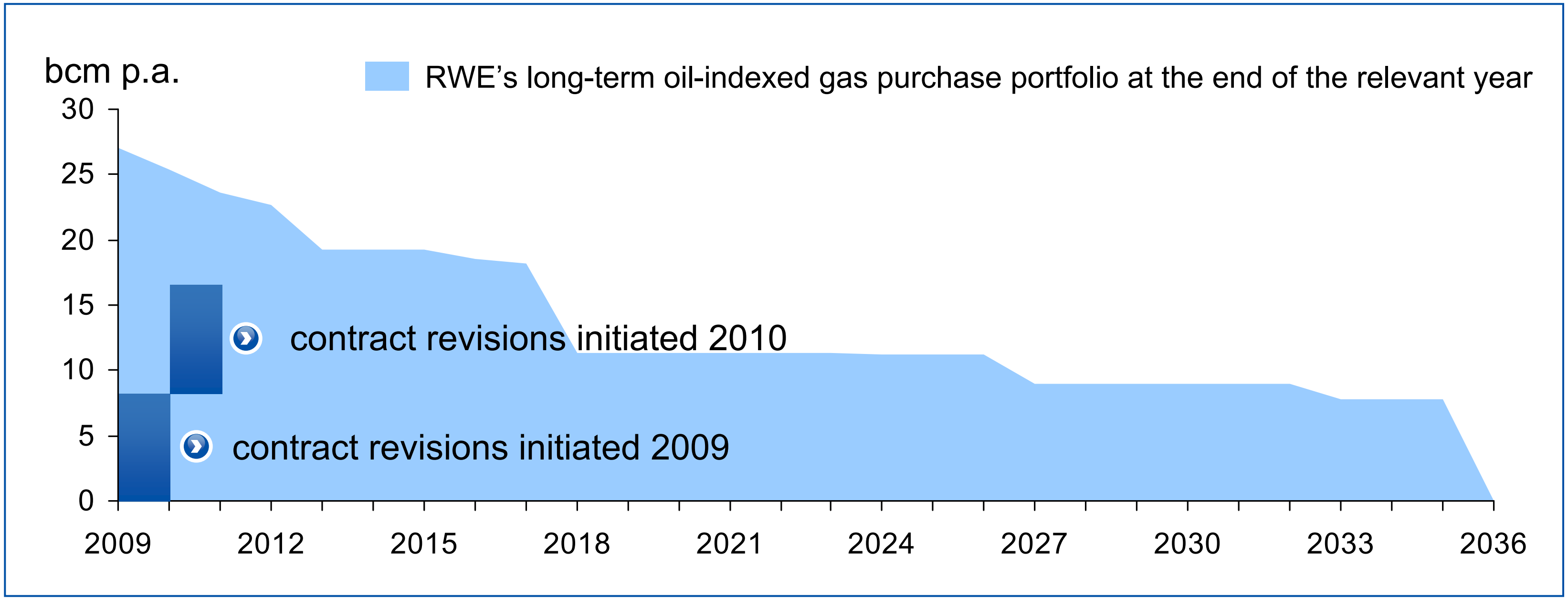
Source: RWE Supply & Trading

RWE's gas procurement portfolio
(As of 2011)



- Our gas procurement portfolio is solely managed by RWE Supply & Trading
- ~50% or 24 bcm p.a. of overall gas procurement based on long-term oil-indexed purchase contracts
  - of which ~20 bcm p.a. have a gas-to-oil spread exposure as of 2011

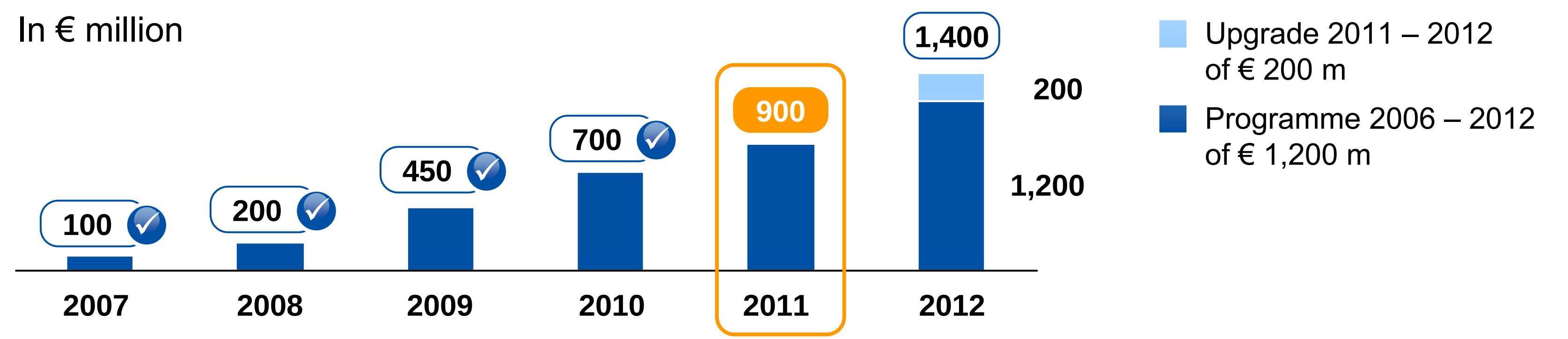
RWE's long-term oil-indexed gas purchase portfolio



- Some 50% of the volumes of our long-term oil-indexed gas purchase contracts will expire by 2017
- RWE was one of the first in 2009 and 2010 who have initiated contract revisions - also by using so-called "joker" price revisions - for more than 2/3 of our current oil-indexed purchase portfolio volumes. This is referring to 13 individual contracts out of 19
- As of February 2011 we are in the re-negotiation process for approx. 17 bcm p.a. of our contracts, many of which have meanwhile reached the official arbitration stage

Efficiency programme well on track

Cumulative operating result contribution of the programme compared to 2006

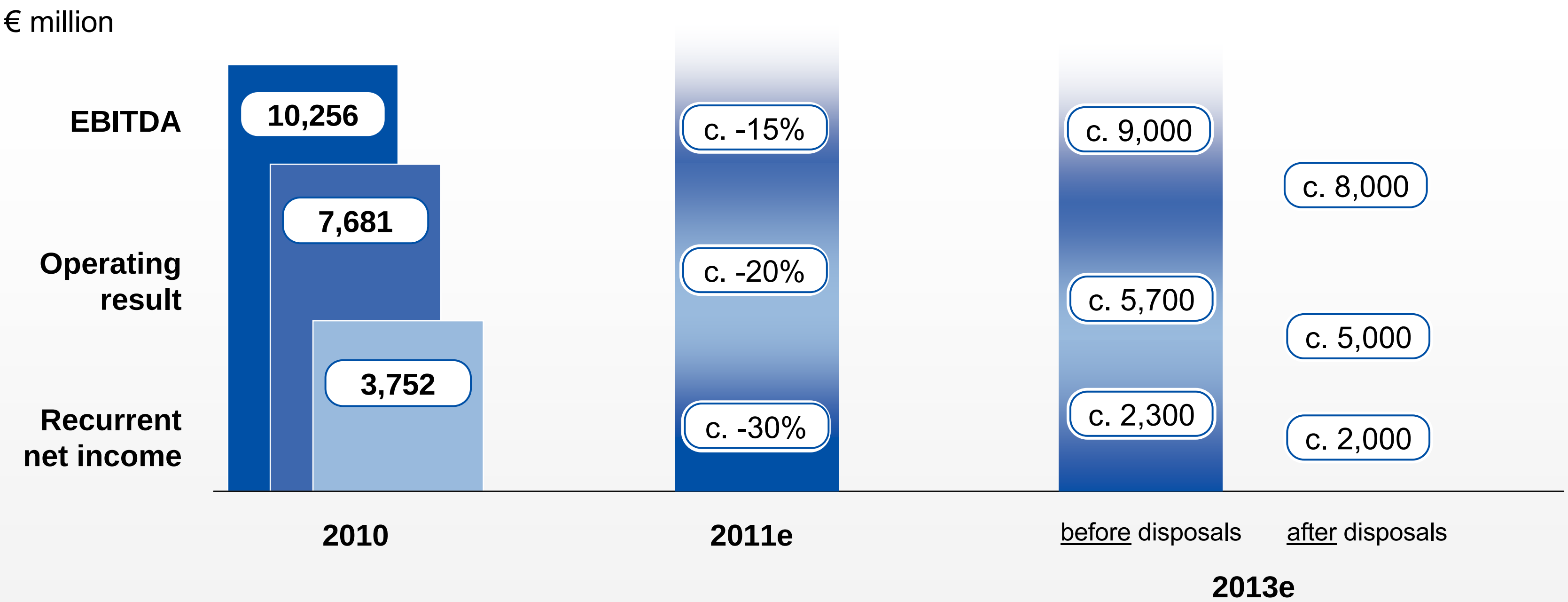


> Efficiency programme of € 1.2 bn 2006 to 2012 stepped up by another € 200 million to a total of € 1.4 bn

> Additional efficiency measures by optimising cost for services and materials in our overhead functions and project costs. Introduction of new IT systems in UK

> Fully accretive to operating result (i.e. post cost inflation and one-off cost of programme)

Outlook for 2011 – 2013[1]



Dividend € 3.50/share[2] Pay out ratio of 50% – 60% of recurrent net income

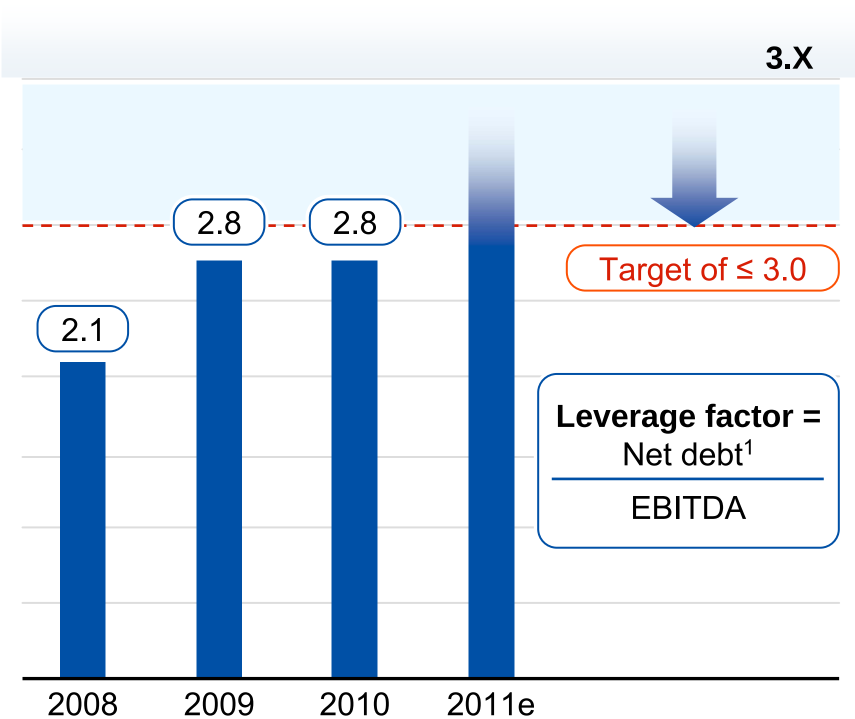
[1] Portfolio divestments between 2011 and 2013 of up to € 8 bn.
The Outlook is based on commodity prices on a marked-to-market base as of January 2011
[2] Dividend proposal for RWE AG's 2010 fiscal year, subject to approval by the April 20, 2011 Annual General Meeting

Divisional outlook

	2010 € million	2011 forecast
Germany	5,575	significantly below previous year
Generation	4,000	significantly below previous year
Sales and Distribution networks	1,575	below previous year
Netherlands/Belgium	391	significantly below previous year
United Kingdom	272	above previous year
Central Eastern and South Eastern Europe	1,173	significantly below previous year
Renewables	72	significantly above previous year
Upstream Gas & Oil	305	significantly above previous year
Trading / Gas Midstream	-21	significantly below previous year

Financial flexibility is key to us

Expected development of leverage factor



Unchanged target of solid A rating

Leverage factor will exceed target of max. 3.0x in 2011 but we have initiated measures to bring it back below our threshold mid-term

- Up to € 8 bn disposals between 2011 and 2013
- Capex cut of approx. € 3 bn 2011 – 2013 compared to old programme
- Earnings growth through investments
- Upgrade of efficiency programme

[1] Net debt = net financial debt + pension, mining and nuclear provisions + 50% of hybrid capital; (at year end)

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RWE's threefold financial targets

Attractive dividends

Pay out ratio of 50% – 60% of recurrent net income

Balancing the stakeholders' interests

Leverage

Keep leverage factor below $\leq$ 3.0x mid-term to support solid "A" rating

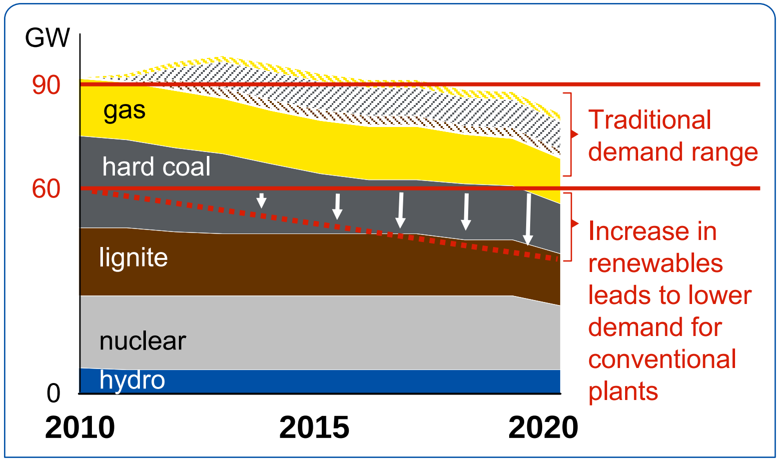
Ca. 9 bn growth capex …

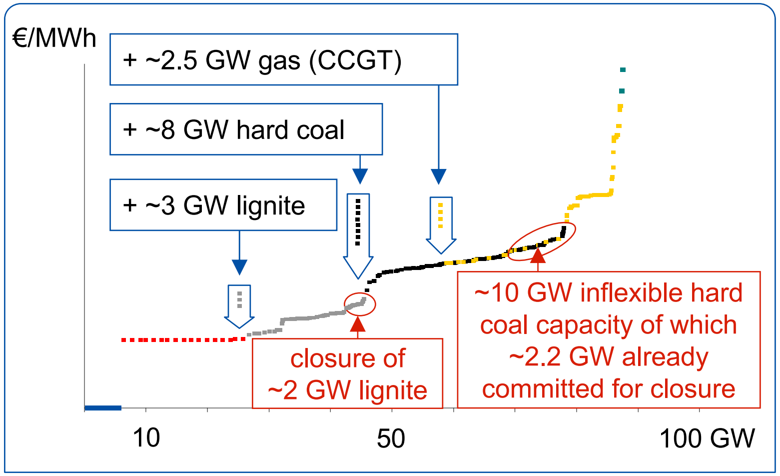
… 2011 – 2013

Invest in mid-term growth, especially in renewables and upstream gas & oil

Back-up

German electricity generation market – Development of reliable wholesale capacity



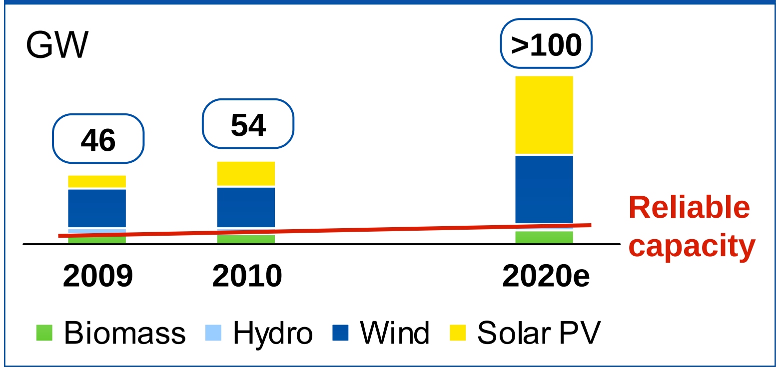


- 13.5 GW conventional new build projects will go online between 2010 and 2013/14
- A lot of these projects are replacement plants. In 2009 and 2010 approx. 0.9 GW of old lignite and hard coal capacity was shut down
- Further 3.3 GW of old lignite and hard coal capacity will close between 2011 and 2013
- There is presumably approx. 8 GW of old inflexible hard coal capacity that might leave the system medium-term at current market conditions
- RWE terminates 1.4 GW long-term supply contracts with Steag

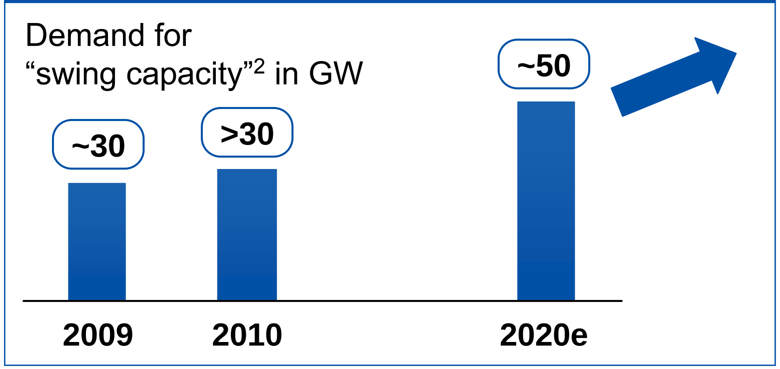
Source: RWE market model

The need for flexible power generation capacity

Strong growth in renewables[1] ...



... leads to high demand for flexible capacity



- Strong increase in renewable capacity leads to increased volatility between demand and supply of electricity
- Current swing capacity[2] is more than 30 GW, which is currently covered
- Demand for swing capacity is expected to grow to up to 50 GW and more which will not be covered by conventional generation capacity
- Tightness of flexible generation capacity can be expected

[1] DLR, Fraunhofer, IfnE, Long-term scenario for the development of renewable energies on the basis of the "Leitszenario 2010", June 2010
[2] "Swing capacity" = capacity which needs to be provided by conventional power plants to cover changes in renewable feed-in and/or demand volatility over a period of 12 hours.

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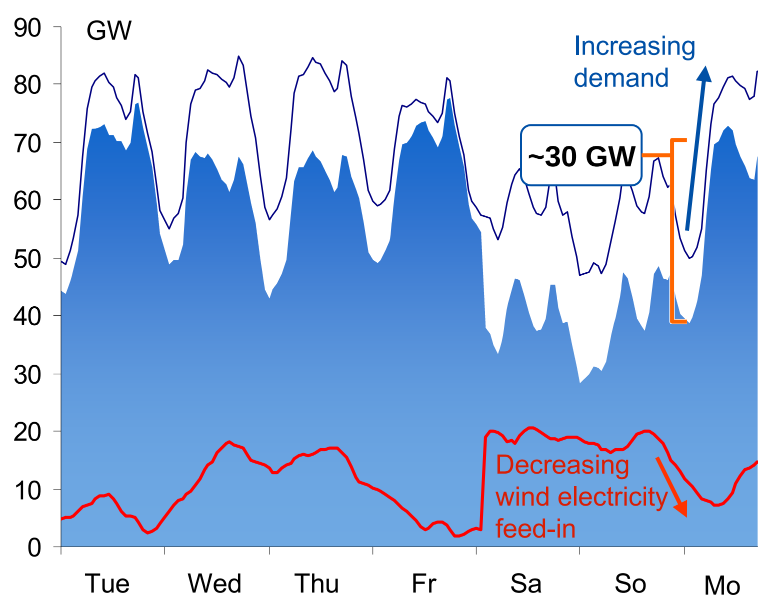
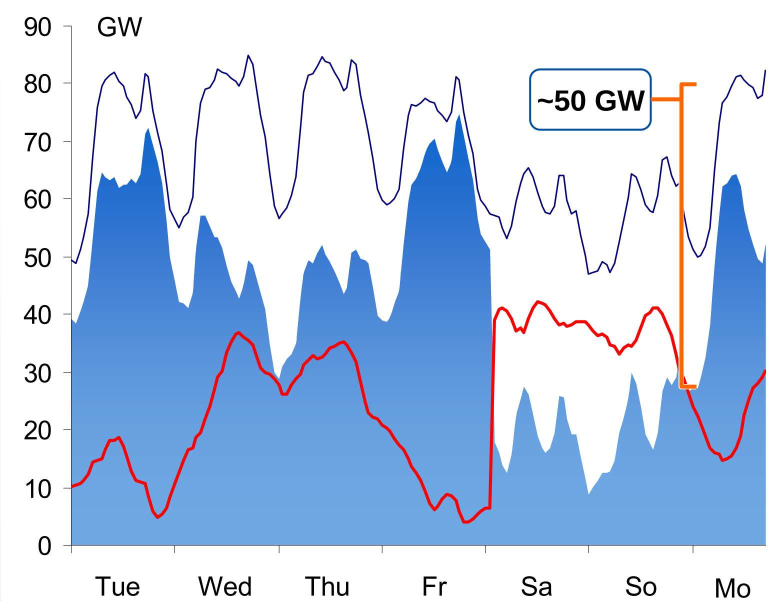
Wind energy requires increasing load-adjustments – challenge and opportunity for utilities

Course of residual electricity demand on February 2nd – 9th, 2009 and projection for 2020

2009 wind capacity installed: 24 GW



2020 wind capacity installed: 45 GW



Power demand | Wind electricity feed-in | Residual load | GW Demand for load adjustments (“swing capacity”)

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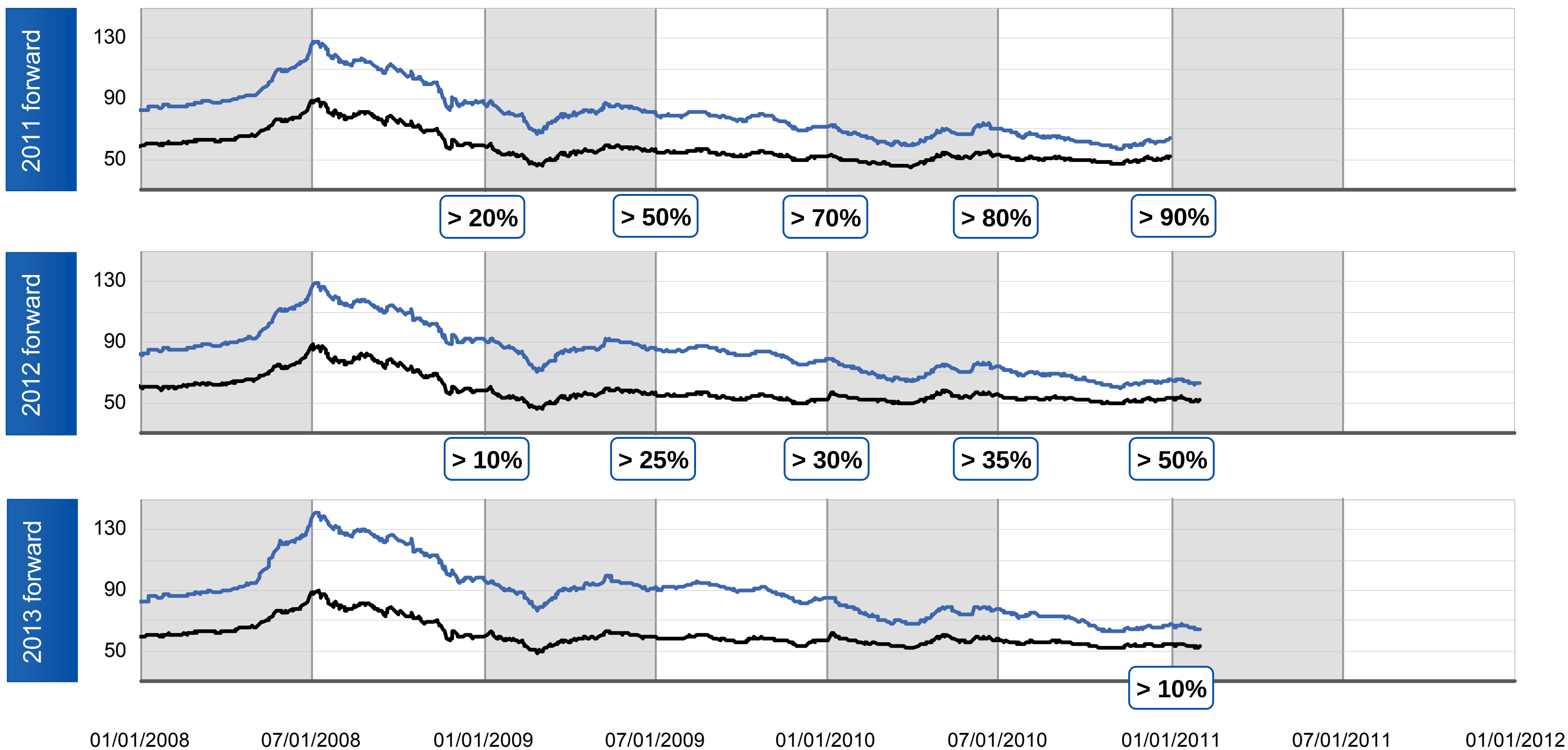
Forward selling[1] by RWE Power in the German market

(Base-load & peak-load forwards in €/MWh)



— Base-load electricity forward in €/MWh (prices until January 31, 2011)

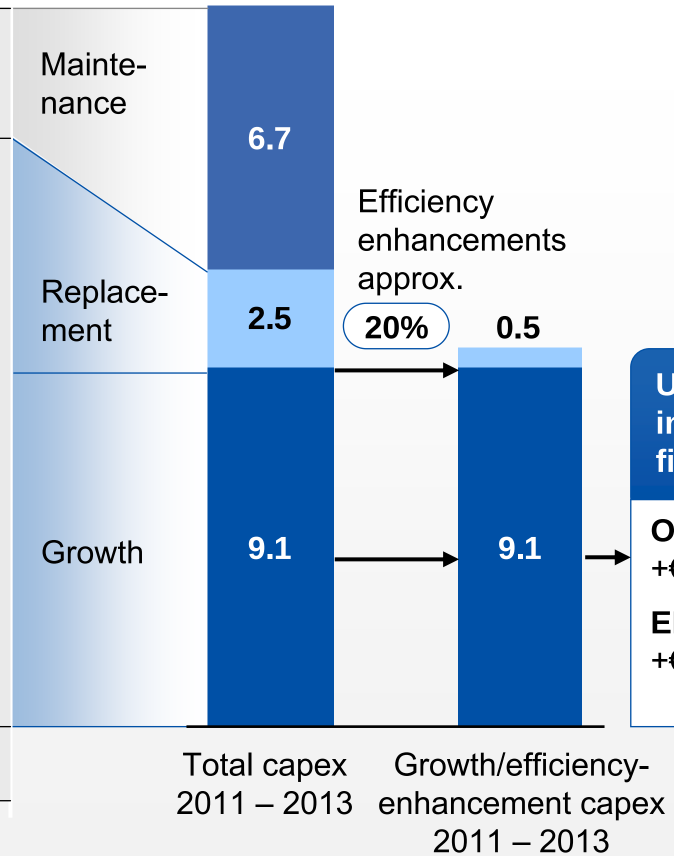
— Peak-load electricity forward in €/MWh (prices until January 31, 2011)

> x% [1] Hedge ratio in % of full year production (as of December 31, 2010)

Average realised price for 2010 forward: €67/MWh)

RWE's capex programme 2011 to 2013
How capex leads to earnings growth

Day to day investments	6.7	
(Including portfolio divestments[1])	(-0.3)	
Thereof grid		*3.2*
Growth and replacement projects	**11.6**	
(Including portfolio divestments[1])	**(-0.5)**	
Electricity generation		
> Hard coal and lignite plants	3.3	
> Gas plants	1.4	
> Pump storage	0.1	
> Renewable projects, thereof	3.9	
– Wind offshore		2.1
– Wind onshore		0.8
– Biomass		0.6
– Hydro, other		0.4
Upstream	2.5	
Gas midstream	0.6	
Miscellaneous other smaller projects	0.3	
Total (after portfolio divestments)	**€ 18.3 bn**	



Underlying earnings impact after finalising projects

Operating result[1]:
+€ 0.9 bn p.a.

EBITDA:
+€ 1.2 bn p.a.

[1] Reduced capex as a result of portfolio divestments of up to € 8 bn
[2] Average impact. Depending on depreciation period, operating result lower in early years and higher in later years

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Conventional power plant new build programme

	€ bn[1]	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Lingen (Gas, 876 MW)	0.5										
BoA 2&3, Neurath (Lignite, 2,100 MW)	2.6							Units G F			
Hamm (Hard coal, 1,528 MW)	2.3									Units D E	
Staythorpe (Gas, 1,650 MW)	0.8						Units 1 -4				
Pembroke (Gas, 2,188 MW)	1.2							Units 1 -5			
Moerdijk 2 (Gas, 426 MW)	0.4										
Claus C (Gas, 1,304 MW)	1.1										
Eemshaven (Hard coal/biomass, 1,560 MW)	2.7									Units A B	
Denizli (Gas, 775 MW)	0.5										

[1] Capex at 100% share

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RWE Innogy major project portfolio

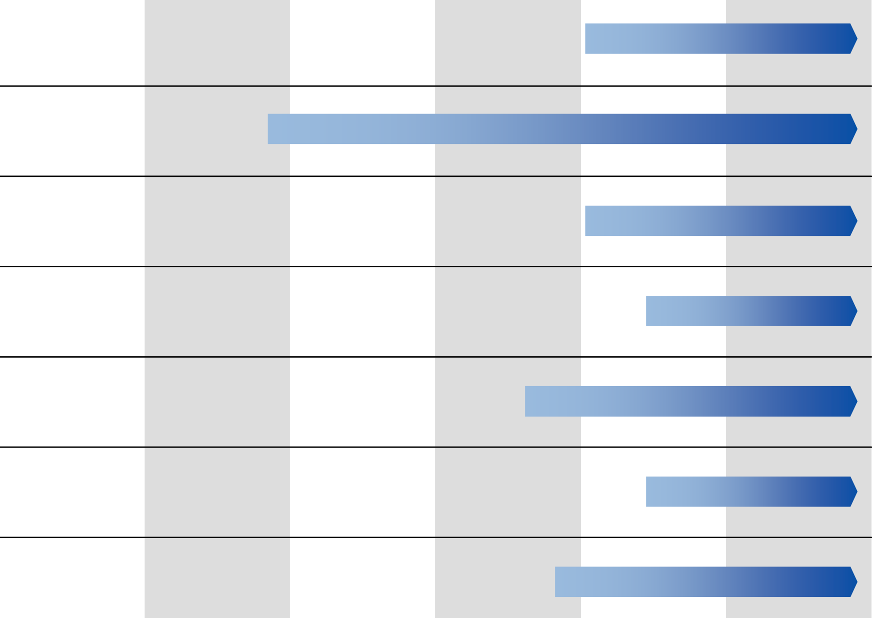
	€ bn[1]	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Gwynt y Môr (Wind offshore, 576 MW, 60%)	2.4										
Greater Gabbard (Wind offshore, 504 MW, 50%)	1.9										
Markinch (Biomass CHP 42 MW_e, 80 MW_{th}, 100%)	0.3										
Nordsee Ost (Wind offshore, 295 MW, 100%)	1.0										

- Capacity and earnings target for RWE Innogy until 2014 is mainly driven by 4 major projects
- Large scale projects, especially in offshore wind, play a vital role to achieve European renewable targets as growth potentials in other areas are limited
- Utilities like RWE have a competitive advantage in these large-scale projects as we can build on expert knowledge gained in our other large projects

[1] Capex at 100% share

RWE Dea's largest field developments

Production start	RWE share	Capex[1] (€ bn)	2011	2012	2013	2014	2015	2016
West Nile Delta (Egypt)	40%	2.6						
Breagh (UK)	70%	0.5						
Reggane (Algeria)	19.5%	0.5						
Luno (Norway)	20%	0.5						
Jordbær (Norway)	10%	0.2						
NC193 (Libya)	100%	0.4						
NC195 (Libya)	100%	0.3						



[1] RWE's share in capex

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  - Prospective Impact of economic downturn on electricity demand in Europe
  - Incentive Regulation
  - CO_2 Emissions Trading in Europe
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  - SRI Company Presentation
  - The New German Energy Industry Act
  - Factbook RWE Dea

- RWE as seen by analysts (overview of latest analyst earnings estimates and ratings)
  http://www.rwe.com/web/cms/en/109506/rwe/investor-relations/shares/rwe-as-seen-by-analysts/

- RWE bonds as seen by analysts (overview of latest analyst ratings)
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