Securing financial strength for long-term growth

11th German Corporate Conference - Cheuvreux
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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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Main messages

- New energy policy in Germany in place – nuclear phase-out decided, nuclear fuel tax stays in place
- Q1-Q3 2011 operating performance negatively impacted by one-off costs from nuclear exit decision: EBITDA -21%, operating result -30%, recurrent net income -44%
- First successful structural changes of long-term gas supply contracts with international gas and oil majors
- Equity capital measure of € 2.1 bn successfully concluded
- Assets for divestment programme identified
  Amprion: successful step in our divestment programme
- Further efficiency enhancement measures identified and agreed
- Outlook for 2011 confirmed (EBITDA -20%; operating result -25%; recurrent net income -35%)

RWE Group key performance indicators

January – September € million		2011	2010	Change in %
External revenue		38,167	38,510	-0.9
Cash flows from operating activities		4,540	4,404	+3.1
EBITDA		6,244	7,914	-21.1
Operating result		4,270	6,129	-30.3
Net income		1,416	2,637	-46.3
Recurrent net income		1,782	3,175	-43.9
Average number of shares	(million)	533.6	533.6	
Recurrent net icome per share	(€)	3.34	5.95	-43.9

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Financial pressure intensified following political decisions in Germany

- The seven oldest nuclear power plants and Krümmel stay closed
- Transfer of capacities from older to younger plants as well as transfer of Mülheim-Kärlich and Krümmel volumes possible
- Closure of the remaining nuclear power plants by fixed dates (step-by-step between 2015 and 2022)
- Nuclear fuel tax stays in place until 2016 (€145/gU)
- No further contributions by the utilities to the renewables fund; will be financed by the auctioning of CO_2 certificates instead
- Financial implications of approx. € 0.8 bn (nuclear exit) and approx. € 0.2 bn (nuclear fuel tax) in Q1-Q3 2011 for RWE

Negative financial implications from missing long-term cash flows due to early closure of nuclear plants and burden from nuclear fuel tax

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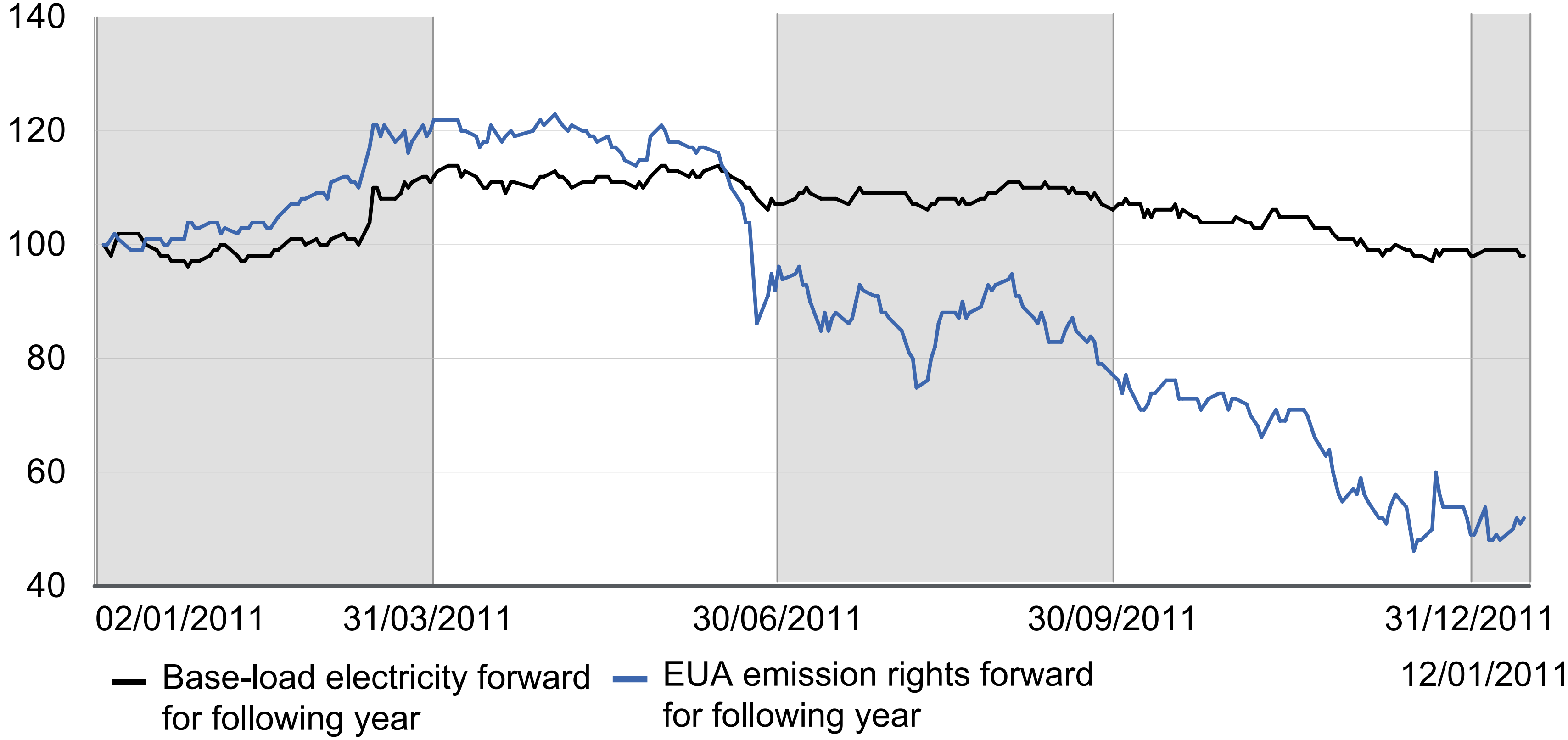
Development of electricity and CO_2-prices since 01.01.2011

Electricity and EUA forwards indexed to 100 as of 02.01.2011



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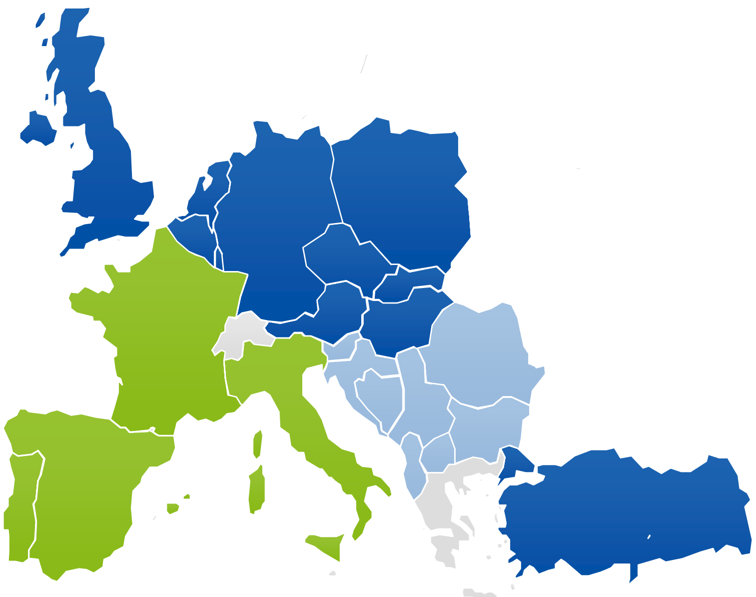
Maintain strategic and regional focus

- RWE's core business remains electricity and gas
- 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



- RWE core markets
- Growth markets under observation
- Additional markets especially for renewables business

Execution of strategy will be based on four pillars

Bundle of measures

1. Divestments
2. Focused long-term capex programme
3. Efficiency programme
4. Capital measures

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Divestment programme well on track – Potential assets for disposal identified

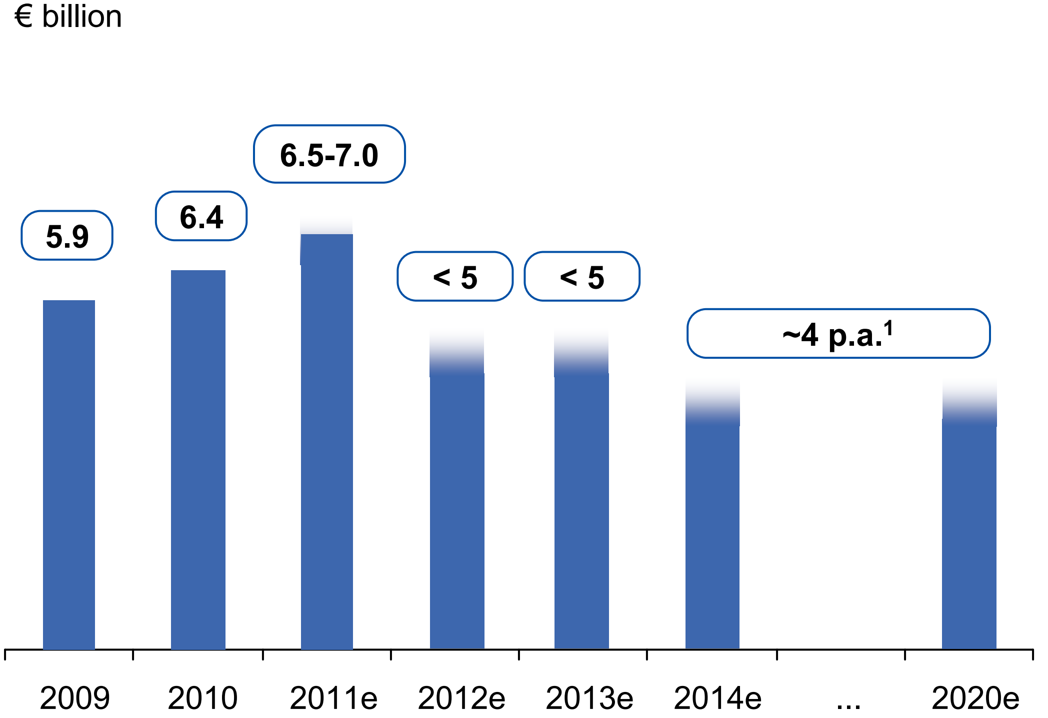
Approx. € 1.5 bn already realised

> Sale of Thyssengas
> Sale of our stake in Rostock power plant
> Disposal of 75% of Amprion

We will evaluate our strategic options on further assets

> RWE Dea / assets
> NET4GAS
> Berliner Wasserbetriebe
> Selected German downstream assets
> Selected thermal generation assets

Capex programme: limited flexibility short-term – focused growth mid- to long-term



[1] After planned divestments.

> Peak of investment programme in 2011

> Reduced capex to less than € 5 bn by 2013

Finalising huge conventional power generation programme mainly in 2012 and 2013

> Sustainable long-term capex level of c. € 4 bn p.a. of which day-to-day capex c. € 2 bn p.a.

> Committed capex (including day-to-day, approx.):

2012	2013	2014	2015
90%	70%	60%	50%

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Financial flexibility to invest in growth areas

Renewable Energy

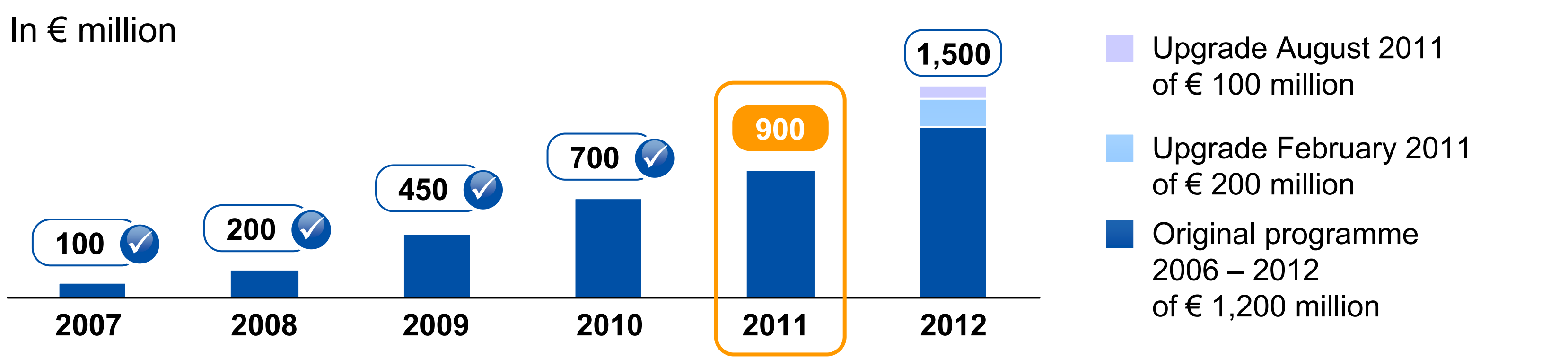
- Average growth investments of more than € 1 bn p.a.
- Target capacity of 4.5 GW (in operation or under construction) until 2014 unchanged
- Operating earnings target of € 500 million by 2014 confirmed
- Balanced generation portfolio across countries and technologies
- Mainly organic growth combined with small bolt on acquisitions

Eastern Europe including Turkey

- Average growth investments of more than € 0.5 bn
- Investment focus along the whole value chain
- Regional focus will be on Poland and Turkey
- Mainly organic growth combined with small bolt on acquisitions
- Reduce risk profile by diversifying into different markets and regulatory regimes

Efficiency programme well on track and stepped up

Cumulative operating result contribution of the programme compared to 2006



- Efficiency programme of € 1.2 billion 2006 to 2012 stepped up by € 200 million in February 2011 and another € 100 million in August 2011 to a total of € 1.5 billion
- 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)
- New programme with additional target will be announced in March 2012

Capital measures strengthen our balance sheet

Equity capital measure of € 2.1 bn successfully concluded in Dec. 2011

> Placement of 80.4 million shares via an accelerated bookbuilding procedure
> Transaction included 28.1 million treasury shares
> Subscription price of € 26 per share

Intention to issue further hybrid capital

> CHF 250 million hybrid bond successfully placed in Oct. 2011
> Combining the benefits of equity and tax-deductible debt
> Additional support to stabilise credit rating via equity credit
> No dilution of shareholders
> Intention to conclude programme by end of 2012, depending on market conditions

A solid “A” rating is important for all stakeholders

Company	Rating	Outlook
EDF	AA-	Negative
GDF SUEZ	A	Stable
Fortum	A	Negative
e.on	A	Negative
centrica	A-	Stable
CEZ	A-	Stable
SSE	A-	Stable
IBERDROLA	A-	Stable
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Enel	A-	Watch negative

Overview Standard & Poor's Ratings (Source: Bloomberg, 5 January 2012)

> “A” Rating is benchmark for integrated European utilities

> Keeping a certain financial flexibility is necessary for capital intensive infrastructure projects (e.g. power plant new builds)

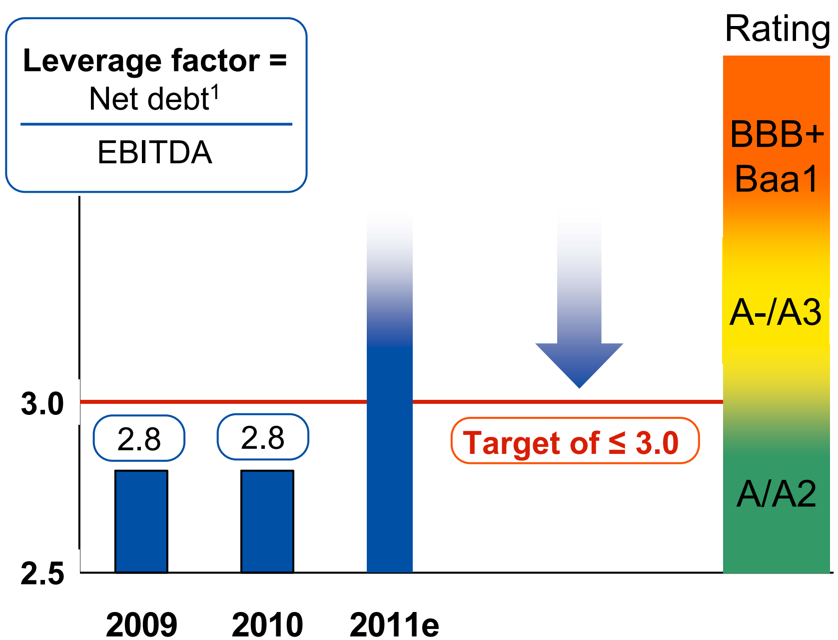
> At the peak of the capital market crisis only companies with a solid “A” rating had access to the capital market

> Current sovereign debt crisis may lead to further turbulences on the capital markets

> Solid “A” rating is also important for attractive conditions for short-term financing (e.g. variation margins of trading business)

How we are going to secure a solid “A” rating

Expected development of leverage factor



Measures to secure our solid “A” rating

Reduce net debt by:

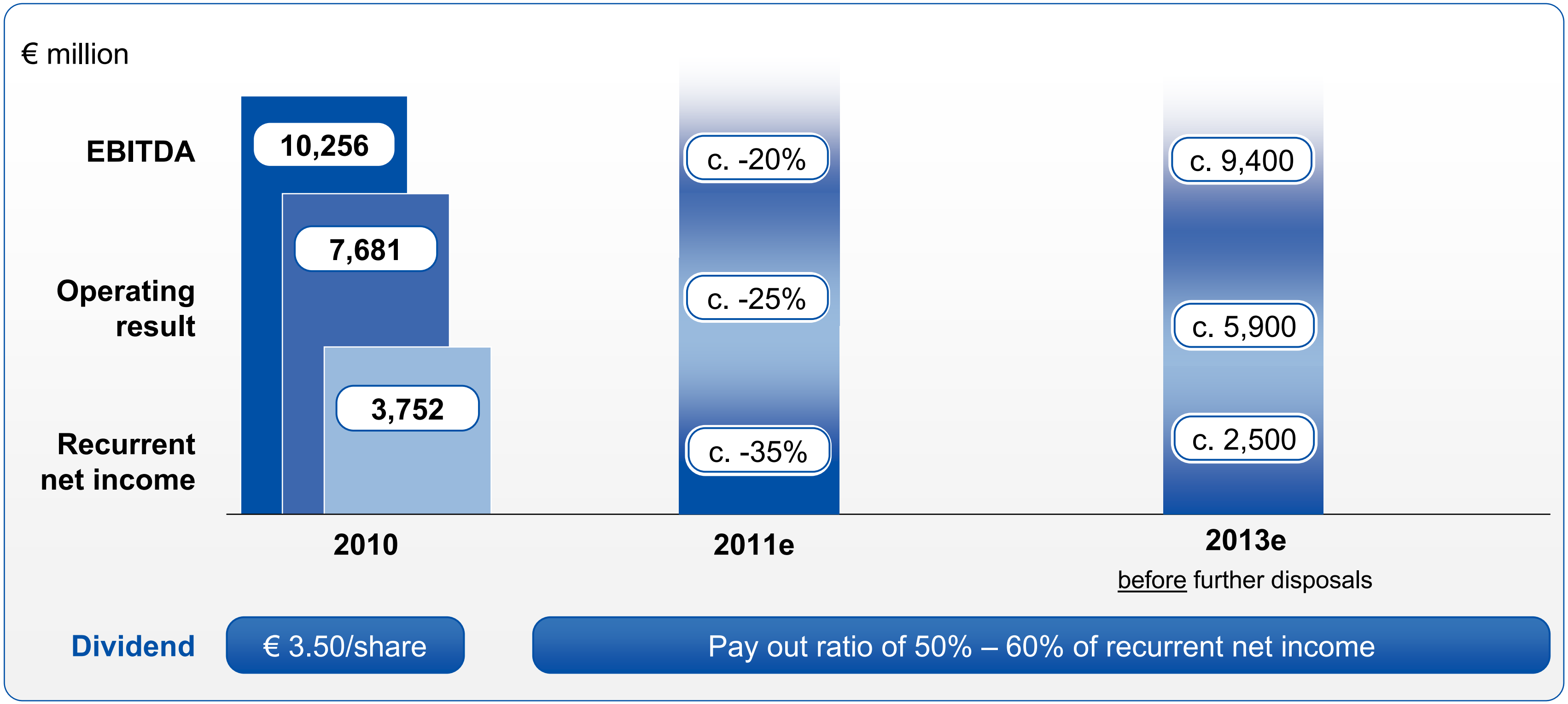
- Up to € 11 billion disposals between 2011 and 2013
- Capex cut to approx. € 4 billion p.a. from 2014 onwards
- Hybrid bonds
- € 2.1 billion equity capital measure

Improve earnings by

- Upgrade of efficiency programme

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

Outlook for 2011 – 2013



The outlook for 2013 includes the divestment of Thyssengas, a stake in the Rostock hard coal power plant and Amprion. These assets account for approx. € 1.5 bn of the total up to € 11 bn divestment programme. For the residual programme of approx. € 9.5 bn we expect on a full year basis an effect of approx. € 1.8 bn for EBITDA, approx. € 1.1 bn for operating result and approx. € 0.6 bn for recurrent net income. As the timing and the process of the divestment programme are still open it is not possible to give an explicit guidance for 2013 after disposals.

The outlook for 2013 is based on commodity prices on a marked-to-market base as of June 2011.

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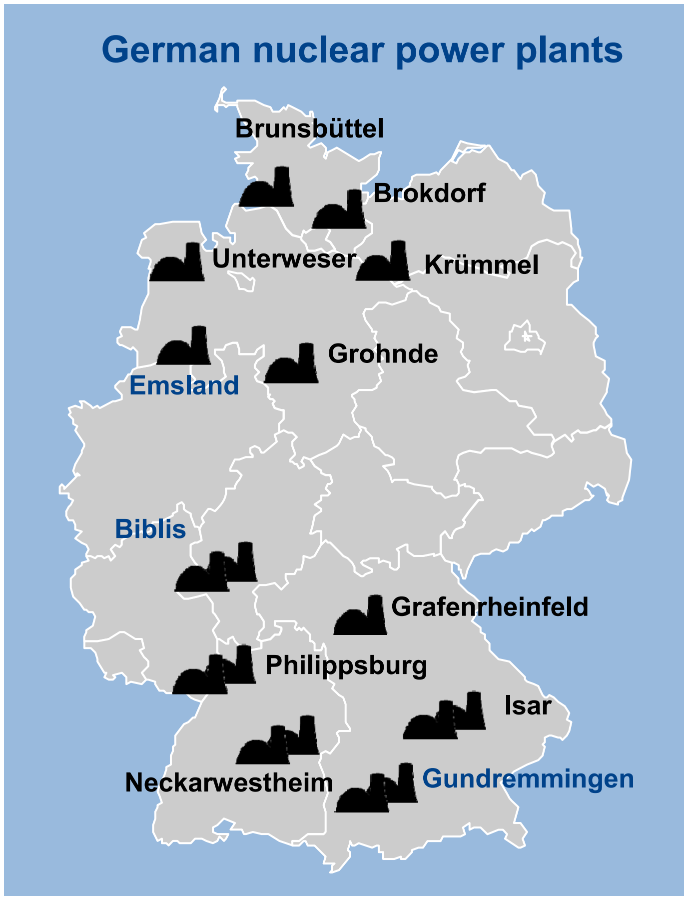
Overview of German nuclear power plants

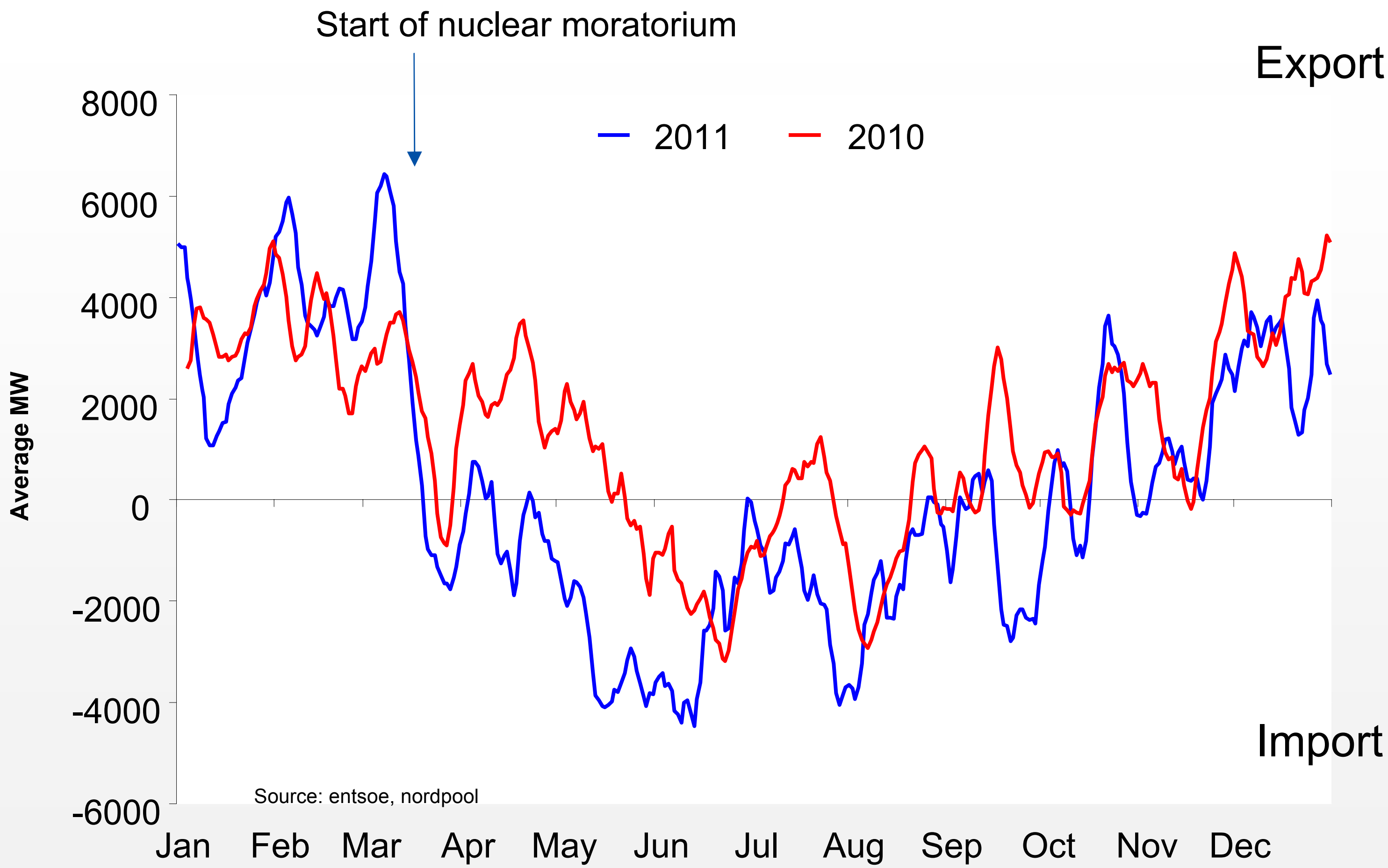


Power plant	Net capacity MW	Commercial commissioning	Closure
Biblis A	1,167	1975	
Neckarwestheim I	785	1976	
Biblis B	1,227	1977	
Brunsbüttel	771	1977	Immediately 8,409 MW
Isar 1	878	1979	
Unterweser	1,345	1979	
Philippsburg 1	890	1980	
Krümmel	1,346	1984	
Grafenrheinfeld	1,275	1982	31.12.2015
Gundremmingen B	1,284	1984	31.12.2017
Philippsburg 2	1,392	1985	31.12.2019
Grohnde	1,360	1985	
Gundremmingen C	1,288	1985	31.12.2021 4,058 MW
Brokdorf	1,410	1986	
Isar 2	1,400	1988	
Emsland	1,329	1988	31.12.2022 4,039 MW
Neckarwestheim II	1,310	1989	
	20,457		

RWE power plants.

German import / export statistic

(Net crossborder nominations – 7 day moving average)



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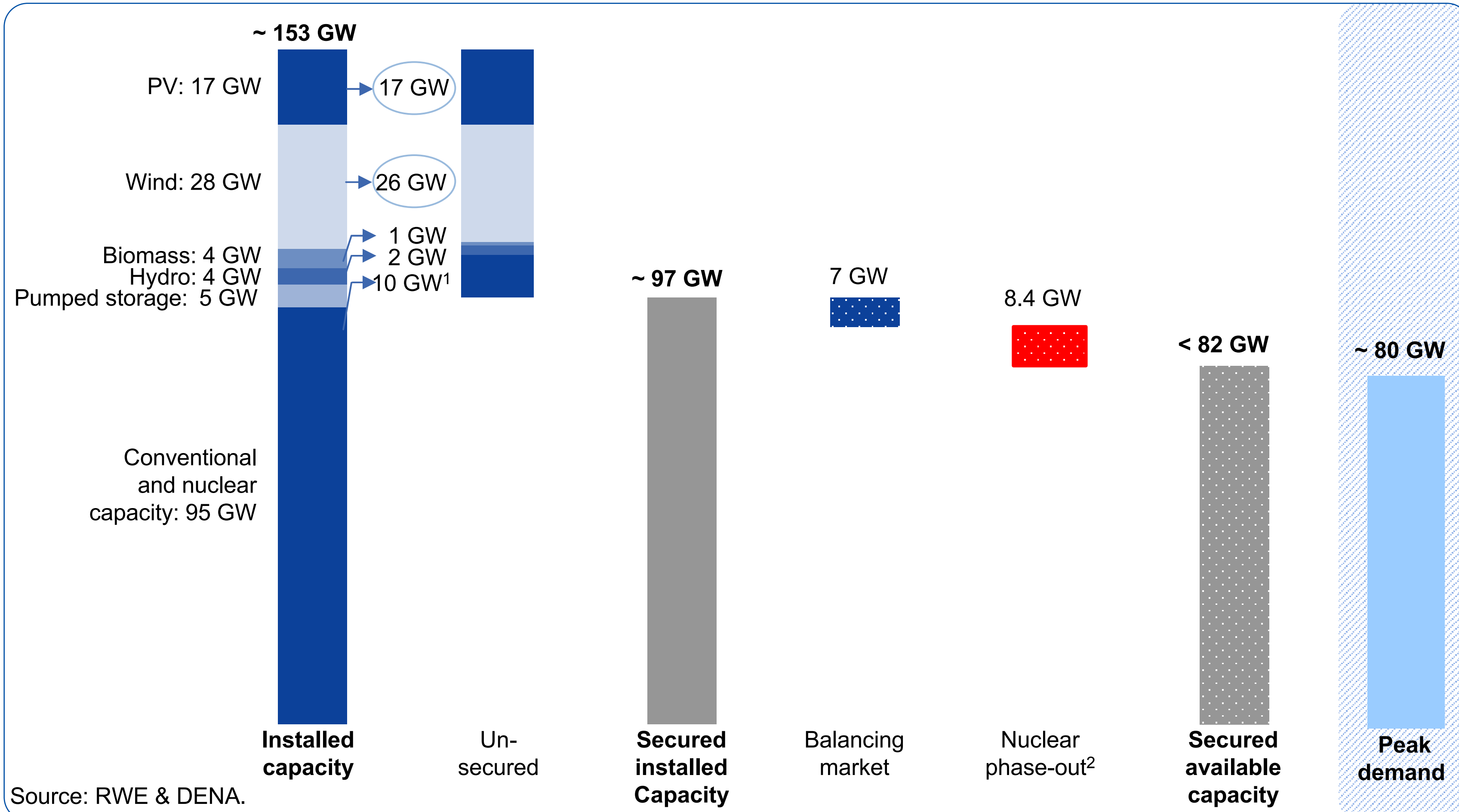
Nuclear phase-out to cut secured available capacity down to peak-demand level



Source: RWE & DENA.

[1] Scheduled or unscheduled outages due to e.g. maintenance or disruption of operation.
[2] Short-term reduction in generation capacity of 8.4 GW due to nuclear phase-out. For more details see chart 18.

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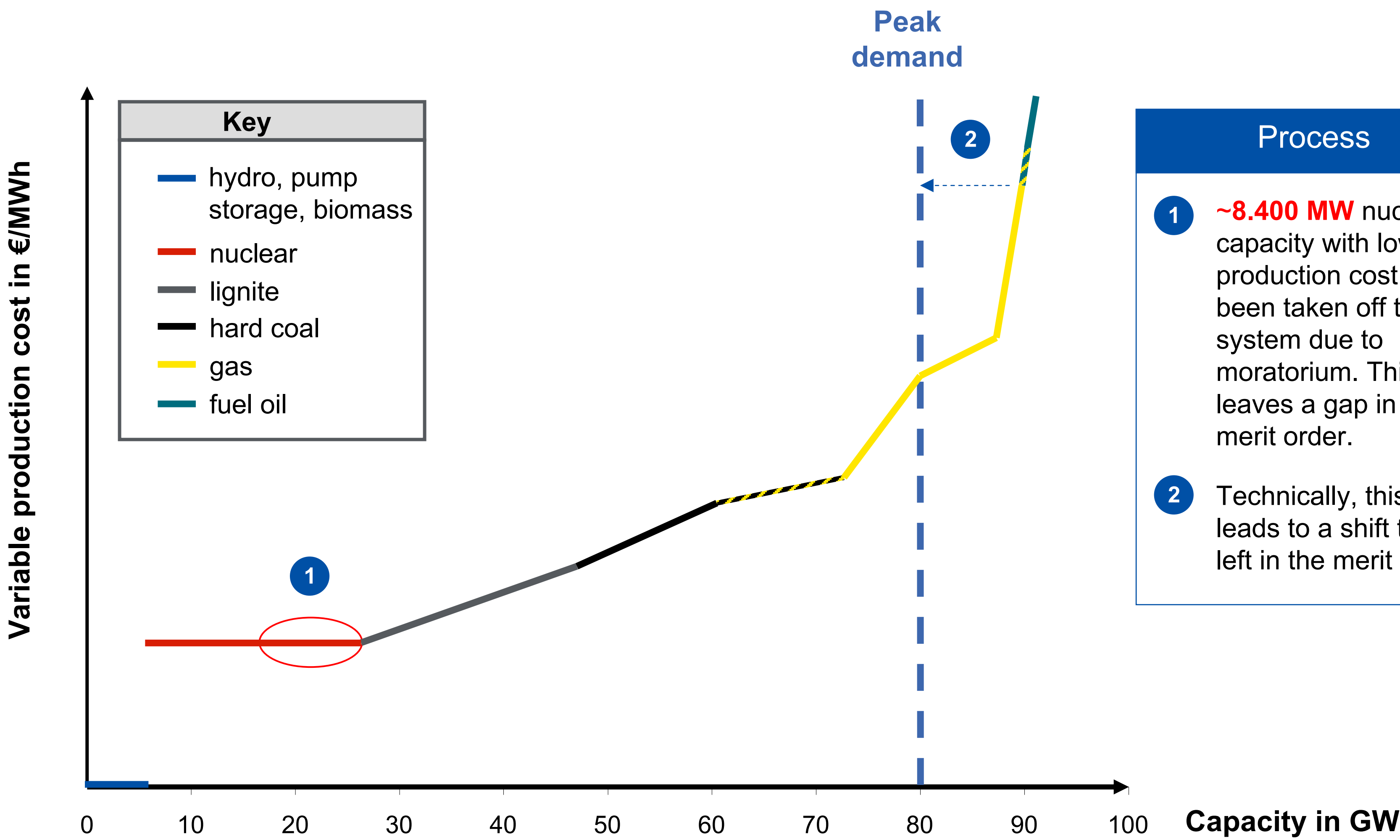
Illustrative, part 1

Shift of German merit order as an effect of the decommissioning of 8 nuclear power plants[1)]



Process

1. **~8.400 MW** nuclear capacity with low production cost has been taken off the system due to moratorium. This leaves a gap in the merit order.
2. Technically, this leads to a shift to the left in the merit order.

1) Schematic approach does not include import demand or fluctuating feed-ins of electricity produced by wind turbines and solar panels (according to the German Renewable Energy Act—"EEG").

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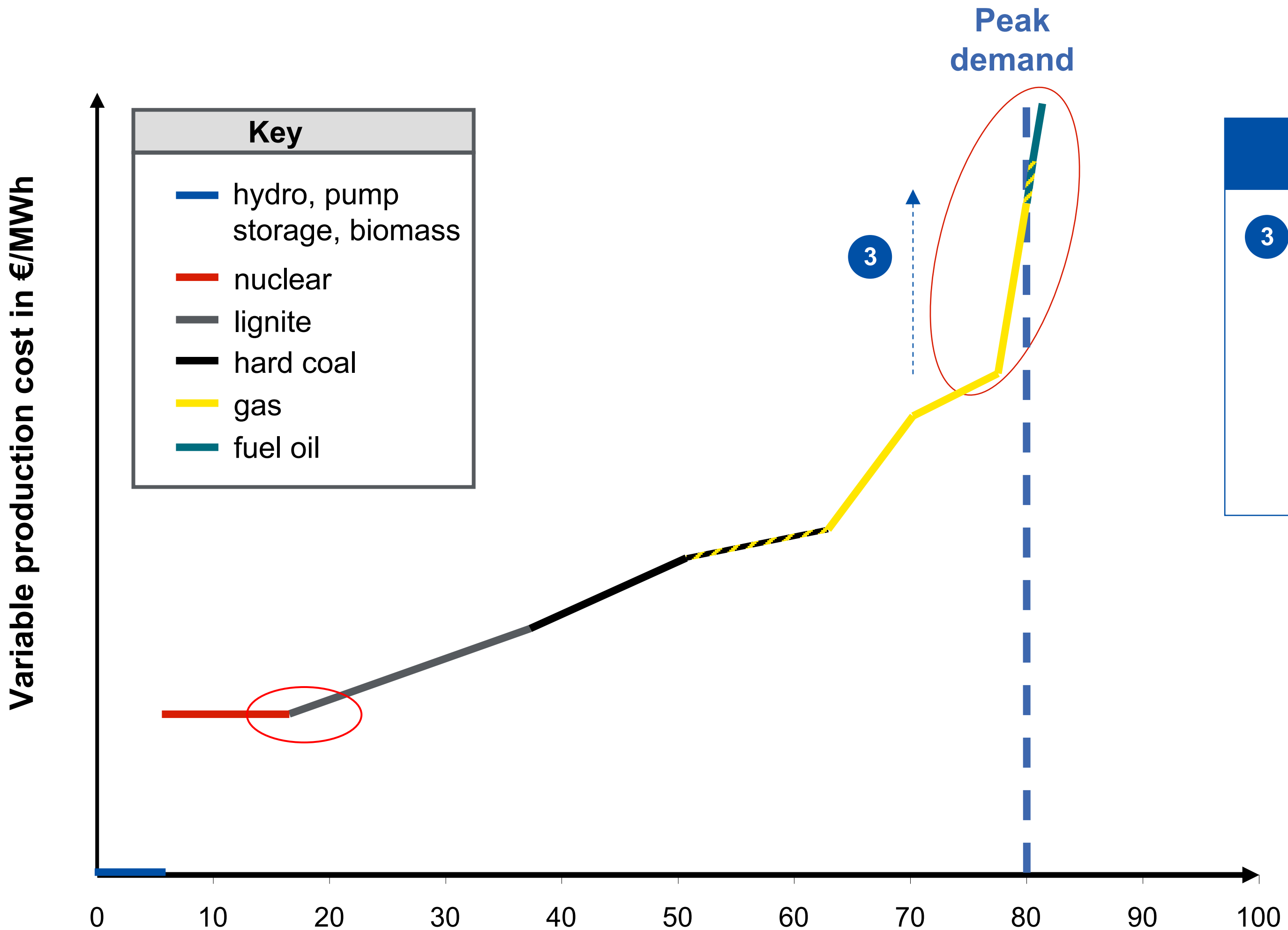
Illustrative, part 2

Shift of German merit order as an effect of the decommissioning of 8 nuclear power plants[1)]



Process (cont.)

3 In order to meet peak demand, power plants with higher marginal costs have to close the gap. This might lead to higher power prices.

1) Schematic approach does not include import demand or fluctuating feed-ins of electricity produced by wind turbines and solar panels (according to the German Renewable Energy Act—"EEG").

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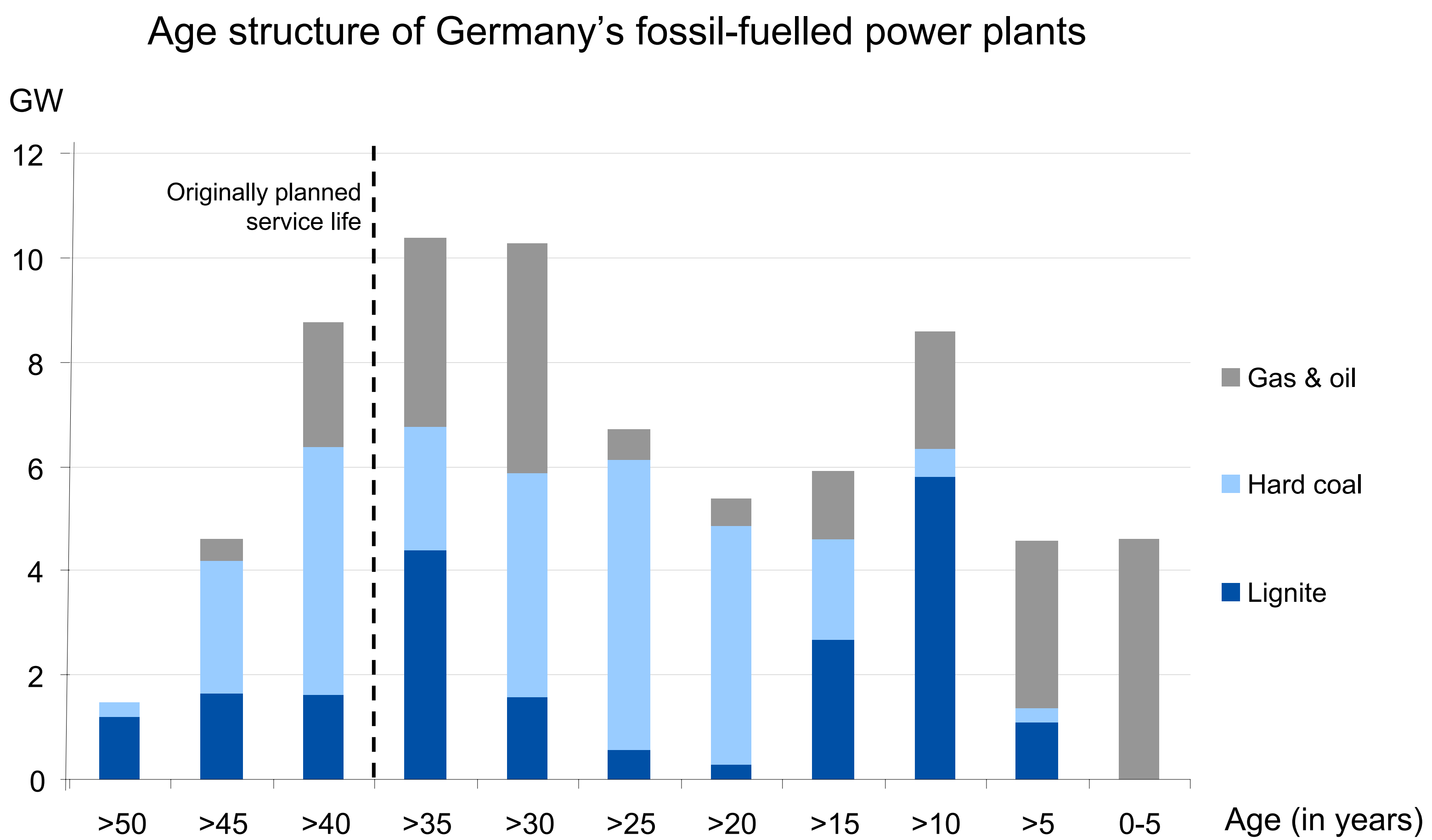
Germany's generation portfolio is overaged: >15 GW already online longer than originally scheduled



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RWE Power's nuclear power plant decommissioning concept

35 – 40% share of costs	About 50% share of costs		10 – 15% share of costs
	Decommissioning		
Post operational phase 5 – 7 years	**Nuclear dismantling (immediate, deferred)** 10 – 15 years	**Conventional dismantling/ demolition** 2 – 3 years	**Final disposal**

Post operational phase

- Power production has ceased
- In some cases, technical infrastructure needs to be operated for an additional period
- For the time being, fuel elements are being cooled in pond storage facilities until they are suitable for dry-cask (CASTOR) storage on site
- Shut down of systems which are no longer needed
- Treatment of operating materials and waste

Nuclear dismantling

- Dismantling of contaminated and activated systems, structures and components
- Materials and waste management (treatment, conditioning, packaging)

Conventional dismantling/demolition

- Conventional demolishing of buildings/components which fall no longer under the German Nuclear Energy Act (AtG).

Final disposal

- Final disposal of decommissioning waste

Nuclear provisions

1	**Provisions for uncertain liabilities as per IAS 37**
2	**Public-law liabilities under Sec. 9a of the Germany Nuclear Energy Act**

3

Provisions are made for — RWE fiscal year 2010: €10,010 million

> **Disposal of spent nuclear fuel assemblies** — €4,831 million
  Flasks, transport, conditioning, intermediate and final storage

> **Decommissioning of nuclear power plants** — €4,490 million
  Post-operation phase, dismantling, removal, final storage

> **Disposal of radioactive operating waste (e.g. cleaning cloths, oils, resins)** — €689 million
  Conditioning, flasks, intermediate and final storage

4

Inflation of current cost to the assumed disposal date by a set inflation rate; then discounting of the result back to today (discount rate 5.0%)

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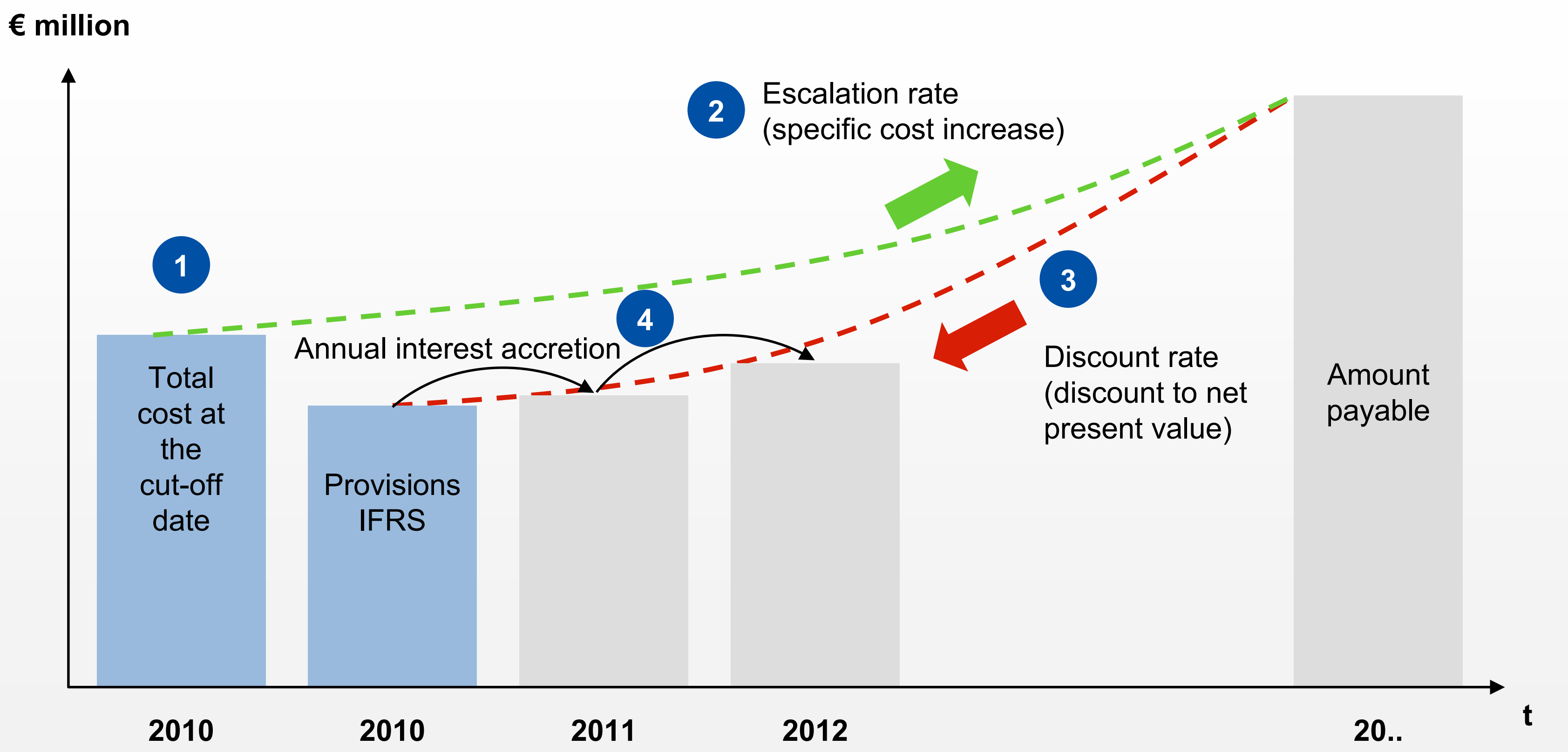
How the size of the provision is determined

Schematic description



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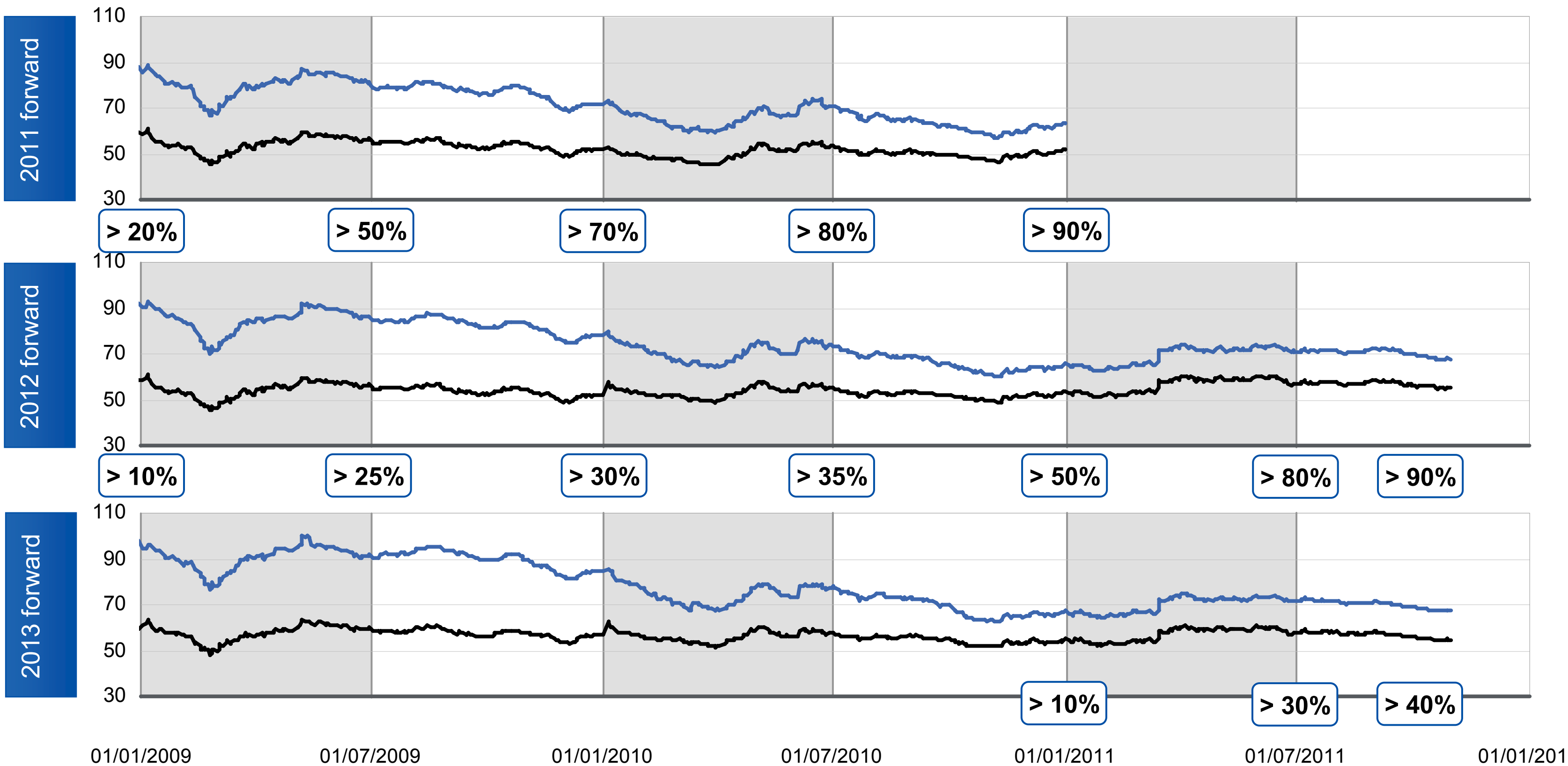
Forward selling[1] by RWE Power in the German market

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



Base-load electricity forward in €/MWh (prices until 31October 2011)

Peak-load electricity forward in €/MWh (prices until 31 October 2011)

> x%

[1] Hedge ratio in % of full year production (as of end of September 2011)

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

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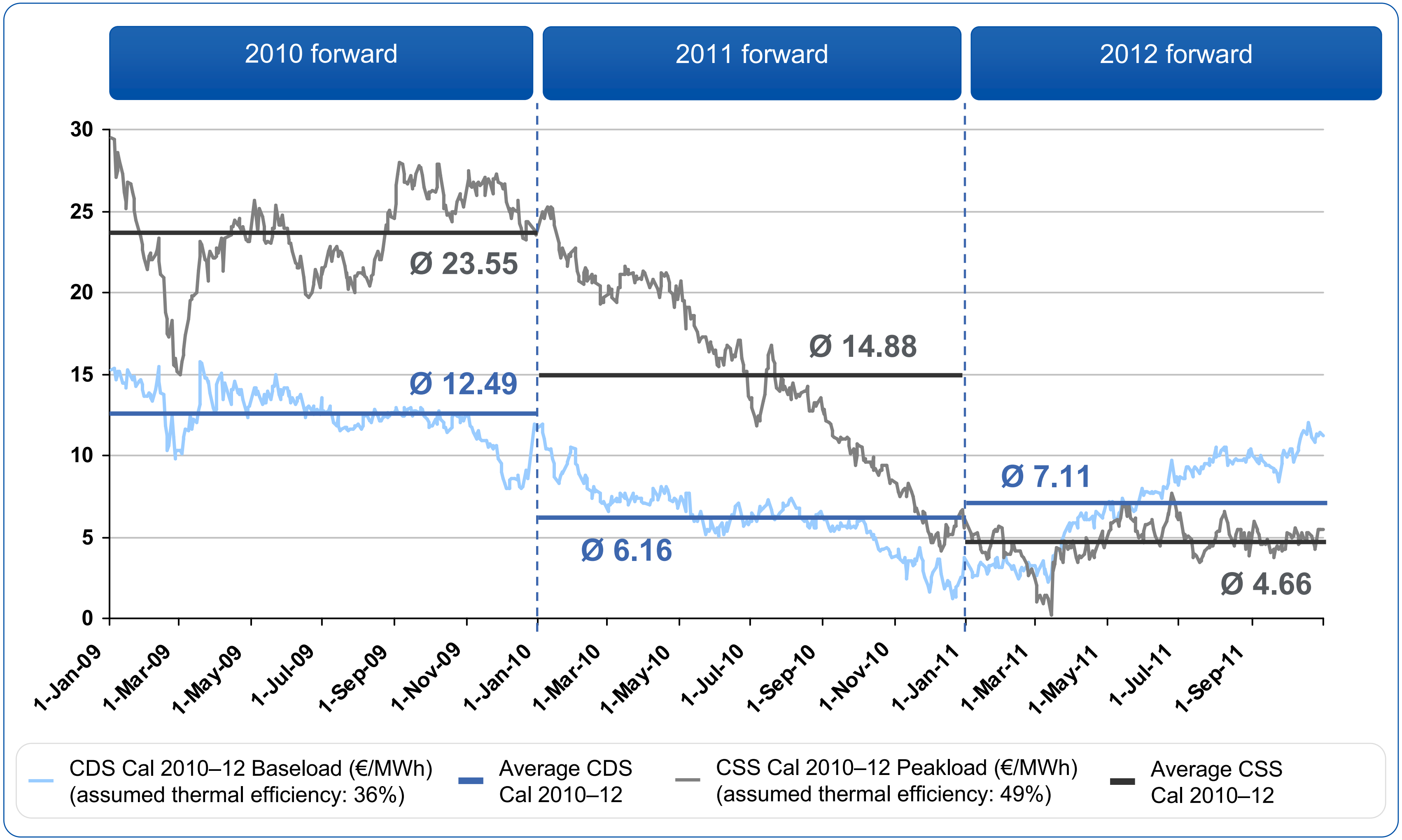
Germany: Clean Dark and Spark Spreads (CDS/CSS)



Source: RWE Supply & Trading, prices until 31 October 2011

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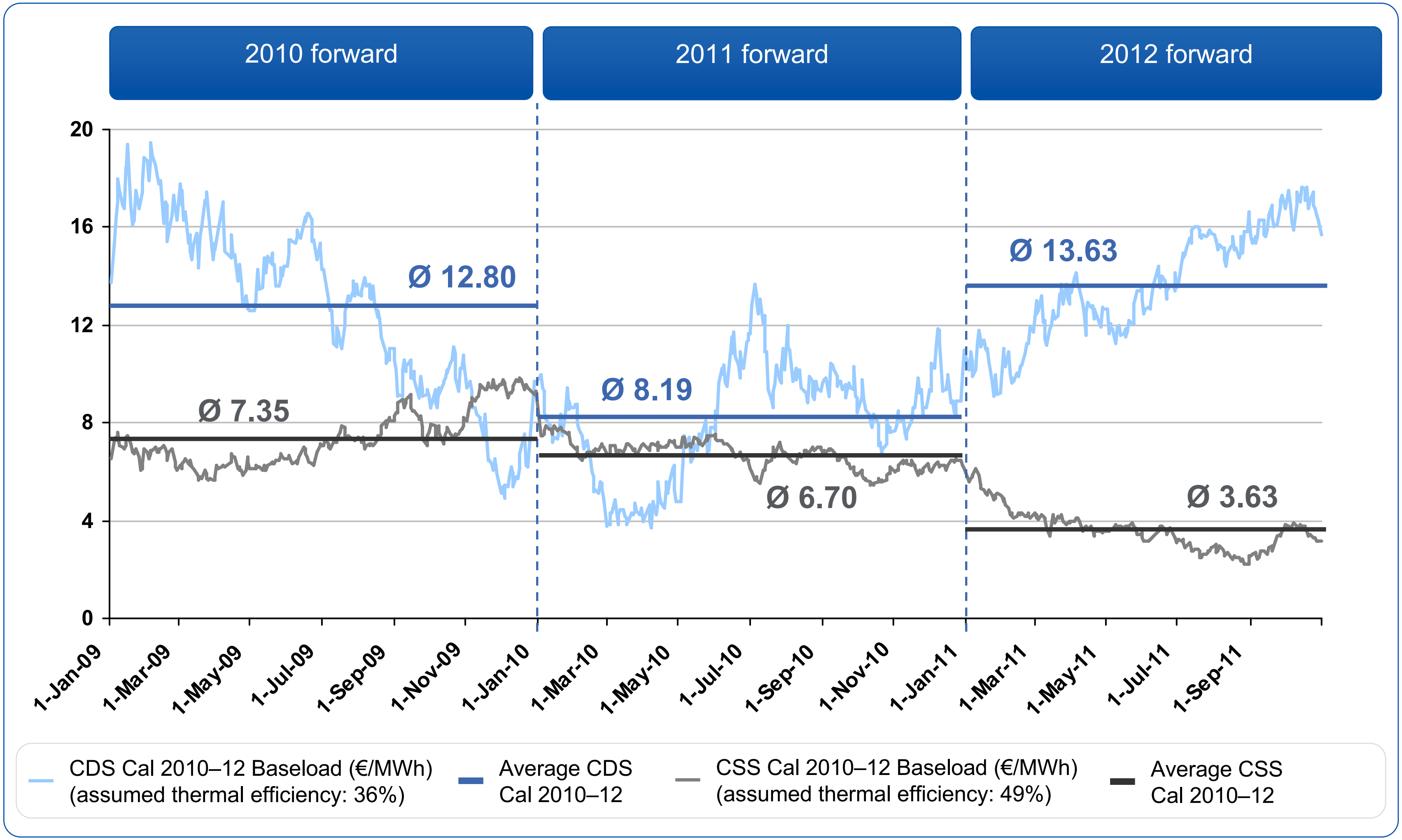
UK: Clean Dark and Spark Spreads (CDS/CSS)



Source: RWE Supply & Trading, prices until 31 October 2011

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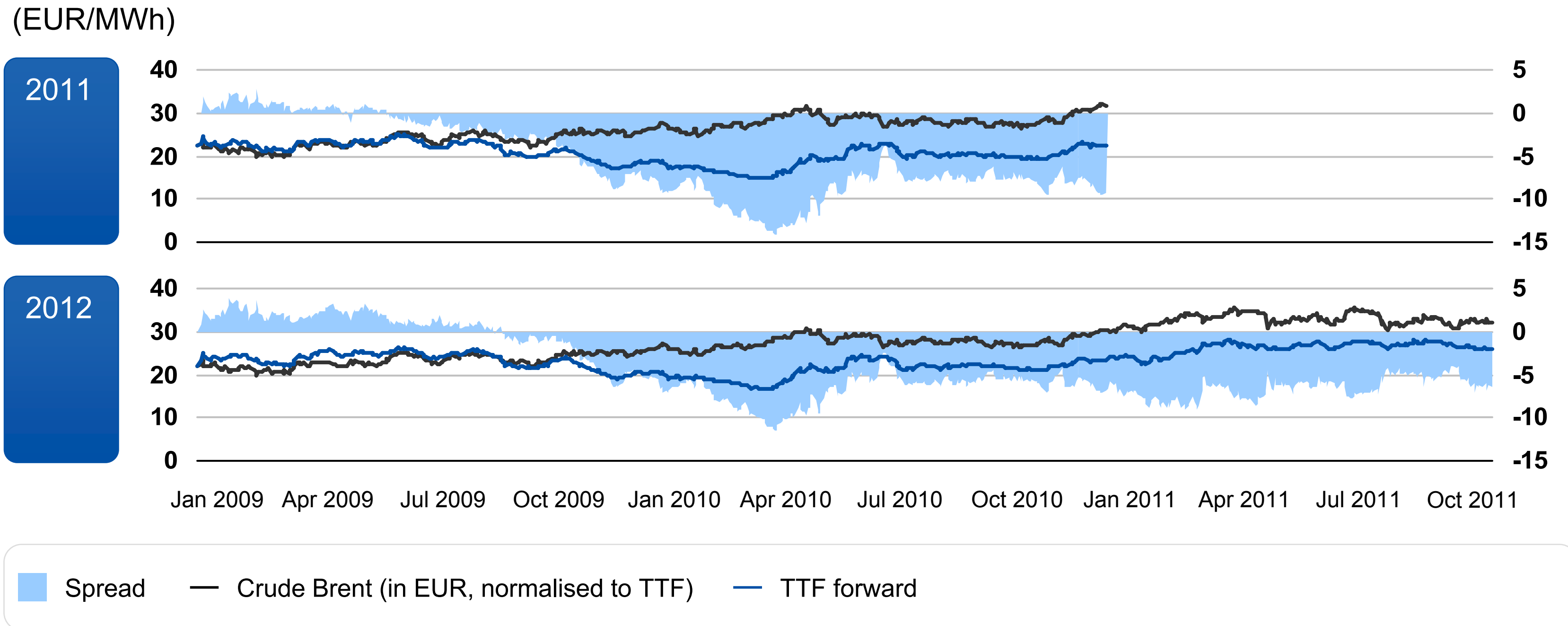
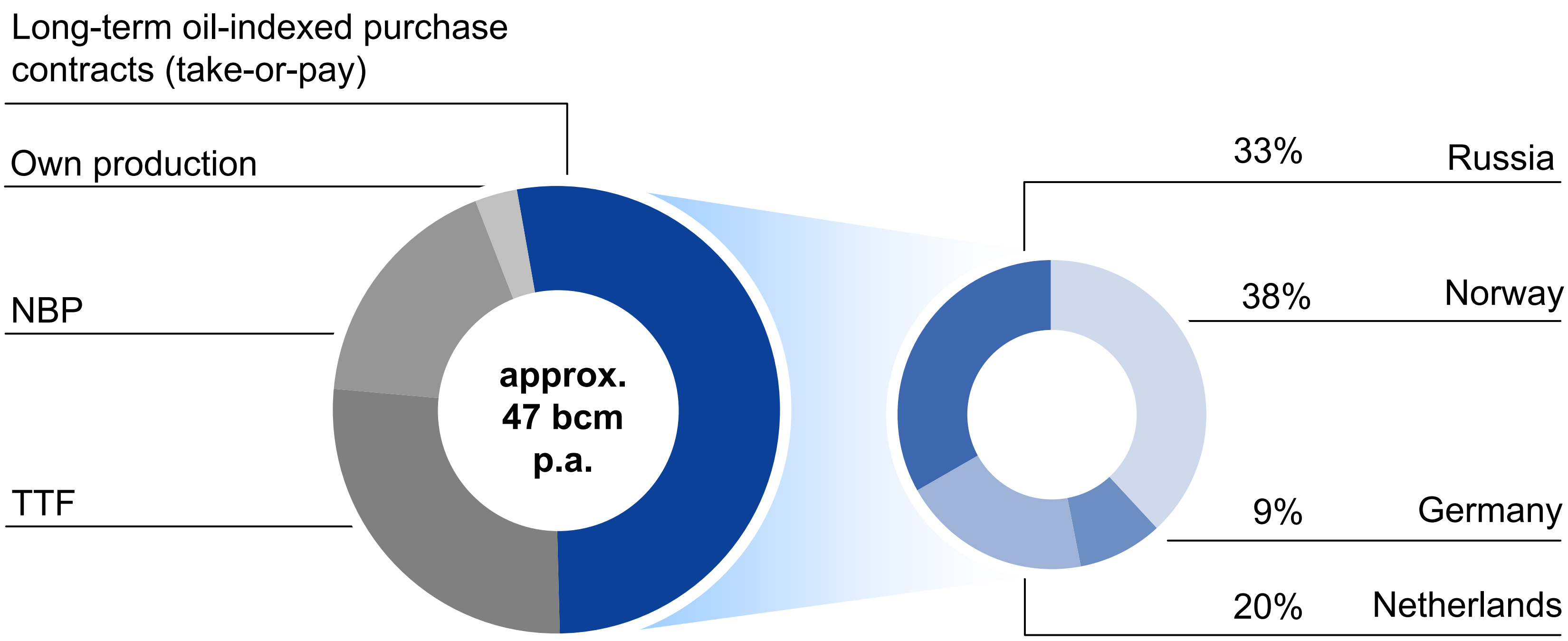
Development of TTF gas price and brent oil price since January 2009



Relative development of the TTF and brent forwards for the years 2011 and 2012 since 1 January 2009.
To compare both, the brent oil price is normalised to the TTF gas price as of 1 January 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, prices until 31 October 2011

RWE's gas procurement portfolio
(as of 2011)

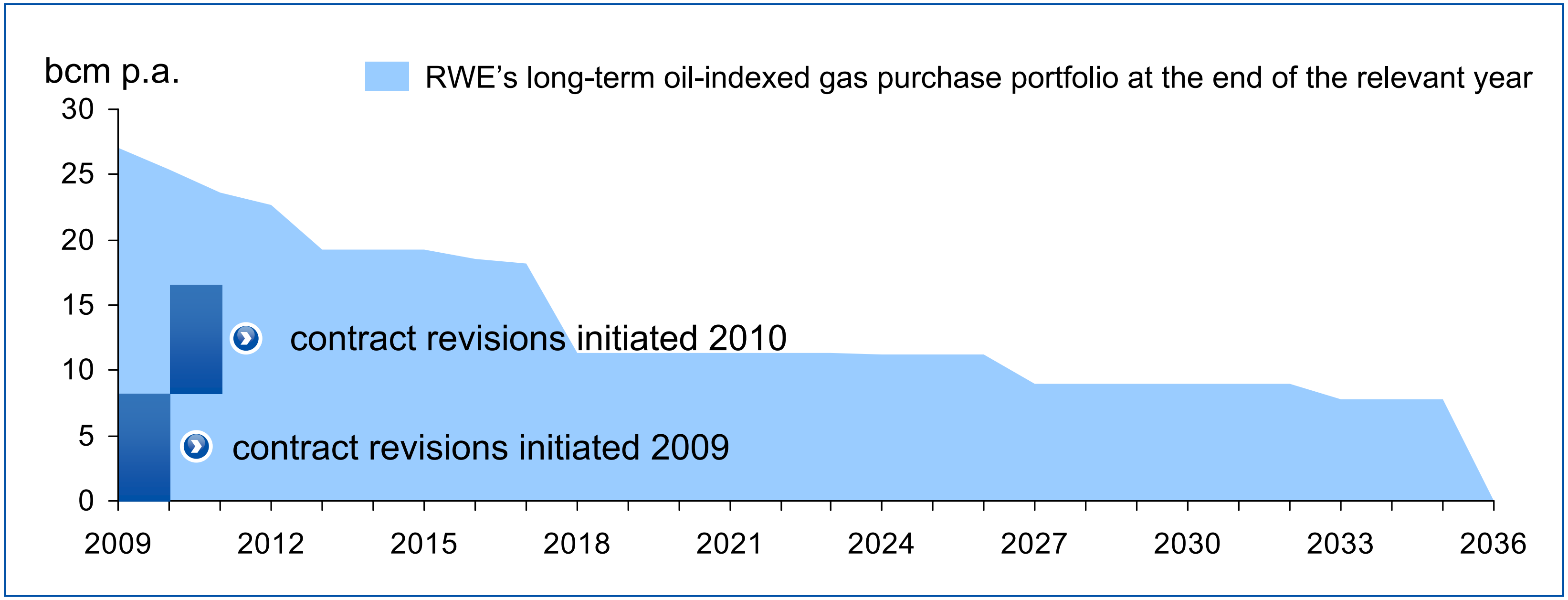


> Our gas procurement portfolio is solely managed by RWE Supply & Trading

> ~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

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Conventional power plant new build programme

(as of 10 November 2011)

	€ bn[1]	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Lingen (Gas, 876 MW, 100%)	0.5										
BoA 2&3, Neurath (Lignite, 2,100 MW, 100%)	2.6							Units G F			
Hamm (Hard coal, 1,528 MW, 77%)	2.4								Units D E		
Staythorpe (Gas, 1,650 MW, 100%)	0.8						Units 1 -4				
Pembroke (Gas, 2,188 MW, 100%)	1.2								Units 1 -5		
Moerdijk 2 (Gas, 426 MW, 100%)	0.4										
Claus C (Gas, 1,304 MW, 100%)	1.1										
Eemshaven (Hard coal/biomass, 1,560 MW, 100%)	2.9									Units A B	
Denizli (Gas, 775 MW, 70%)	0.5										

[1] Capex at 100% share

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RWE Innogy major project portfolio

(as of 10 November 2011)

	€ 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) 45 MW_e, 88 MW_{th}, 100%)	0.3										
Nordsee Ost (Wind offshore, 295 MW, 100%)	0.9										

- 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 in achieving 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

(as of 10 November 2011)

Production start	RWE share	Capex[1] (€ bn)	2011	2012	2013	2014	2015	2016
West Nile Delta (Egypt)	40%	2.6						
Breagh (UK)	70%	0.4						
Reggane (Algeria)	19.5%	0.4						
Luno (Norway)	20%	0.5						
Knarr (Norway)[2]	10%	0.2						
NC193 (Libya)[3]	100%	0.3						
NC195 (Libya)[3]	100%	0.2						

[1] RWE's share in capex
[2] Formerly "Jordbær"
[3] The political situation in Libya has caused delays.

Always be informed about RWE…

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