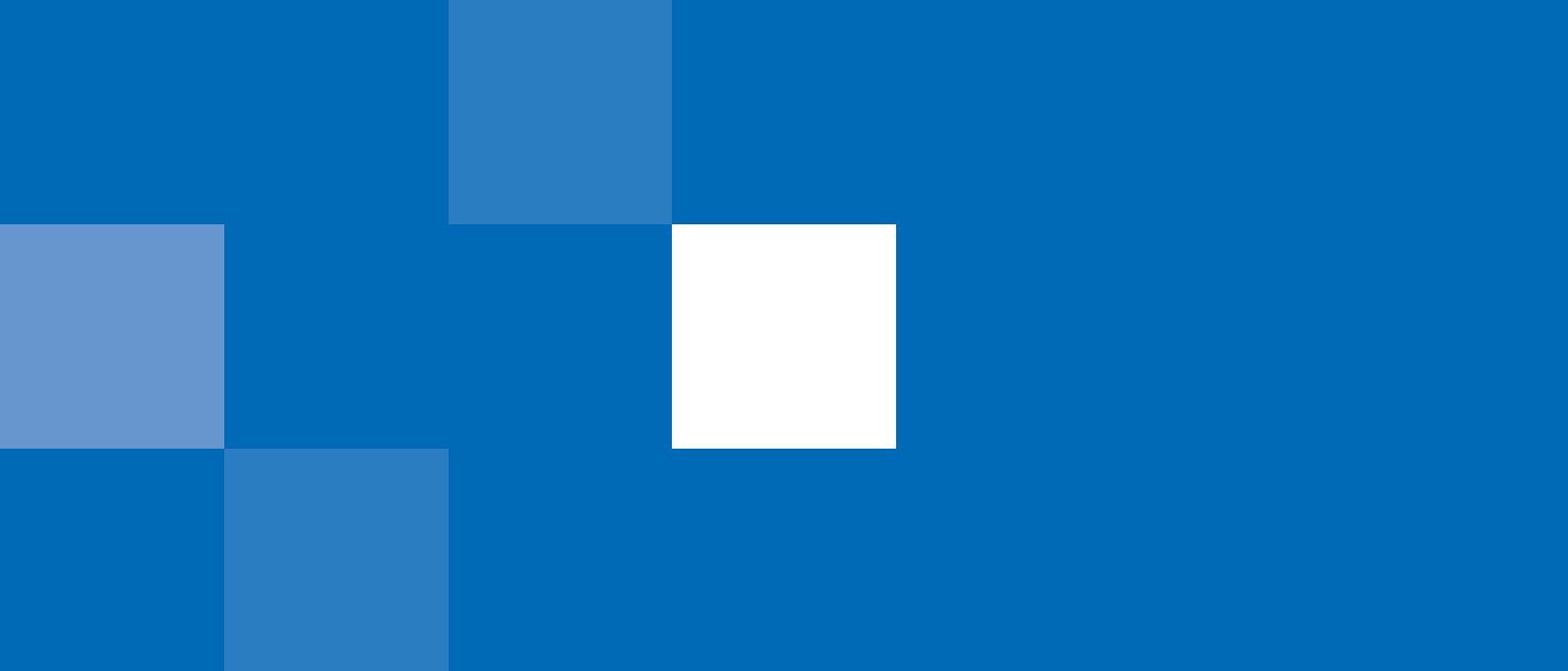


Financial Statements of RWE AG

for the Fiscal Year 2001





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Business developments in 2001

In the 2001 fiscal year, we put in place the requisite preconditions for intensified international growth. Particular milestones included finalization of the Thames Water acquisition, the take-over bid for American Water Works, and coming out top in the bidding procedure for privatizing the Czech gas industry.

Remarks on the manner of reporting

In this annual report, RWE AG is for the first time reporting on a fiscal year that corresponds to the calendar year. We implemented the changeover to the calendar year in the Group by inserting a truncated fiscal year from July 1 to December 31, 2001. The changeover was made in order to optimize the international comparability of RWE's figures, among other things.

RWE AG does not operate any business of its own, but exercises the function of a management holding company. RWE AG's situation is essentially determined by the Group's activities. For a detailed explanation of the Group's net worth, financial position and operating results, please consult its report for the truncated fiscal year ending December 31, 2001, and the preceding year's report covering the period from July 1, 2000 to June 30, 2001. In contrast to the individual financial statements drawn up in accordance with the German Commercial Code (HGB), the consolidated financial statements have each been prepared in conformity with International Accounting Standards (IAS).

RWE's stock performed significantly better than the DAX in 2001

The price of RWE's common stock, though it fell by 9.8% to €42.20 in 2001, nonetheless performed substantially better than the German DAX stock index (-19.8%). The price of preference shares dropped 7.2% in 2001. In mid-July, the price of the Company's common shares reached its high for the year at just under €50, a trend fostered by the weak performance of technology and telecommunication stocks.

In the second half of the year, the share price was largely affected by the slowdown in the economy. The common shares nonetheless managed a modest recovery towards the end of the year.

AGM approves new share buyback program

RWE's annual general meeting on June 7, 2001 approved another share buyback program covering 10% of the capital, and including both common and preference shares. We will thus have the ability to further reduce the already-low number of 39 million preference shares in the future. The program also enables us to acquire the 7.6 million of our own common shares held by RWE Power since the merger with VEW, and to retire them in 2002.

RWE set to become Number 1 in the USA's water market: take-over bid for American Water Works

On September 17, 2001, we announced a take-over bid for the American water utility, American Water Works Company Inc., Voorhees, New Jersey. The purchase price is US\$4.6 billion. Including liabilities, the company is worth US\$7.6 billion. American Water Works is by far the largest water utility listed on a U.S. stock exchange. In the 2001 fiscal year, the company generated sales of US\$ 1.4 billion and a net profit of US\$161 million. Including the US water companies Citizens and Azurix North America acquired at the end of 2001, American Water Works supplies 15 million people. The company currently employs 6,600 persons, with a presence in 29 American states and three Canadian provinces.

At an extraordinary general meeting on January 17, 2002, the shareholders of American Water Works approved the company's acquisition by RWE by majority vote. The transaction still requires the consent of the antitrust and regulatory agencies, and is scheduled for finalization in mid-2003. When the take-over has been finalized, American Water Works will help increase earnings per share (before goodwill) in the very first full year of consolidation.

RWE wins bidding procedure for privatizing the Czech gas industry

On December 17, 2001, we came out top in the bidding procedure for privatizing the Czech gas industry. This acquisition makes RWE Europe's second-largest pipeline operator and its fourth-biggest gas company in terms of the number of customers. The transaction covers 97% of the stock in the national gas utility, Transgas, and between

46% and 58% of the Czech Republic's eight regional gas utilities. The purchase price is €4.1 billion. Together, the companies involved generated external sales of around €2 billion in 2001 and EBITDA in the order of magnitude of €300 million. Transgas' most important source of earnings is the profitable transit business with Russian gas: around 20% of Western Europe's entire demand passes through the Transgas pipeline. The regional utilities supply 2.6 million customers in the Czech Republic, which with annual growth of 4%, ranks among the most dynamic natural gas markets in Europe. The acquisition also opens up potential synergies for RWE's gas business totaling €100 million a year—a volume that should be attained in stages by the year 2007.

On January 29, 2002, the agreement was signed with the Czech government. The transaction still requires approval by the Czech antitrust authorities. We expect the business to have been consolidated by the second quarter of 2002. This acquisition will increase our earnings per share (before amortization of goodwill) during the current year.

First step taken toward selling our financial investment in Heidelberger Druckmaschinen

In May 2001, we took a first step toward selling our holding in the printing press manufacturer Heidelberger Druckmaschinen AG. In all, we have borrowed 6.15% of Heidelberg's equity from the asset manager Almüco Vermögensverwaltung and placed it with institutional investors under a book-building procedure. The resultant increase of the percentage of Heidelberg shares held in free float (to 26%) has enhanced the stock's attractiveness to institutional investors. It will be at least the second quarter of the 2002 calendar year before we return securities from our own portfolio for the shares we had borrowed. We are thus reducing RWE's holdings in Heidelberger Druckmaschinen to just over 50%. This capital market initiative constitutes another step forward in focusing on our core business.

TESSAG is now "RWE Solutions": a clear orientation toward our core electrical power business

Since September 1, 2001, TESSAG has been performing the function of a multi-utility service provider. Under its new name, RWE Solutions AG, it offers a range of energy-related services and systems for industrial customers, which has been expanded to include electrical power, while continuing to provide services for the energy sector. Strategic and operative coordination of all multi-utility operations will now be vested in the holding company's executive board.

As part of the reorganization, the "Key Trade-Related Account" and "Multi-Utility Customer" subdivisions have been spun off from RWE Plus AG to RWE Trading GmbH and TESSAG (now: RWE Solutions AG). With the spin-off, the pro rata provisions for contingent losses have also been transferred and increased to allow for the charges entailed by new statutory regulations to promote cogeneration and the use of renewable energies.

RWE acquires more shares in Harpen

On December 7, 2001 we purchased the 23.47% share held by RAG in Harpen. RWE AG thus currently owns 94% of Harpen. In a reciprocal gesture, we sold our 14.8% share in STEAG to RAG in early 2002. Harpen is one of Germany's leading companies in the district heating business and in the field of decentralized, and particularly regenerative, electrical power generation. To further expand RWE's commitment to renewable energies, we will concentrate significant Group activities in this area with Harpen.

Acquisition of Thames Water finalized

In March 2001, we purchased the last outstanding shares in Thames Water and now own 100% of the capital. The acquisition has thus been successfully completed. The intermediate holding company GBV Gesellschaft für Beteiligungsverwaltung mbH, set up last year, has been renamed "Thames Water Aqua Holdings GmbH." To finance the acquisition of all shares, the company took out a long-term loan of €6.9 billion with RWE AG. The share purchases made in pounds sterling have been hedged using currency swaps.

Notes on the Company's net worth, financial position and results of operations

The net worth of RWE AG

By reason of the holding function, RWE AG's net worth is essentially determined by management of investments and activities for the Group's companies. It is in the holding company that the shares

in the management companies are held. RWE AG performs the financing function for these management companies. This is reflected in corresponding receivables and payables with subsidiaries.

Explanations on the shares held in subsidiaries

The following overview shows RWE AG's major holdings in subsidiaries as per December 31, 2001:

Company	Holding
Core business:	
RWE Gas AG, Dortmund	80%
RWE Net AG, Dortmund	100%
RWE Plus AG, Essen	100%
RWE Power AG, Essen	100%
RWE Rheinbraun AG, Cologne	100%
RWE Solutions AG, Frankfurt a. M.	100%
RWE Systems AG, Essen	100%
RWE Trading GmbH, Essen	100%
RWE Umwelt AG, Essen	100%
Thames Water Aqua Holdings GmbH, Essen	100%
Harpen AG, Dortmund	94%
RWE-DEA Aktiengesellschaft für Mineraloel und Chemie, Hamburg	99%
Non-core business:	
Heidelberger Druckmaschinen AG, Heidelberg	56%
HOCHTIEF Aktiengesellschaft, formerly Gebr. Helfmann, Essen	62% ^{*)}

^{*)} of which 46% direct

Explanations on the provisions for pensions

The provisions for pension obligations, amounting to €5,375 million, also include entitlements of active and former staff at RWE Power AG, RWE Net AG, RWE Plus AG, RWE Systems AG, RWE Systems

Grundstücke GmbH, RWE Gas AG, RWE Trading GmbH and RWE Rheinbraun AG. The expenditures incurred for retirement pensions are refunded to RWE AG by the companies involved.

The financial position of RWE AG

RWE goes to the capital market with €4.2 billion in corporate bonds

We financed a substantial proportion of the Thames Water acquisition by issuing corporate bonds. Moreover, this meant RWE was positioned as an attractive bond issuer on the capital market at an early stage. Between April and December 31, 2001, we successfully placed a total of €4.2 billion under a €5 billion debt issuance program. The bonds have essentially been issued by our Dutch subsidiary RWE Finance B.V., and guaranteed by RWE AG. We are thus the first European utility to have floated an issue of this kind and of this size. €650 million of the bond program is accounted for by a fifteen-year euro bond, with which we have opened up a new segment in the euro capital market for corporate bonds. Also, we have floated an additional short-term volume of €2 billion with a commercial paper program. €842 million of this had been subscribed by December 31, 2001. Even after the placement, RWE's long-term creditworthiness remains exceptionally high. Moody's rates us as Aa3, for example, Standard & Poor's as AA-, with a "negative outlook."

Solidarity agreement between the energy utilities

In July/August 2001, we signed a solidarity agreement with the energy utility companies EnBW, E.ON and HEW. It obligates the contracting parties to provide the owners of nuclear power facilities with the financial resources they would require in order to meet their compensation obligations from any cases of loss or damage covered by Germany's nuclear power legislation. The duty to ensure cover is costing the four energy utilities a total of around €2.2 billion. This amount is allocated pro rata to the companies concerned, in accordance with the quantity of power plants they operate, and for RWE comes to about €0.6 billion. The solidarity agreement is expected to come into force when the German Nuclear Power Act (AtG) and the German Ordinance on Providing Cover under the Nuclear Power Act (AtDeckV) become law early in 2002.

The earnings of RWE AG

RWE AG's net income in the 2001 fiscal year totaled €812 million. The earnings situation in the past fiscal year was characterized by the change-over to the calendar year by the major companies in the Group, entailing a truncated fiscal year from July 1 to December 31, 2001. Consequently, the earnings from these companies flowed to us for a period of 18 months. This period includes the earnings from these companies for the previous fiscal year of these companies ending June 30, 2001, and the subsequent truncated fiscal year ending December 31, 2001. In addition, the figures for the first time contain the distribution from Thames Water Plc. for its 2000/2001 fiscal year under the profit transfer agreement with Thames Water Aqua Holdings GmbH. Losses transferred relate primarily to the increased provisions for contingent losses, including those associated with the charges arising from the new statutory regulations for promoting cogeneration and the use of renewable energies, at both RWE Solutions and RWE Trading.

Research and development

As the Group's management company, RWE AG does not itself carry out any research and development work. For a report on the research and devel-

Systematic risk management— a vital basis for our decision-making processes

To achieve lasting success despite the tension between profit opportunities and loss risks, risks have to be systematically incorporated into our decision-making processes, in conformity with harmonized standards throughout the Group. For this purpose, we possess a comprehensive risk management system, complying with the

Proposed dividend: payment of €1 per share

The executive and supervisory boards will propose to the AGM on June 6, 2002 that a dividend of €1 be paid for each common and preference share with dividend rights. When it is remembered that the preceding year's dividend of €1 was paid out for a truncated fiscal year, the total distribution for the past 18 months is significantly higher than in previous years. €562 million from RWE AG's net income for the year has been earmarked for dividend payments; €250 million will be transferred to retained earnings.

The dividend for the 2001 fiscal year must for the first time be paid out on the basis of Germany's new tax legislation. Shareholders no longer have an option for offsets or refunds of the corporation tax paid by RWE AG (formerly 3/7 of the dividend) against their personal income tax. Private shareholders domiciled in Germany, however, are required to pay tax on their dividends only under the 50% dividends received procedure. For corporations registered in Germany, the dividend is basically tax-free.

opment operations ongoing in the RWE Group as a whole, please consult the Group's management reports for June 30 and December 31, 2001.

executive board's extended reporting obligations to the supervisory board under the German Law on Controlling and Transparency in Companies (KonTraG). Above and beyond compliance with the statutory requirements, it also promotes further enhancement of a value-oriented risk culture in the RWE Group.

Continuous early detection, standardized recording, evaluation, control and monitoring of our risks are handled by the operative units and by the holding company itself. The risks are evaluated in terms of their damage potential and probability of occurrence, and listed at business area, divisional and Group levels. A risk's damage potential is here defined against the reference variables of operating result and equity capital of the business unit concerned or of the Group as a whole. We thus ensure systematic and harmonized analyses of our ongoing risk situation, as a basis for deriving specific risk control initiatives for the business units concerned. Within the framework of our standardized budgeting and controlling process, the RWE Group's management and supervisory bodies are kept regularly informed on the ongoing risk situation.

The efficiency and efficacy of our risk management system are monitored by our internal controlling system and audit teams and audited when the annual financial statements are done.

We distinguish between the following categories of risk:

- **Market risks:** the companies of the RWE Group have to meet and master the pricing and sales risks inherent in a market environment characterized by deregulation and fierce competition. We meet these market risks with differentiated pricing strategies and a proactive sales policy. This includes offering different supply capabilities from a single source, under our multi-utility strategy.

In energy trading, our primary goal is to limit earnings risks due to price fluctuations on energy markets. Trading transactions offer an opportunity to hedge future prices for energy sources if required, thus creating a stable foundation for costing. In addition, trading transactions are concluded in order to selectively exploit price changes to a limited degree. This entails loss risks in the event of unexpected, extreme fluctuations in the market price. Moreover, our trading transactions may result in credit risks if trading partners do not meet their contractual obligations.

The RWE Group's integrated trading and risk management system is meticulously based on the best practice rules for trading businesses. Specific key risk variables for market and credit risks are determined on a daily basis. Appropriate restrictions are laid down by RWE AG's Risk Committee, and monitored continuously.

- **Operating risks:** all along our value chain, we operate technologically complex, interconnected production facilities through our management companies. We guard against possible malfunctions and lost production output, which might impair our profits, by systematic procedures for maintenance and quality assurance and continual improvement of our production processes, together with deployment of highly qualified staff. In appropriate cases, possible deleterious effects are kept within limits by insurance policies.

- **Financial risks:** within the framework of our operative business, we are exposed to interest-rate, exchange-rate and price-alteration risks. We guard against these risks, for example, by means of original and derivative financial transactions.

- **Situational risks:** profit risks are also entailed by continual changes in the RWE Group's political, legal and social environment. We currently see major situational risks in connection with ecology tax reform and new legislation designed to promote renewable energies and cogeneration. We safeguard against these risks by conducting an intensive dialogue and contributing our specialist expertise, as we did in the general debate on introducing a price regulation system for power network utilization or on the establishment of a regulatory agency for electricity and gas. In view of the high proportion of hard-coal and lignite-fired power plants in our electricity generating portfolio, we face another significant situational risk in the shape of plans for taxing emissions. We safeguard against this risk by taking measures to reduce emissions, which include modernizing our power plants, and optimizing the mix of energy sources.

Events of particular importance and projected developments after the end of the fiscal year

RWE deconsolidates its non-core construction business

With effect from January 1, 2002, RWE will no longer be fully including its investment in HOCHTIEF AG in the consolidated financial statements. Under our multi-utility strategy, Construction no longer ranks as a core business. As we focus on our core operations of Energy and Environmental Services, we are thus taking the first step towards the announced medium-term disengagement from Germany's biggest construction corporation. Prior to deconsolidation, RWE AG held 62.38% of HOCHTIEF's stock, 45.71% of it directly. 16.67% was owned indirectly through the holding company Francommerz, in which RWE owned 60% of the stock. Other indirect shareholders are Allianz, Commerzbank and Münchener Rück. RWE AG has now reduced its direct holding to under 40%, and also parted with its majority holding in Francommerz. Thus as from 2002 the preconditions for full consolidation no longer apply. The transaction has been performed without any financial change in RWE's overall holding, by regrouping the proportions held by existing shareholders.

Green light for the Shell & DEA Oil joint venture

On December 20, 2001, we received the green light from the German Antitrust Agency and the European Commission for setting up the joint venture Shell & DEA Oil GmbH, Hamburg. The approval also covers subsequent acquisition of RWE's shares by Shell. The oil downstream business, in contrast to the upstream operations, does not form part of our core business. The foundation of the joint venture is thus an important initiative within the framework of our focusing strategy. On January 2, 2002, Shell & DEA Oil

amalgamated the two companies' refineries, logistics, plus the sales and marketing operations. The company is the new Number 2 in Germany's downstream market. RWE will include its 50% holding in the joint venture pro rata in the consolidated financial statements.

The stipulations made by the antitrust authorities essentially provide for market shares in filling station business to be reduced from 25% to 20%, together with specific delivery and access agreements with competitors for certain pipelines and warehouses.

American Water Works' shareholders approve take-over by RWE

At an extraordinary general meeting on January 17, 2002, the shareholders of American Water Works approved the company's acquisition by RWE in a majority vote. The transaction still requires the consent of the antitrust and regulatory agencies, and is scheduled for finalization in mid-2003.

Contract signed for the Transgas take-over

After coming out top in the bidding procedure for privatizing the Czech gas industry on December 17, 2001, RWE signed the contract with the Czech government in Prague on January 29, 2002. The transaction still requires approval by the Czech antitrust agencies.

Finalization of the STEAG-Harpen transaction

At the beginning of 2002, we sold our 14.8% interest in STEAG to RAG. This was preceded in December 2001 by our acquisition of RAG's 23.47% interest in Harpen. After this transaction, we have a purely customer-supplier relationship with STEAG.

Outlook for January 1 to December 31, 2002

Modest economic recovery anticipated

For the ongoing 2002 fiscal year, we are expecting a slow improvement in the business cycle. The significantly weakened American economy will, predict numerous research institutes, start to pick up again. In the eurozone, too, and particularly in Germany (currently trailing the rest of the EU in terms of economic performance), the upturn-boosting factors will gradually start to take effect.

Regarding the Group's earnings prospects, which are also crucial to RWE AG's earnings situation, please consult the detailed explanations in the Group's report from July 1 to December 31, 2001.

This report contains certain statements about the future relating to the company's upcoming operations, including forecasts on economic and political developments, and on our own business performance. These statements have been based on carefully selected assumptions, but due to residual risks and uncertainties we cannot guarantee that they will overall or individually prove correct.

The Financial Statements and Review of Operations of RWE AG for the 2001 fiscal year are published in the Bundesanzeiger (Federal Gazette) and filed with the Commercial Register of the Essen District Court under HRB 14525.

A list of RWE AG's shareholdings has been filed with the Commercial Register of the Essen District Court in accordance with Sec. 285, No. 11 of the German Commercial Code (HGB).

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Balance Sheet as of December 31, 2001

Assets in € million	(see Notes)	12/31/2001	12/31/2000
Fixed assets	(1)		
Financial assets		22,652	21,269
Current assets			
Accounts receivable and other assets	(2)		
Accounts receivable from subsidiaries		4,654	3,864
Accounts receivable from investees		209	199
Other assets		237	241
Securities	(3)	1,779	1,391
Cash and cash equivalents	(4)	1,005	537
Prepaid expenses	(5)	23	13
		30,559	27,514

Equity and Liabilities in € million	(see Notes)	12/31/2001	12/31/2000
Equity	(6)		
Subscribed capital			
Common shares		1,359	1,359
Preferred shares		100	100
(Contingent capital €51 million)		1,459	1,459
Capital reserve		1,269	1,269
Retained earnings		614	364
Distributable profit		562	563
		3,904	3,655
Special reserves with an equity portion	(7)	■	■
Provisions	(8)		
Provisions for pensions and similar obligations		5,375	5,147
Tax provisions		1,501	587
Other provisions		754	579
		7,630	6,313
Liabilities	(9)		
Bonds		246	-
Accounts payable to banks		1,482	3,863
Trade accounts payable		5	10
Accounts payable to subsidiaries		15,146	9,134
Accounts payable to investees		850	4,374
Other liabilities		1,282	165
		19,011	17,546
Deferred income	(10)	14	-
		30,559	27,514

■ Negligible amount.

Income Statement

for the period from January 1, 2001
through December 31, 2001

in € million	(see Notes)	2001	07/01/00-12/31/00
Net income from financial assets	(13)	2,093	113
Net interest	(14)	- 661	- 152
Other operating income	(15)	1,294	62
Staff costs	(16)	- 66	- 23
Other operating expenses	(17)	- 932	- 285
Profit from ordinary activities		1,728	- 285
Extraordinary result		-	1,212
Taxes on income	(18)	- 916	-
Net profit		812	927
Profit carried forward from the previous year		■	-
Transfer to retained earnings		- 250	- 364
Distributable profit		562	563

■) Negligible amount.

Notes

Changes in Fixed assets

in € million	Cost of acquisition or production			Accumulated depreciation/ amortization		Carrying amounts		Depreciation for the reporting period
	Balance as of 01/01/2001	Additions	Disposals	Balance as of 12/31/2001	Balance as of 12/31/2001	Balance as of 12/31/2000	Balance as of 12/31/2001	
Financial assets								
Investments in subsidiaries	11,229	938	2,168	9,999	170	11,225	9,829	170
Loans to subsidiaries	8,115	3,891	1,622	10,384	–	8,115	10,384	–
Investments	65	■	–	65	■	65	65	–
Loans to investees	■	■	–	■	■	0	0	■
Long-term securities	1,857	582	■	2,439	72	1,857	2,367	72
Other loans	7	■	–	7	–	7	7	–
	21,273	5,411	3,790	22,894	242	21,269	22,652	242

■) Negligible amount.

Basis of presentation

The Financial Statements of RWE AG have been prepared in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). Individual Balance Sheet and Income Statement items have been combined in order to improve clarity. These items are stated and explained separately in the Notes. The Income Statement has been prepared using cost-categories-oriented format. The Financial Statements have been prepared in euros (€) and amounts are stated in millions of euros (€ million).

Figures generated in the reporting period can only be compared to year-earlier figures to a limited extent owing to the truncated fiscal year (07/01/00 to 12/31/00) introduced in the previous year within the scope of transitioning to the calendar fiscal year. Comparability is curtailed principally because divisional management companies with which a profit- and loss-transfer agreement has been entered into did not transition their fiscal years until this reporting period (truncated fiscal year from 07/01/00 to 12/31/01) and are thus recorded using results generated over an 18 month period.

Accounting and valuation methods

Investments in subsidiaries and investees are stated at acquisition cost, or at lower fair values in individual cases.

Long-term securities are valued at acquisition cost or lower market value as appropriate.

Loans and employer loans are accounted for at nominal value or at lower fair value.

Accounts receivable and other assets are disclosed at nominal value after deducting required value adjustments. All identifiable individual risks are taken into account. Current securities are valued at acquisition cost or lower market value as appropriate.

Provisions for pensions and similar obligations are calculated based on actuarial computations taking Klaus Heubeck's 1998 reference tables into consideration while applying the going concern method and an interest rate of 6%.

All identifiable risks, contingent liabilities and anticipated losses are taken into account in the assessment of other provisions.

Liabilities are on principle valued at repayable amounts.

Contingent liabilities are valued according to the extent of liability existing as of the balance-sheet date.

Foreign-currency transactions are valued at the exchange rate prevailing at the time of first entry or (when hedged by swaps, futures and options) at the forward rate. As regards receivables, liabilities and foreign currency holdings, losses arising from exchange-rate fluctuations are included in the results as of the balance-sheet date.

Notes on the Balance Sheet

(1) Fixed assets An analysis and description of the movements of fixed asset items summarized in the Balance Sheet for the 2001 fiscal year is provided on page 14.

Additions to shares in subsidiaries principally relate to the capital increase performed at RWE Net AG, Dortmund, and the increase of the carrying amount of GBV Gesellschaft für Beteiligungsverwaltung mbH, Essen, (now known as Thames Water Aqua Holdings GmbH, Essen (TWAH)) within the scope of the spin-off of RWE Aqua GmbH, Essen, from RWE Umwelt AG, Essen.

Furthermore, the Corporation increased its stake in Dortmund-based Harpen AG to 93.92%, made a contribution to Essen-based RWE Power AG and Cologne-based RWE Rheinbraun AG's capital reserves and contributed its shares in CONSOL Energy Inc., Pittsburgh, PA/USA.

The carrying amounts of Frankfurt a.M.-based RWE Solutions AG and Essen-based RWE Trading GmbH rose within the scope of the spin-out of Essen-based RWE Plus AG's "Commercial Key Accounts" and "Multi Utility Customers" Divisions.

Disposals principally relate to the reduction in the carrying amount of Essen-based RWE Com Geschäftsführungs-GmbH owing to the capital repatriation by way of the profit transfer and the disbursement of the capital reserve prior to subsidiary status, and the repatriation of the capital reserves of RWE Umwelt AG, Essen, and TWAH. Further disposals are due to the reduction in Dublin-based RWE International Financial Services Ireland Ltd.'s capital, the contribution of shares in CONSOL Energy Inc., Pittsburgh/USA, to RWE Rheinbraun AG, Cologne, and the spin-off of the "Commercial Key Accounts" and "Multi Utility Customers" Divisions from RWE Plus.

Additions and disposals concerning loans to subsidiaries primarily relate to the Company's core business areas in the fields of electricity and gas.

Long-term securities nearly exclusively consist of special funds and a loan taken out by American Water Works Company, Inc., Voorhees, New Jersey/USA.

(2) Accounts receivable and other assets

in € million	12/31/ 2001	Thereof RT ^{*)} > 1 year	12/31/ 2000	Thereof RT ^{*)} > 1 year
Accounts receivable from subsidiaries	4,654		3,864	
Accounts receivable from investees	209		199	
Other assets	237	1	241	28
	5,100	1	4,304	28

*) RT = remaining term.

Accounts receivable from subsidiaries include claims arising from loans, tax group accounting settlements and ongoing clearing transactions.

Other assets primarily include tax refund claims, interest accruals and receivables, and company shares not included in fixed assets.

(3) Securities Securities are fixed-interest securities obtained from the placement of liquid funds.

In the fiscal year under review, 584,463 common shares were acquired on the capital market at an average purchase price of €43.29 per share. They account for €1,496,225.28 of the Corporation's share capital (0.1% of subscribed capital). Employees of RWE AG and its subsidiaries received a total of 550,056 shares of common stock at an average price of €43.56 per share within the scope of capital formation and 34,397 common shares at an average price of €23.59 on the occasion of service anniversaries. A total of 10 common shares that were not needed were

sold on the capital market at a price of €44.57. Aggregate proceeds amounted to €24,772,310.29. Differences in the purchase price were recognized in income.

Our wholly-owned subsidiary RWE Power AG received 7,595,000 common shares in RWE AG (new) for its shareholding in VEW AG as a result of the merger of RWE AG (old) and VEW AG, into RWE AG (new) on November 24, 2000. These shares do not carry dividend entitlements since RWE AG holds all the shares in RWE Power. They account for €19,443,200 of the Corporation's share capital (1.33% of subscribed capital).

(4) Cash and cash equivalents Cash and cash equivalents nearly exclusively relate to bank balances.

(5) Prepaid expenses

in € million	12/31/2001	12/31/2000
Debt discount	10	-
Other	13	13
	23	13

Other prepaid expenses predominantly consist of prepayment of rent.

(6) Equity

Changes in equity in € million	Balance as of 12/31/ 2000	Dividend payments	Net profit	Balance as of 12/31/ 2001
Subscribed capital	1,459			1,459
Capital reserve	1,269			1,269
Retained earnings				
Other retained earnings	364		250	614
Distributable profit	563	- 563	562	562
	3,655	- 563	812	3,904

The additional dividend entitlement attached to Type B common shares was fully satisfied with the June 2001 distribution for the truncated fiscal year from July 1 through December 31, 2000, classifying these shares as Type A common shares pursuant to Sec. 4, Para. 5, Sentence 2 of the Articles of Association. The Articles of Association were amended accordingly per the Supervisory Board resolution of June 27, 2001.

RWE AG's €1,459,200,000 in share capital thus breaks down as follows:

Common shares: 531,000,000 no-par-value bearer share of common stock with 531,000,000 votes (93.2% of the subscribed capital).

Preferred shares: 39,000,000 no-par-value bearer preferred shares with no voting rights (6.8% of the subscribed capital).

Contingent capital in the amount of €51,200,000 is available to service subscription rights to bearer shares of common stock held by members of the Executive Board and other executives of RWE AG and subordinate subsidiaries.

As per resolution of the AGM held on June 7, 2001, the Company is authorized until May 23, 2002 to purchase all classes of shares in the Company as long as they do not account for more than 10% of the Company's capital stock, i.e. no more than 57,000,000 shares.

The Executive Board of RWE AG has been authorized to issue non-transferable subscription rights to a total of up to 20,000,000 common shares to the aforementioned persons until the end of

the day on March 8, 2004. There is a three-year waiting period for the stock options which have a term of five years after their respective issue.

The following options have been issued so far:

	Originally issued	Balance as of 12/31/2000	Expired in 2001	Balance as of 12/31/2001
1999 tranche	1,935,800	1,724,300	- 282,700	1,441,600
2000 tranche	4,336,500	4,045,200	- 679,200	3,366,000
2001 tranche	5,222,300		- 372,700	4,849,600
2001A tranche	5,262,300		- 72,500	5,189,800
	16,756,900	5,769,500	- 1,407,100	14,847,000

Stock options can only be exercised if the quoted market price of the common share—calculated on the basis of the total return approach—has increased by at least 6% annually on average (absolute performance) before being exercised and has not trailed the Dow Jones STOXX share index by more than 10 percentage points (relative performance) in the same period. The four-week exercise periods start on the 21st trading day following the publication of the provisional sales and earnings figures for the completed fiscal year and of the semi-annual results.

The stock options can only be exercised against payment of the exercise price. The exercise price

corresponds to the quoted market price of the common shares on the first trading day after expiration of the relevant exercise period, minus a markdown, which is composed of the absolute and relative performance components. The markdown is limited to 40 percentage points.

Exercise conditions stipulate that the stock options can be used for already existing common shares instead of new shares from contingent capital and that the markdown can be paid in cash instead of in common shares. If the persons holding stock options are not employed by RWE AG, the expenses associated with the exercise are borne by the respective Group company.

(7) Special reserves with an equity portion

Special reserves with an equity portion in the amount of €0.1 million have been released in

accordance with Sec. 52, Para. 16 of the German Income Tax Act (EstG).

(8) Provisions

in € million	12/31/2001	12/31/2000
Provisions for pensions and similar obligations	5,375	5,147
Tax provisions	1,501	587
Other provisions	754	579
	7,630	6,313

Disclosed provisions for pensions also include claims of current and former employees of RWE Power AG, RWE Net AG, RWE Plus AG, RWE Systems AG, RWE Systems Grundstücke GmbH, RWE Gas AG, RWE Trading GmbH and RWE Rheinbraun AG.

Expenses incurred for the retirement benefits of the companies concerned are reimbursed by them.

Tax provisions predominantly concern the year under review as well as tax auditing periods that are still open.

Other provisions primarily relate to interest payment obligations as well as risks associated with investments.

(9) Liabilities

in € million	12/31/ 2001	Thereof		12/31/ 2000	Thereof RT*) < 1 year
		RT*) < 1 year	RT*) > 5 years		
Bonds	246			-	
of which convertible					
Accounts payable to banks	1,482	1,482		3,863	3,863
Trade accounts payable	5	5		10	10
Accounts payable to subsidiaries	15,146	5,850	8,296	9,134	9,134
Accounts payable to investees	850	850		4,374	4,374
Other liabilities	1,282	1,168	108	165	56
of which tax	(5)	(5)		(45)	(45)
of which under social security	(■)	(■)		(■)	(■)
	19,011	9,355	8,404	17,546	17,437

*) RT = Remaining term.

■) Negligible amount.

Bonds exclusively consist of two RWE AG medium-term notes in the amount of GBP100 million and US\$75 million with differing due dates and interest rates.

Accounts payable to banks principally relate to obligations arising from securities repurchase agreements and interest accruals from existing swap agreements.

Accounts payable to subsidiaries concern the transfer of financial resources as well as ongoing clearance transactions.

(10) **Deferred income** This item exclusively relates to deferred interest equalization payments.

(11) **Contingent liabilities and other financial obligations** Contingent liabilities include liabilities from guarantees and warranty agreements. Guarantees are performance and warranty guarantees totaling €77 million (previous year: €49 million) from current business conducted by subsidiaries. Six guarantees have not been recorded in figures.

Additionally, there are joint and several liabilities from the transfer of pension obligations to a subsidiary in the amount of €5 million and to an investee of RWE Plus AG in the amount of €5 million.

Future—undiscounted—financial obligations from leases and rent amounted to €290 million as of December 31, 2001. €206 million thereof are payable to subsidiaries.

In the context of the debate about the tax recognition of certain elements of nuclear waste management obligations under public law, the tax authorities of the State of North Rhine-Westphalia have disputed some partial amounts

regarding the operating and financing costs of final repositories at RWE Power AG (a subordinated company) as well as another subsidiary. Relevant taxes will not be levied until the fiscal courts reach a decision in the test cases, which are either pending or have been agreed to by the industry.

By entering into the solidarity agreement, RWE AG and the German nuclear power plant operators' other parent companies have committed themselves to endow the nuclear power plant operators that would be liable in the event of damages caused by nuclear accidents with funds sufficient to fulfill the coverage provision in the amount of €2,244.4 million in order to enable them to meet their payment obligations.

Contractually, RWE AG is responsible for covering 28.938% of the total liability plus 5% for damage settlement costs. The solidarity agreement is expected to come into effect in the spring of 2002 with the enactment of the German Nuclear Energy Act (AtG) and of the directive governing the provision of coverage as defined under the German Nuclear Energy Act (AtDeckV).

The following payment guarantees to the creditors of the bonds of RWE Finance B.V., Amsterdam/Netherlands (a subsidiary wholly owned by RWE AG) were in existence as of the balance-sheet date within the scope of the debt issuance program.

Volume	Interest rate	Due date	GSIN*)
€ 2,000 million	5.375%	April 2008	648 660
€ 500 million	6.25%	April 2016	648 661
GBP 350 million	6.5%	April 2021	648 663
GBP 250 million	5.75%	April 2006	648 662
€ 150 million	6.25%	April 2016	648 661
GBP 225 million	6.5%	April 2021	648 663

*) German Securities Identification Number.

On September 17, 2001, the wholly-owned subsidiary TWAH tendered a takeover bid for the US-based water utility American Water Works Company Inc., Voorhees/New Jersey. The proposed purchase price is US\$46 per common share in cash. This results in a purchase price of

US\$4.6 billion. RWE AG undertook a payment obligation as a surety. On January 17, 2002, the majority of American Water Works' shareholders voted in favor of the deal, which is still subject to approval from antitrust and regulatory authorities and is scheduled for closure in mid-2003.

(12) Derivative financial instruments We use derivative financial instruments to hedge currency, interest-rate and price risks from foreign currency items, cash investments and financing transactions. The nominal volume of derivatives concluded with external counterparties amounts to €9.9 billion as of the balance-sheet date. Offsetting derivatives with a nominal volume of €8.6 billion have been concluded with Group companies.

Within the scope of currency hedging, among other things, currency swaps with a volume totaling €5.85 billion as well as matching offsetting currency swaps have been concluded with our wholly-owned subsidiary TWAH. At RWE AG, currency swaps concluded with banks and the respective matching offsetting transactions constitute a valuation unit, avoiding the generation of a valuation result. TWAH holds all the shares in Thames Water Plc. TWAH uses the currency swaps to hedge the price of this investment. On termination of a currency swap, the difference between the return exchange rate of the swaps and the GBP spot rate is offset against the acquisition cost of the stake in Thames Water without an effect on profits or losses. Currency swaps had a positive market value of €17.5 billion as of the balance-sheet date.

Moreover, RWE AG has concluded currency swap transactions with a nominal volume of €891 million and a negative market value of €17 million as of the balance-sheet date in order to hedge foreign-currency bonds as well as foreign-currency loans awarded to Group companies. We have

concluded currency swaps with a nominal volume of €163 million and a positive market value of €3 million as of the balance-sheet date in order to hedge the currency risk associated with a medium-term note.

The swaps' market values are contrasted by the underlying transactions' offsetting changes in market value.

Furthermore, RWE AG has concluded forward exchange transactions and options for contractually agreed and forecast payments at Group companies. They form a valuation unit and thus avoid the generation of a valuation result. As of the balance-sheet date, they have a market value of €2 million.

All in all, interest-rate hedging transactions had a positive market value of €4 million as of December 31, 2001.

Eighteen percent of the total volume of derivatives concluded with external counterparties have a remaining term of less than one year.

Internal directives that are binding upon RWE AG and its Group companies define the range of action, responsibilities and controls allowable when trading with derivatives. In particular, with the exception of arbitrage deals in energy trading, derivative financial instruments may only be used to hedge risks arising from underlying transactions and associated liquidity investment and financing procedures. All external counterparties have top-notch credit ratings.

Notes on the Income Statement

(13) Net income from financial assets

in € million	2001	07/01/2000 – 12/31/2000
Income under profit transfer agreements with subsidiaries	2,329	13
other enterprises	-	5
	2,329	18
Income from investments in subsidiaries	332	40
other enterprises	4	3
	336	43
Expenses from the assumption of losses from subsidiaries	- 707	■
other enterprises	■	-
Income from other securities and loans held as financial assets of which from subsidiaries	377 (173)	52 (46)
Amortization of financial assets and current securities	- 242	-
	2,093	113

■ Negligible amount.

Income from profit transfer agreements includes the following net transfers:

in € million	2001	07/01/2000 – 12/31/2000
RWE Power AG	517	-
RWE Com Geschäftsführungs GmbH	513	-
RWE Net AG	421	-
RWE Rheinbraun AG	357	-
RWE-DEA AG für Mineralöl und Chemie	232	-
RWE Plus AG	122	-
Thames Water Aqua Holdings GmbH	54	-
RWE Trading GmbH	32	-
RWE Umwelt AG	24	-
RWE Solutions AG	19	-
Other	38	18
	2,329	18

Expenses from the assumption of losses relate to the following companies:

in € million	2001	07/01/2000 – 12/31/2000
RWE Solutions AG	- 458	-
RWE Trading GmbH	- 147	-
RWE Systems AG	- 38	-
RWE Umwelt AG	- 32	-
Other	- 32	■
	- 707	■

■) Negligible amount.

Amortization of financial assets and current securities relates to the amortization of a portion of the value of Francommerz-Vermögensverwal-

tungsgesellschaft mbH, Frankfurt a.M., as well as special fund write-downs to lower underlying values.

(14) Net interest

in € million	2001	07/01/2000 – 12/31/2000
Other interest and similar income	268	194
of which from subsidiaries	(127)	(89)
Interest and similar expenses	- 929	- 346
of which from subsidiaries	(- 690)	(- 206)
	- 661	- 152

(15) Other operating income Other operating income mainly discloses income from intra-Group tax allocations, the disposition of shares

in companies, the sale of securities, and the release of provisions.

(16) Staff costs

in € million	2001	07/01/2000 – 12/31/2000
Wages and salaries	- 34	- 19
Cost of social security, retirement and other benefits of which for retirement benefits	- 32 (- 28)	- 4 (- 2)
	- 66	- 23

From the 2001 fiscal year onwards, we are disclosing full time equivalents instead of the number of employees. Full time equivalents include full-time staff members at 100%, whereas part-time

and fixed-term employees are included on a pro-rata basis in accordance with their degree or duration of employment. The previous year's figures have been adjusted accordingly.

Average full time equivalents for the year	2001	07/01/2000 – 12/31/2000
Wage earners	0	6
Salary earners of which part-time and fixed-term employees	296 (23)	269 (24)
Apprentices	5	5
	301	280

(17) Other operating expenses Other operating expenses predominantly concern the interest share to be credited to the RWE Group's divisional management companies for the pension provisions reported on RWE AG's Balance Sheet, the

transfer to the provision for investment risks, expenses associated with studies and consulting, expenses arising from sale and repurchase transactions, and rent and maintenance expenses.

(18) Taxes on income Taxes on income primarily contain the corporate tax on the current result as

well as the transfer to the provision for corporate and trade tax risks.

Other disclosures

Information on the members of the Supervisory Board and Executive Board pursuant to Sec. 285, No. 10 of the German Commercial Code (HGB) is provided on pages 33 to 36.

Due to tax regulations, the release of special reserves with an equity portion had a €0.1 million effect on net income.

Provided that the General Meeting passes the proposed distribution, remuneration paid to the Executive and Supervisory Boards for the fiscal year from January 1, 2001, through December 31, 2001, shall total €6,856,640.18 and €1,223,611.11, respectively.

Former members of the Executive Board of RWE AG and their surviving dependants received €6,025,290.99. €61,626,467.02 in provisions have been made to cover pension obligations to former members of the Executive Board and their surviving dependants.

The Economic Advisory Board received €666,666.67.

Under the stock option program, current and former members of the Executive Board held non-transferable stock options on 880,000 and 80,000 common shares of RWE AG, respectively, as of the balance-sheet date. Details of the stock option program are explained under the section on equity.

Proposal for the appropriation of profit

Distributable profit developed as follows:

Net profit for the year	€812,099,515.32
Profit carried forward from the previous year	€308,005.79
Transfer to retained earnings	€250,000,000.00
<hr/>	
Distributable profit	€562,407,521.11

We propose to the General Meeting that RWE AG's distributable profit for fiscal 2001 be appropriated as follows:

Pay-out of a dividend of €1.00 per share on the dividend- bearing capital stock of €1,439,756,800.00	€562,405,000.00
Profit carried forward	€2,521.11
Distributable profit	€562,407,521.11

The amount payable to shareholders is reduced by the partial amount that would be distributed on the treasury held by the Corporation at the time of the resolution to appropriate profits, and which do not carry dividend entitlements pursuant to Sec. 71 b of the German Stock Corporation Act (AktG). The profit carried forward is increased by this partial amount.

Essen, March 7, 2002

The Executive Board

Kuhnt

Klein

Maichel

Rommel

Sturany

Zilius

Report of Independent Auditors

We have audited the Financial Statements of RWE Aktiengesellschaft, Essen, including the accounts and Review of Operations for the fiscal year from January 1, 2001, through December 31, 2001. The Corporation's Executive Board is responsible for ensuring that these documents are prepared in accordance with German commercial law as well as with the Articles of Association's supplementary rules. Our responsibility lies in performing an audit of these Financial Statements, including the accounts and Review of Operations, and submitting an opinion based thereon.

We conducted our audit of these Financial Statements pursuant to Sec. 317 of the German Commercial Code (HGB) and in accordance with the professional standards prescribed by the German Institute of Certified Public Accountants (IDW). These principles require that the audit be planned and performed to ensure that erroneous information and violations that have a major impact on the description of the Corporation's net worth, financial position and results conveyed by the Financial Statements—while taking the principles of orderly accounting into consideration—and by the Review of Operations are detected with a sufficient level of certainty.

Knowledge of the Corporation's business activity, commercial and legal environment and expectancy of possible errors are taken into account when determining auditing procedures. The scope of the audit also involves forming an opinion on the effectiveness of the Corporation's internal control system and examining evidence of sound statements made in the accounts, Financial Statements and Review of Operations mainly on the basis of sample audits. It also entails examining applied accounting methods as well as material estimates made by the Executive Board and stating an opinion on the overall statement of the Financial Statements and Review of Operations. We believe that our audit provides a basis sufficient for stating our audit opinion.

No objections were raised against our audit.

It is our opinion that the Financial Statements comply with generally accepted accounting principles and present a true and fair view of the Corporation's net worth, financial position and results. Overall, the Review of Operations presents a true and fair view of the Corporation's status as well as of the risks associated with future developments.

Essen, March 12, 2002

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft
(Certified Public Accountants)

P. Albrecht
Wirtschaftsprüfer
(German Certified
Public Accountant)

Dr. N. Schwieters
Wirtschaftsprüfer
(German Certified
Public Accountant)

As of December 31, 2001

I. Affiliates	Investment in acc. with Sec.16 of the German Stock Corporation Act %	Equity of the last fiscal year € '000	Net profit/ loss of the last fiscal year € '000	Net sales 2001 TFY in € million	Employees ⁴⁾ 2001 TFY annual average
RWE Aktiengesellschaft, Essen		3,904,491	812,100	-	327
Energy					
RWE Power Aktiengesellschaft, Essen ³⁾	100	1,006,395	- ¹⁾	1,719	2,558
RWE Rheinbraun Aktiengesellschaft, Cologne ³⁾	100	1,111,080	- ¹⁾	849	12,386
RWE Trading GmbH, Essen ³⁾	100	51,100	- ¹⁾	4,094	136
RWE Net Aktiengesellschaft, Dortmund ³⁾	100	960,129	- ¹⁾	1,839	5,834
RWE Plus Aktiengesellschaft, Essen ³⁾	100	510,873	- ¹⁾	2,751	2,288
RWE Solutions Aktiengesellschaft, Frankfurt/Main ³⁾	100	185,695	- ¹⁾	584	1,880
RWE Systems Aktiengesellschaft, Dortmund ³⁾	100	150,507	- ¹⁾	646	1,905
Budapesti Elektromos Művek Rt. (ELMŰ), Budapest/Hungary	55	284,542	32,353	295	2,469
CONSOL Energy Inc., Wilmington/Delaware/USA; CONSOL Energy Group ²⁾³⁾ with 53 subsidiaries in the USA, Belgium, Canada and Australia	72	308,135	1,181	1,171	7,606
Emscher Lippe Energie GmbH, Gelsenkirchen ³⁾	79	75,880	6,334	170	713
envia Energie Sachsen Brandenburg AG, Chemnitz ³⁾	64	639,851	55,418	600	2,787
Észak-magyarországi Áramszolgáltató Rt. (ÉMÁSZ), Miskolc/Hungary	54	125,535	11,577	140	1,790
EWV Energie- und Wasser-Versorgung GmbH, Stolberg ³⁾	54	39,912	12,138	113	581
Kernkraftwerke Gundremmingen Betriebsgesellschaft mbH, Gundremmingen ³⁾	75	1,229	15	74	705
Kernkraftwerke Lippe-Ems GmbH, Lingen (Ems) ³⁾	88	465,545	- ¹⁾	251	280
Koblenzer Elektrizitätswerk und Verkehrs-AG, Koblenz	58	84,993	20,055	100	592
Lechwerke Aktiengesellschaft, Augsburg	90	203,454	43,585	348	1,284
Mátra Erőmű Rt. (MÁTRA), Visonta/Hungary	51	176,343	34,977	106	3,313
Mitteldeutsche Energieversorgung Aktiengesellschaft, Halle (Saale) ³⁾	53	251,098	13,500	279	880
RBB Vermögensverwaltungs GmbH, Cologne ³⁾	100	57,055	3,460	1	-
Rheinbraun Engineering und Wasser GmbH, Cologne ³⁾	100	13,224	1,217	5	3
RV Rheinbraun Handel und Dienstleistungen GmbH, Cologne ³⁾	100	76,694	- ¹⁾	1	6
RWE NUKEM GmbH, Alzenau ³⁾	100	26,229	1,960	83	146
RWE Piller GmbH, Osterode am Harz ³⁾	100	23,432	4,626	55	577
SAG Netz- und Energietechnik GmbH, Langen ³⁾	100	26,651	4,751	95	1,565
Société Luxembourgeoise de Centrales Nucléaires S.A., Luxembourg/Luxembourg	100	18,768	362	1	-
SSM Coal B.V., Rotterdam/Netherlands SSM Coal Group ²⁾ with 26 subsidiaries in Europe, Australia and the USA	100	17,501	5,388	399	156
Starkstrom-Gerätebau GmbH, Regensburg ³⁾	100	11,124	1,707	40	385
Süwag Energie AG, Frankfurt/Main ³⁾	78	230,189	14,880	428	1,660
Turbogás-Produtora Energética, S.A., Lisbon/Portugal	75	- 32,516	- 31,672	169	8

1) Profit and loss transfer agreement.

2) Data from the company's consolidated financial statements.

3) Truncated fiscal year.

4) In full time equivalents (FTEs) according to the percentage of full time employment.

I. Affiliates	Investment in acc. with Sec.16 of the German Stock Corporation Act %	Equity of the last fiscal year € '000	Net profit/ loss of the last fiscal year € '000	Net sales 2001 TFY in € million	Employees ⁴⁾ 2001 TFY annual average
Gas					
RWE Gas Aktiengesellschaft, Dortmund	80	502,490	134,450	888	880
RWE-DEA Aktiengesellschaft für Mineralöl und Chemie, Hamburg ³⁾	99	1,323,905	- ¹⁾	563	896
MITGAS Mitteldeutsche Gasversorgung GmbH, Halle rhenag Rheinische Energie AG, Cologne ³⁾	60 56	92,389 130,248	20,985 16,046	228 88	382 406
Water					
Thames Water Plc, London/UK ²⁾	100	4,007,237	179,020	1,368	11,472
RWE Aqua GmbH, Berlin ³⁾	100	233,106	3,398	3	148
Environmental Services					
RWE Umwelt Aktiengesellschaft, Essen ³⁾	100	528,853	- ¹⁾	-	165
Trienekens Aktiengesellschaft, Viersen ³⁾	50	209,725	13,043	283	2,147
RWE-DEA Downstream					
DEA Mineralöl GmbH, Hamburg	100	325,042	- ¹⁾	7,971	2,293
DEA Mineralöl & Service GmbH, Hamburg	100	12,076	- ¹⁾	2,744	703
Printing Systems					
Heidelberger Druckmaschinen AG, Heidelberg	56	1,958,540	257,883	1,813	11,596
Heidelberger Druckmaschinen Vertrieb Deutschland GmbH, Heidelberg	100	40,113	- ¹⁾	476	1,195
Heidelberg USA, Inc., Kennesaw/Georgia/USA ²⁾	100	273,686	7,477	453	1,393
Heidelberg Web Systems, Inc., Dover/New Hampshire/USA ²⁾	100	136,517	- 19,013	250	1,400
Construction and Civil Engineering					
HOCHTIEF Aktiengesellschaft, Essen	62	1,213,766	- 41,434	32	418
HOCHTIEF AirPort GmbH, Essen	100	135,000	- ¹⁾	-	56
HOCHTIEF Construction AG, Essen	100	200,047	- ¹⁾	887	8,046
Leighton Holdings Limited, Sydney/Australia; Leighton Group ²⁾ with 117 subsidiaries in Asia, Australia and America	50	428,405	91,189	1,360	12,826
The Turner Corporation, Wilmington/Delaware/USA; Turner Group ²⁾ with 43 subsidiaries in the USA, Brazil, the United Kingdom and Singapore	100	412,757	38,471	3,423	4,552
Other subsidiaries					
Harpen Aktiengesellschaft, Dortmund	94	203,471	16,588	19	125
RWE Finance B.V., Amsterdam/Netherlands	100	4,470	2,470	-	-

1) Profit and loss transfer agreement.

2) Data from the company's consolidated financial statements.

3) Truncated fiscal year.

4) In full time equivalents (FTEs) according to the percentage of full time employment.

II. Associates accounted for using the equity method	Investment in acc. with Sec. 16 of the German Stock Corporation Act %	Equity of the last fiscal year € '000	Net profit/loss of the last fiscal year € '000
Energy			
Kärntner Energieholding Beteiligungs GmbH, Klagenfurt/Austria ²⁾	49	168,484	81,675
Motor-Columbus AG, Baden/Switzerland ²⁾	20	359,724	37,276
Niederrheinische Versorgung und Verkehr AG, Mönchengladbach ²⁾	50	394,392	28,988
Stadtwerke Duisburg AG, Duisburg	20	116,658	17,424
TCP Petcoke Corporation, Dover/Delaware/USA	50	4,745	10,871
Gas			
Nafta a.s., Trnava/Slovak Republic ²⁾	40	87,019	- 854
Stadtwerke Essen AG, Essen	29	122,902	9,448
Thyssengas GmbH, Duisburg	75	123,195	20,298
TIGÁZ Tiszántúli Gázszolgáltató Rt., Hajdúszoboszló/Hungary	44	142,182	17,610
Water			
RWE/VIVENDI Berlinwasser Beteiligungs AG, Berlin	50	334,611	- 65,499
Environmental Services			
AVE Beteiligungsgesellschaft mbH, Hörsching/Austria	50	53,346	2,216
RWE-DEA Downstream			
FUCHS DEA Schmierstoffe GmbH & Co. KG, Mannheim	50	42,065	5,996
Oberrheinische Mineralölwerke GmbH, Karlsruhe	42	53,111	3,523
PCK Raffinerie GmbH, Schwedt/Oder	38	465,170	1,198
Construction and Civil Engineering			
AECON Group Inc., Toronto/Canada	49	61,870	7,679
Athens International Airport S.A., Spata/Greece	40	300,000	-
Ballast Nedam N.V., Amstelveen/Netherlands ²⁾	48	275,981	22,424
Flughafen Düsseldorf GmbH, Düsseldorf	50	52,356	26,792
Flughafen Hamburg GmbH, Hamburg	36	85,858	22,098
KITCHELL CORPORATION, Phoenix/Arizona/USA ²⁾	33	67,265	9,194
Others/Holding			
RAG Aktiengesellschaft, Essen ²⁾	30	2,313,000	169,900

2) Data from the company's consolidated financial statements.

Supervisory Board

Dr. h.c. Friedel Neuber

- Duisburg
 – since January 5, 2001 –
 Chairman since January 19, 2001
- Babcock Borsig AG (Chairman)
 - Deutsche Bahn AG
 - Hapag-Lloyd AG
 - PREUSSAG AG (Chairman)
 - ThyssenKrupp AG
 - Landwirtschaftliche Rentenbank
 - Österreichische Kontrollbank AG

Frank Bsirske^{*)}

- Hanover
 – since January 9, 2001 –
 Deputy Chairman
 since November 22, 2001
 Chairman of ver.di Vereinte Dienstleistungsgewerkschaft e. V.
- Deutsche Lufthansa AG

Erwin Winkel^{*)}

- Niederzier
 Deputy Chairman
 from January 19 to November 8, 2001
 Power systems electronic engineer

Dr. Paul Achleitner

- Munich
 Chairman until January 5, 2001
 Executive Vice-President of Allianz AG
- MAN AG
 - Österreichische Industrieholding AG

Carl-Ludwig von Boehm-Bezing

- Bad Soden
 – since January 5, 2001 –
 Former member of the Board of Management of Deutsche Bank AG
- RÜTGERS AG
 - Steigenberger Hotels AG
 - ThyssenKrupp AG
 - AKA Ausfuhrkredit-Gesellschaft mbH (Chairman)
 - FIAT S.p.A.

Burkhard Drescher

- Oberhausen
 – since January 5, 2001 –
 Mayor of the City of Oberhausen
- Energieversorgung Oberhausen AG
 - Stadtwerke Oberhausen AG (Chairman)
 - Deutsche Städte-Medien GmbH
 - Entwicklungsgesellschaft Neu-Oberhausen mbH – ENO – (Chairman)
 - Landesgartenschau Oberhausen GmbH i. L. (Chairman)
 - PBO Projektentwicklungs- und Beteiligungsgesellschaft Oberhausen mbH (Chairman)
 - Stadtparkasse Oberhausen (Chairman)

Wilfried Eickenberg^{*)}

- Cologne
 – since November 8, 2001 –
 M.A. in engineering
- RWE Plus AG
 - RWE Trading GmbH

Dr. Friedhelm Gieseke

- Essen
 – since January 5, 2001 –
 – until June 7, 2001 –
 Former Chairman of the Executive Board of RWE AG
- MAN AG
 - National-Bank AG

Erwin Hahn^{*)}

- Bettingen
 – since January 9, 2001 –
 – until May 22, 2001 –
 Electrician

Johann Heiß^{*)}

- Landshut
 – since January 9, 2001 –
 – until November 8, 2001 –
 Electrician
- RWE Solutions AG

^{*)} Employee representative on the Supervisory Board.

▪) Member of other mandatory Supervisory Boards.
 ▪) Member of comparable domestic and foreign supervisory bodies of commercial enterprises.

Ralf Hiltenkamp^{*)}

Arnsberg
 – since May 23, 2001 –
 Mechanic
 ■ RWE Umwelt AG

Heinz-Eberhard Holl

Osnabrück
 Deputy Chairman until January 5, 2001
 Chief Administrative Officer,
 Osnabrück Rural District
 ■ Georgsmarienhütte GmbH
 ■ Georgsmarienhütte Holding GmbH
 ■ Deutsches Institut für Lebensmitteltechnik e. V.
 ■ FMO Flughafen Münster/Osnabrück GmbH
 International Airport
 ■ Osnabrücker Land-Entwicklungsgesellschaft
 mbH (Chairman)

Berthold Huber^{*)}

Stuttgart
 – since January 9, 2001 –
 Regional Manager of IG Metall trade union,
 Baden-Württemberg Region
 ■ Audi AG
 ■ Heidelberger Druckmaschinen AG
 ■ Sairstahl AG

Berthold Krell^{*)}

Wenden-Hünsborn
 – since January 9, 2001 –
 Senior Fitter
 ■ RWE Net AG

Dr. Gerhard Langemeyer

Dortmund
 – since January 5, 2001 –
 Mayor of the City of Dortmund
 ■ Dortmunder Stadtwerke AG (Chairman)
 ■ Dortmunder Energie und Wasser GmbH
 ■ Klinikum Dortmund gGmbH (Chairman)
 ■ Schüchtermann Schiller'sche Kliniken KG
 ■ STEAG microParts GmbH

Josef Pitz^{*)}

Angelbachtal
 – since November 8, 2001 –
 Design Engineer
 ■ Heidelberger Druckmaschinen AG

Dr. Wolfgang Reiniger

Essen
 – since January 5, 2001 –
 Mayor of the City of Essen
 ■ Deutsche Städte-Medien GmbH
 ■ Entwicklungsgesellschaft Universitätsviertel
 Essen mbH (Chairman)
 ■ Essener Wirtschaftsförderungsgesellschaft mbH
 (Chairman)
 ■ Margarethe Krupp-Stiftung für Wohnungs-
 fürsorge (Chairman)
 ■ Messe Essen GmbH (Chairman)
 ■ Sparkasse Essen (Chairman)

Günter Reppien^{*)}

Lingen
 – since January 9, 2001 –
 Senior Workshop Foreman
 ■ RWE Power AG
 ■ Stadtwerke Lingen GmbH

Bernhard von Rothkirch^{*)}

Frechen
 – since January 9, 2001 –
 Senior Engineer

Dr. Manfred Schneider

Leverkusen
 – since January 5, 2001 –
 President and CEO of Bayer AG
 ■ Allianz AG
 ■ DaimlerChrysler AG
 ■ Linde AG
 ■ Metro AG

*) Employee representative on the Supervisory Board.

■) Member of other mandatory Supervisory Boards.

■) Member of comparable domestic and foreign supervisory bodies of commercial enterprises.

Ernst-W. Stuckert^{*)}

Hamburg
 – since January 9, 2001 –
 – until November 8, 2001 –
 Commercial Executive

Klaus-Dieter Südhofer^{*)}

Recklinghausen
 – since January 9, 2001 –
 Trade Union Secretary
 Deputy Chairman of IG Bergbau, Chemie,
 Energie

- BGAG Beteiligungsgesellschaft der Gewerkschaften AG
- BHW Holding AG
- Harpen AG
- RAG AG
- RAG Immobilien AG
- RWE-DEA AG für Mineraloel und Chemie
- RWE Rheinbraun AG

Dr. Alfons Friedrich Titzrath

Cologne
 – since January 5, 2001 –
 Member of the Supervisory Board of
 Dresdner Bank AG

- Allianz AG
- Celanese AG
- Deutsche Lufthansa AG
- Dresdner Bank AG
- Münchener Rückversicherungs-Gesellschaft AG
- VAW aluminium AG

Prof. Karel Van Miert

Beersel
 – since June 7, 2001 –
 President of Nyenrode University

- Agfa-Gevaert N. V.
- De Persgroup
- DHV Group
- Eli Lilly Holdings Ltd.
- Goldman Sachs Europe Limited
- Guidant Europe N. V.
- Koninklijke Philips Electronics N.V.
- Rabobank Nederland
- Wolters Kluwer N. V.

^{*)} Employee representative on the Supervisory Board.

■) Member of other mandatory Supervisory Boards.
 ■) Member of comparable domestic and foreign supervisory bodies of commercial enterprises.

Executive Board

Dr. Dietmar Kuhnt

Essen

President and CEO of RWE AG

- Allianz Versicherungs-AG
- Dresdner Bank AG
- Hapag-Lloyd AG
- Heidelberger Druckmaschinen AG (Chairman)
- HOCHTIEF AG (Chairman)
- mg technologies ag
- PREUSSAG AG
- RWE Plus AG (Chairman)
- RWE Power AG (Chairman)
- Thames Water Plc (Chairman)

Dr. Richard R. Klein

Essen

Executive Vice-President of RWE AG

- Harpen AG (Chairman)
- RWE Systems AG (Chairman)
- RWE Umwelt AG
- RWE Com Geschäftsführungs-GmbH (Chairman)
- Thames Water Plc

Dr. Gert Maichel

Dortmund

Executive Vice-President of RWE AG

- RAG AG
- RWE-DEA AG für Mineraloel und Chemie (Chairman)
- RWE Gas AG
- RWE Rheinbraun AG (Chairman)
- TÜV Rheinland Holding AG
- RWE Trading GmbH (Chairman)

Manfred Rimmel

Essen

Executive Vice-President of RWE AG

- AXA Versicherung AG
- RWE Gas AG (Chairman)
- RWE Net AG (Chairman)
- RWE Plus AG
- RWE Solutions AG (Chairman)
- RWE Umwelt AG (Chairman)
- COMAU BV
- WISTA-Management GmbH

Dr. Klaus Sturany

Dortmund

Executive Vice-President of RWE AG

- Babcock Borsig AG
- Commerzbank AG
- Hannover Rückversicherungs-AG
- Heidelberger Druckmaschinen AG
- HOCHTIEF AG
- RAG AG
- RWE-DEA AG für Mineraloel und Chemie
- RWE Power AG
- RWE Solutions AG
- Shell & DEA Oil GmbH (Chairman)
- RWE Trading GmbH
- Thames Water Plc

Jan Zilius

Essen

Executive Vice-President of RWE AG

- Anhaltinische Braunkohlesanierungsgesellschaft mbH
- RWE Gas AG
- RWE Net AG
- RWE Rheinbraun AG
- RWE Systems AG

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Président du Conseil de Surveillance de CNP

Dr. h.c. Manfred Bodin

Hanover
President and CEO of Norddeutsche
Landesbank Girozentrale

Erwin Conradi

Baar
– until June 30, 2001 –
Managing Director of Beisheim Holding GmbH

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Düsseldorf
Chairman of the Supervisory Board of
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Jürgen Dormann

Schiltigheim
President and CEO of Aventis

Dr. Michael Frenzel

Hanover
President and CEO of PREUSSAG AG

Prof. Dr. Dr. h.c. Joachim Funk

Düsseldorf

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Georgsmarienhütte
Partner in Georgsmarienhütte GmbH

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Cologne
President and CEO of GEW Köln AG

Dr. Georg Holzhey

Augsburg
Managing Director of Haindl Papier GmbH

Dieter Kauffmann

Esslingen
Former President and CEO, Schutzgemeinschaft
der Kleinaktionäre e. V.

Dr. Dr. E. h. Günther Klätte

Essen
– until June 30, 2001 –
Former Executive Vice-President of Rheinisch-
Westfälisches Elektrizitätswerk AG

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Chairman of the Supervisory Board of
Commerzbank AG

Prof. Dr. E. h. Berthold Leibinger

Ditzingen
– until September 30, 2001 –
Managing partner, Trumpf GmbH & Co. KG

Prof. Dr. Hubert Markl

Munich
President of Max-Planck-Gesellschaft zur
Förderung der Wissenschaften e. V.

Dr. Thomas Middelhoff

Gütersloh
– since February 1, 2002 –
President and CEO of Bertelsmann AG

Rafael Miranda

Madrid
Consejero Delegado del Grupo Endesa

Dr. Karl Josef Neukirchen

Frankfurt/Main
President and CEO of mg technologies ag

Dr. Udo Oels

Leverkusen
Executive Vice-President of Bayer AG

Alfred Freiherr von Oppenheim

Cologne
Chairman of the Supervisory Board of Sal.
Oppenheim jr. & Cie. KGaA

Dr. Heinrich von Pierer

Munich
President and CEO of Siemens AG

Bernd Pischetsrieder

Wolfsburg
Executive Vice-President of Volkswagen AG

Dr. Wolfgang Röller

Neu-Isenburg
– until December 31, 2001 –
Honorary Chairman of the Supervisory Board of
Dresdner Bank AG

Diethelm Sack

Frankfurt/Main
Executive Vice-President of Deutsche Bahn AG

Dr. Ernst Schadow

Frankfurt/Main
Executive Vice-President of Celanese AG

Prof. Dr. Dieter Schmitt

Essen
Faculty of Energy Management Chair,
GH Essen University

Hans Peter Schreib

Düsseldorf
Attorney-at-Law, Executive Vice-President,
Deutsche Schutzvereinigung für Wertpapier-
besitz e. V.

Dr. Ron Sommer

Bonn
President and CEO of Deutsche
Telekom AG

Karl Starzacher

Essen
President and CEO of RAG AG

Prof. Dr. Jürgen Strube

Ludwigshafen
President and CEO of BASF AG

Marcus Wallenberg

Stockholm
Executive Vice President, Investor AB

Marylin Ware

New Jersey
– since February 1, 2002 –
Chairperson of the Board of American Water
Works Company, Inc.

Dr. E.h. Jürgen Weber

Frankfurt/Main
– since February 1, 2001 –
President and CEO of
Deutsche Lufthansa AG

Prof. Dr. Carl Christian von Weizsäcker

Cologne
Director of the Energy Industry Institute at
Cologne University

Wilhelm Werhahn

Neuss
Executive Vice-President of
Wilh. Werhahn

Dr. Mark Wössner

Gütersloh
– until August 31, 2001 –
Former Chairman of the Supervisory Board of
Bertelsmann AG

Dr. h.c. Wolfgang Ziemann

Essen
Former Executive Vice-President of RWE AG

Supervisory Board Committees

Executive Committee of the Supervisory Board

Dr. h.c. Friedel Neuber

Frank Bsirske

Dr. Paul Achleitner

Burkhard Drescher

Wilfried Eickenberg

Josef Pitz

Dr. Manfred Schneider

Erwin Winkel

Mediation Committee in accordance with Sec. 27 Para. 3 of the German Codetermination Act (MitbestG)

Dr. h.c. Friedel Neuber

Frank Bsirske

Berthold Krell

Dr. Manfred Schneider

Executive Board Human Resources Committee

Dr. h.c. Friedel Neuber

Dr. Paul Achleitner

Klaus-Dieter Südhofer

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Interim report for the first quarter of 2002	05/15/2002
Annual General Meeting	06/06/2002
Interim report for the first half of 2002 Analysts' conference Mid-year press conference	08/12/2002
Interim report for the first three quarters of 2002	11/13/2002



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