Implementing “More growth, less CO_2”

Recommended Offer for Essent, the leading Dutch utility

Analyst Conference Call, 12 January 2009

RWE

The energy to lead

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
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A compelling transaction for all

Key benefits to RWE shareholders and the Netherlands

Excellent strategic rationale and fit with RWE's operations

> Creation of a leading position in the attractive Dutch energy market and entry into the Belgian market

> Benefits RWE with a low CO_2 intense generation portfolio and an attractive trading platform in contiguous markets

> Accelerates achievement of RWE's long term strategic roadmap

Financial criteria met and financing fully committed

> IRR exceeding post tax project WACC

ROCE above pre tax project WACC after 3 years

EPS accretive from 1st full year of consolidation[1]

> Financing from new credit facilities and existing cash reserves

> Synergies expected to contribute to earnings from 2011 onwards

Securing energy needs of the Netherlands

> Essent will obtain access to RWE's commodity supply network as well as pan-European activities such as fuel sourcing, procurement, engineering and other skills

> RWE commits to continuous investments in power generation ensuring security of supply

[1] Depending on final purchase price allocation

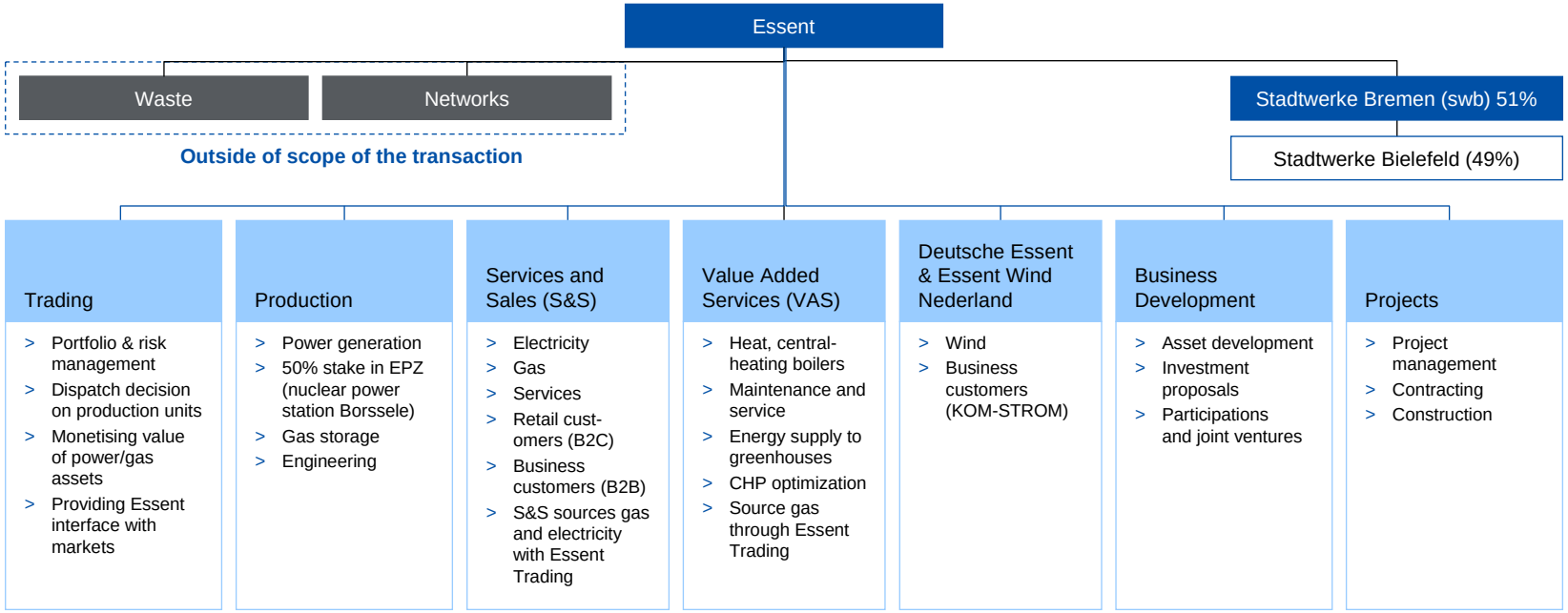
Key terms of the proposed transaction

Transaction value (100%)	>	Transaction value of € 9,300 million including net indebtedness (enterprise value[1])
Transaction structure	>	Offer for 100% of the shares of Essent[2]
Timetable	>	Closing anticipated for Q3 2009
Key conditions to closing	>	Acceptance of proposed offer by at least 80% of Essent's shareholders
	>	Approval by European competition authorities
	>	Completion of network unbundling by Essent and other restructuring (incl. disposal of waste assets)
Financing	>	Binding loan documentation for a € 9 billion credit facility has been signed
	>	Remaining amount to be funded by RWE's cash reserves
	>	Take-out of facility via bond issuance programme over the next two years
Governance structure	>	Essent will be an independent business unit reporting directly to the Executive Board of RWE
	>	Essent will maintain a Supervisory Board, of which RWE will appoint the majority
	>	Essent's headquarters, brands and locations will be maintained
	>	RWE's current Dutch business will be combined with Essent

[1] Before closing adjustments

[2] Excluding waste and distribution network businesses and including 51% of Stadtwerke Bremen (swb) as well as JVs on a proportional basis

Essent is a highly attractive asset



Pro forma key financials[1]	(€ million)	
	2007	2008 LE
Revenues	5,851	6,551
EBITDA	807	882
EBIT	551	600

Key statistics

- 5.2 GW installed capacity in the Netherlands, Germany and Belgium + 1 GW owned by swb
- Thereof 476 MW renewable capacity installed; 198 MW wind under construction; 3,000 MW wind under development
- 3.9 million customers in the Netherlands
- 26% market share in electricity and gas retail
- 255,000 customers in Belgium
- 1.2 million customers in Germany via swb

[1] Fully consolidated figures for Essent reflecting the above transaction scope (excluding waste business and distribution networks and including 100% of swb (in accordance with GAAP))

Source: Essent

Strategic rationale: complementary portfolios of regions, assets and skills

1 A leading vertically integrated utility in the attractive Dutch market

- 4.7 GW of generation[1] including 108 MW of renewables
- 3.9 million customers
- 26% market share in power retail
- 26% market share in gas retail

2 A focused geographic position from leadership in contiguous markets

- One of the leading players in North West and Central Europe
- 1 GW installed capacity and 1.2 million customers via Stadtwerke Bremen (swb)
- Market entry into Belgium: 255,000 customers and 133 MW CHP
- Regional diversification of earnings

3 A more balanced and flexible generation portfolio reducing RWE's average CO_2 intensity

- Diversified combined fuel mix
- 536 kg/MWh Essent
  861 kg/MWh RWE
- Attractive growth prospects

4 A leading renewable generation position in North West Europe

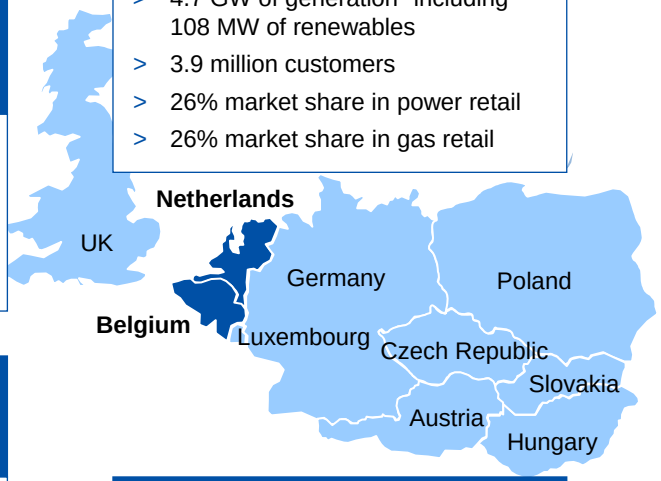
- Complementary assets and skills strengthen generation portfolio and development pipeline
- Leverage upon Essent's expertise in the field of co-firing biomass
- Addition of 368 MW wind in Germany

5 An enlarged regional cross-border gas sourcing and storage position with enhanced optionality

- Combined gas supply purchase volume of 53 bcm
- Portfolio optimization potential
- Access to additional gas storage

6 A pan-European trading "powerhouse"

- Creation of the number one European energy trading house
- Improved fuel sourcing potential
- Cross-border asset optimization



[1] Corresponds to installed capacity in the Netherlands only, excluding swb, 368 MW of wind in Germany and 133 MW CHP in Belgium

The intended transaction accelerates the delivery of RWE's strategic roadmap

What we aim to do	Target for 2012	Essent impact
Defend and expand existing margins in RWE key markets Germany and UK	GER: defend/grow margins on current volumes UK: defend/grow volumes and profitability	
Increase level of regional diversification	Share of non-German operating result grows from 36% (2007) to 40 – 50%	**5 - 10% absolute increase by 2012**
Boost proportion of renewables in our generation portfolio while creating value	More than tripling of installed base to 4,500 MW	**More than 1 GW by 2012**
Reduce carbon exposure	Reduction by 20% (compared to 2006 emissions)	**CO_2 intensity 40% below RWE's**
Strengthen gas midstream activities	Profitably increase contracted European gas supply purchase volume from 40 to 60 bcm p.a.	**13 bcm increase**
Grow equity gas business organically	Doubling of hydrocarbon production by 2012/2013 to 12 bcm p.a.	

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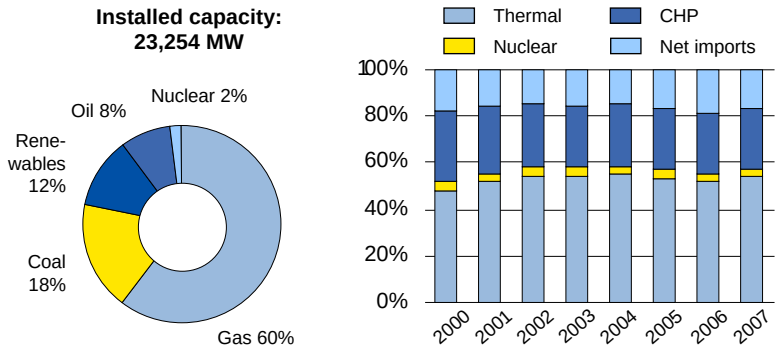
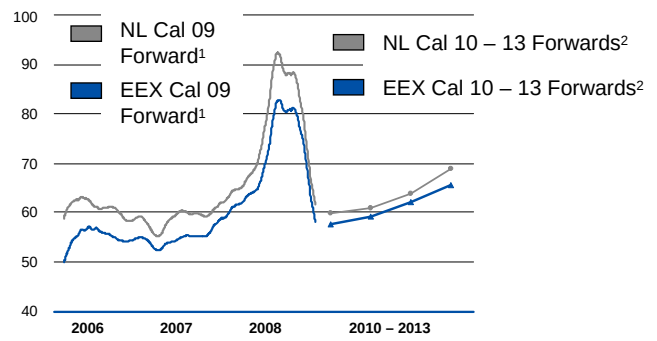
① The Netherlands:
an attractive market for investment

Sources of power (2007 total consumption: 122 TWh)



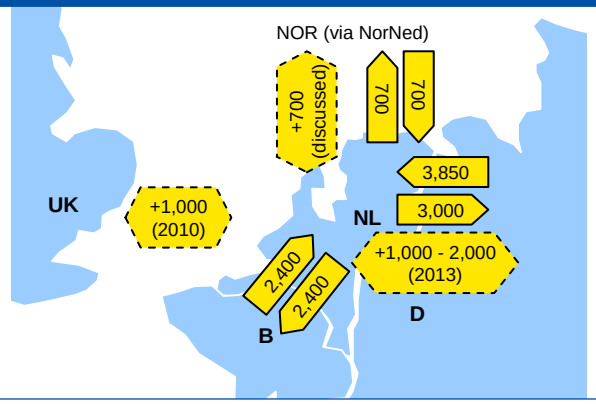
Source: EnergieNed (2006, 2008), company information

Dutch power prices at premium to Germany (EUR/MWh)



[1] 30 day moving average; [2] As of 5 January 2009 – Source: RWE Trading

Interconnectors (Winter 2008/09; in MW)



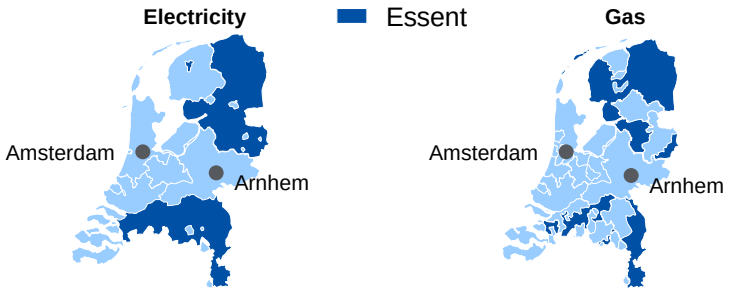
Source: ETSO, RWE

Key characteristics of Dutch power market

- Generation mix dominated by gas, high proportion of mid-merit and peakload
- Net importer of electricity
- Attractive new build sites with transport connections and cooling water access
- Strong interconnections with Germany, Belgium and Norway; additional interconnectors planned with UK, GER and Norway
- Over time expected to become swing market in North West Europe
- Overall rising power prices anticipated, however narrowing of price differential to Germany expected
- Wholesale market liquidity in relative terms comparable to Germany

① A leading vertically integrated Dutch utility

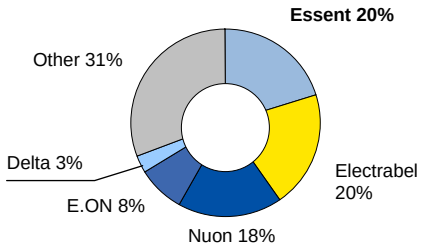
Essent's historic network areas



Total number of customers: 2.1 million

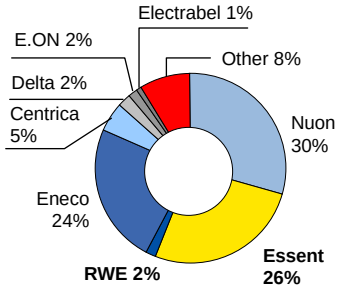
Total number of customers: 1.8 million

Dutch generation mix (2007)

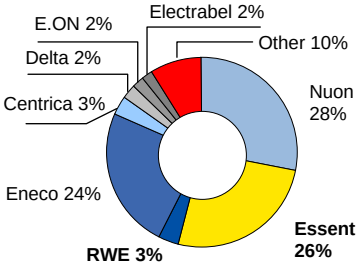


Total installed capacity: 23,254 MW

Electricity and gas supply (2008) – Essent is a market leader

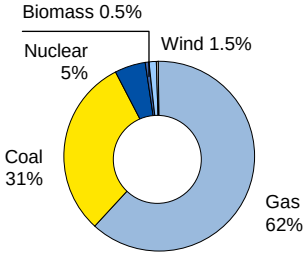


Total number of customers Electricity: 8.0 million

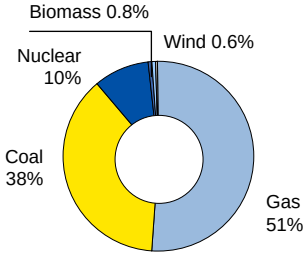


Total number of customers Gas: 6.9 million

Essent Dutch generation mix – low CO_2 intensity



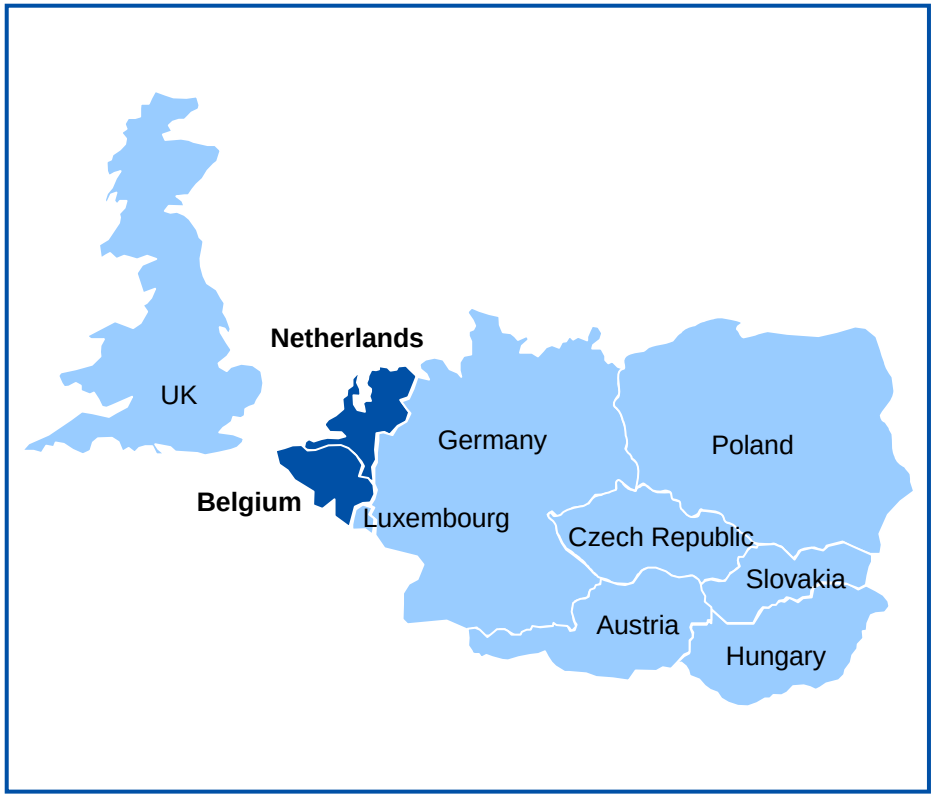
Total installed capacity: 4.7 GW



Total output: 20,924 GWh

Source: Essent, EnergieNed, GfK

② A focused geographic position from leadership in contiguous markets



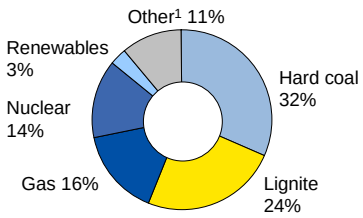
- Completes the jigsaw for RWE's operations in the UK and Germany
- Increased geographic diversity reduces exposure to RWE's core German market
  - Essent will contribute an absolute 5 to 10% increase toward RWE's 2012 target[1]
- Forming a leading electricity and gas supplier in the Netherlands with a **combined** portfolio of 2.2 million electricity customers and 2.0 million gas customers
- Achieves market entry into Belgium (~255,000 retail customers, of which ~190,000 in electricity)
- Opportunity for cross-border synergies as well as savings with RWE's existing Dutch operations
- swb adds another 1.2 million of electricity, gas, drinking water and heat customers in Germany

[1] RWE targets to increase the share of non-German operating result from 36% (2007) to 40 - 50%

③ A more balanced and flexible generation portfolio reducing RWE's average CO_2 intensity

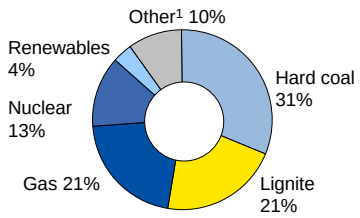
Generation mix impact

RWE (all countries)



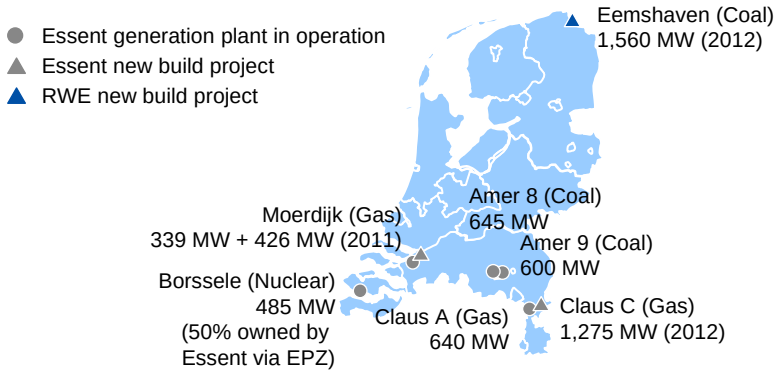
Total installed capacity: 45GW

Pro forma (all countries)



Total installed capacity: 51GW

Combined major generation plants and growth projects in NL



- More balanced generation portfolio along the merit order
- Increased flexibility of the combined generation portfolio provides additional potential for short term position management
- Reduction of CO_2 intensity (2007):
  - Essent – 536 kg/MWh
  - RWE – 861 kg/MWh
- Capacity for biomass co-firing of between 20% to 30% at Essent's Amer 8 and Amer 9 power plants
- Combined new build projects provide attractive growth potential: 40% additional capacity by 2012

Source: Company information

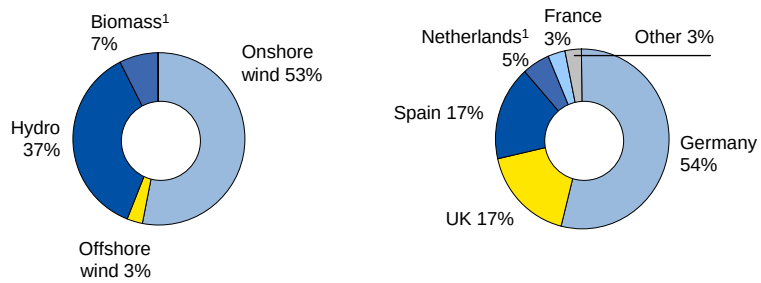
[1] Pumped storage, oil and other

[2] Thereof 50% owned by Essent via EPZ

④ A leading renewable generation position in North West Europe

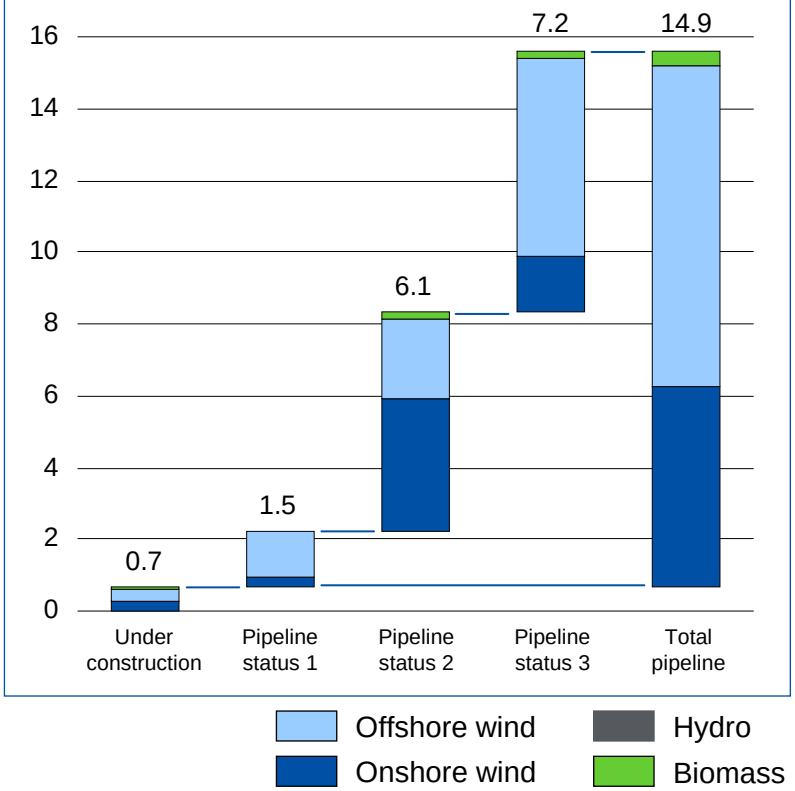
- Essent brings 476 MW of renewable generation assets in operation (108 MW Netherlands, 368 MW Germany) and 198 MW under construction to RWE's existing portfolio
- Essent contributes a 3,000 MW project pipeline
- Improved diversified regional generation mix
  - Significant increase in Dutch and German onshore wind capacity
- Strengthened combined project pipeline of 15 GW

Pro forma combined renewables capacity in operation by technology and country (pro rata)



Total installed capacity: 2.0 GW **Total installed capacity: 2.0 GW**

Pro forma combined projects by technology (electricity generation capacity in GW, pro rata)[1,2]



[1] Excluding hydro storage with natural inflow projects of RWE Power

[2] Definition of pipeline status:

Pipeline status 1 – Project consented, not yet under construction

Pipeline status 2 – Prospects (not consented) – land agreements in place, environmental impact studies commenced

Pipeline status 3 – Identified opportunities – sites identified, but no land agreements – initial discussion on agreements

⑤ An enlarged regional cross-border gas sourcing and storage position with enhanced optionality

Combined gas storage and re-gasification

- RWE storage facilities
- RWE re-gasification
- Essent storage facilities
- Essent re-gasification

- Essent and RWE will create a combined gas portfolio which will allow for additional sourcing optimization:
  - Procurement of 53 bcm (13 bcm of Essent and 40 bcm of RWE)
  - Storage capacity of 5.7 bcm (0.36 bcm of Essent and 5.3 bcm of RWE)
- Access to Essent's storage facilities in Epe and Waalwijk
  - Existing working gas volume of 0.36 bcm in Epe (connected to the Dutch grid), development of additional 1.1 bcm in Epe and Waalwijk under consideration
  - Planned connection of Epe to German grid
- Essent's access to re-gasification capacity complements RWE's LNG capabilities via Excelerate
  - 3 bcm booked capacity for 20 years at GATE (Rotterdam)

⑥ A pan-European trading "powerhouse"

Combination creates …

- Number 1 European energy trading and origination house
- Strong geographical presence throughout Europe (UK, Netherlands, Germany, Czech Republic, Switzerland)
- Combination of Essent's established pan-European origination activities with RWE's comprehensive trading operations and balance sheet
- Optimization of combined fuel sourcing
- Cross-border short term position management
- Essent and RWE share same asset-backed trading philosophy

Trading volumes (annual average)	RWE	Essent
Electricity	1,200 TWh	225 TWh
Gas	90 bcm	13 bcm
Coal	130 mt	100 mt

Similar business models and low integration risk

RWE AG

RWE Dea	RWE Power	RWE Innogy	RWE Supply & Trading	RWE Energy	RWE npower (UK)	**RWE Essent (NL)**
						essent

Transaction structure

- Essent will be a 100% subsidiary of RWE AG
- Essent will have its own Executive Board reporting directly to the Executive Board of RWE.
  Two Executive Board positions to be held by current management; two additional persons to be named by RWE
- Essent will maintain a Supervisory Board which will have five members, three of which will be nominated by RWE, one by the Works Council and one will be an independent Dutch national

Envisaged integration

- Combination of the Dutch activities of RWE[1] and Essent
- Combination of Essent's renewable portfolio and expertise with RWE Innogy
- Integration of RWE's and Essent's trading organization
- Essent's current headquarters and business locations will be maintained

[1] see page 34 for information on RWE Energy Nederland

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Essent offers significant standalone growth potential

Generation

- New build projects of 1.7 GW by 2012
- Moerdijk (Gas, 426 MW until 2011)
  Claus C (Gas, 1,275 MW in 2012)

Retail & B2B

- Improvements in sales margins / reduction of cost-to-serve

Essent's standalone EBITDA and EBIT to grow by approximately 10% per annum until 2012

Trading

- Pan-European expansion of origination capabilities

Gas

- Expansion of storage capacity of 1.1 bcm in Epe and Waalwijk

Renewable Energy

- 198 MW capacity under construction and 3,000 MW project pipeline
- 600 - 700 MW expected to materialize by 2012 (90% onshore wind, 10% offshore wind)

Synergy potential underpins a value enhancing transaction

Area	Synergy sources
Retail	> Combination of RWE's and Essent's Dutch retail businesses > Reduction of cost-to-serve from best practice transfer
Generation	> Improvement in opex from best practice transfer > Integration of RWE's Eemshaven new build power plant into Essent's existing portfolio > Leveraging of increased global sourcing power
Supply and Trading	> Value at Risk (VaR) of combined Essent and RWE lower than sum of stand-alone VaRs of both companies > Reduction in opex of gas storage facilities due to geographically adjacent caverns
Corporate Centre	> Best practice transfer in HQ and support functions

- **EBITDA synergies: approx. € 100 million per annum by 2014**
- **Net of one-time integration cost**
- **Further increasing thereafter**

Fair transaction multiple achieved

Transaction valuation	(€ million)
Enterprise value	**9,300**
> **Net debt and other adjustments[1]**	(1,170)
Equity purchase price	**8,130**
EV/EBITDA LTM E[2,3]	10.2x
EV/EBITDA 2009 E[3]	9.6x

Comments

- EV includes 51% of swb and proportional stakes in JVs
- Final net debt and other purchase price adjustments to be determined at the earlier of the closing date or 30 June 2009
- Financials reflect transaction scope (refer to page 6)
- Valuation reflects potential shortfalls of cross border lease funding

[1] Based on latest estimates, includes expected closing price adjustments (e.g. working capital adjustments)
[2] LTM (last twelve months) with a closing assumed for 30 June 2009
[3] Includes 51% of swb's EBITDA, EBITDA from equity investments and JVs. Excludes synergies

Financial investment criteria met

Financial criteria	Description	Essent
IRR	Exceeds post tax project WACC of 7.0%[1]	✓
Return on capital employed	Exceeds pre tax project WACC of 9.5% after 3 years[1]	✓
Net income	Earnings accretive from 1st year of full consolidation[2]	✓
Balance sheet efficiency	Leverage factor of 2.8 – 3.4x EBITDA by 2010	✓
Dividend	Continue regular payout ratio of 50 – 60%[3]	✓

[1] Project specific WACC reflecting business mix of Essent and the updated capital cost of RWE
[2] Depending on final purchase price allocation
[3] Payout ratio for 2008 dividend of 70 – 80% of recurrent net income

The transaction is funded by an acquisition financing facility

Financing of transaction

- Loan documents signed for a new € 9.0 billion credit facility to maintain financial flexibility:
  - Tranche A: term loan 1yr; € 4.5 billion; Euribor + 150bps; 50bps step up 6-monthly
  - Tranche B: term loan 1+1yr; € 4.5 billion; Euribor + 150bps; 50bps step up 6-monthly
  - Facility provided by 10 banks
- Remaining amount will be funded from RWE's cash reserves
- Take out of the facility is scheduled for 2009 and 2010 via RWE's existing "Debt Issuance Programme" (DIP), which will be increased from € 20 billion to € 30 billion
- RWE will retain strong liquidity through its cash reserves and undrawn credit lines

Cross border leases (CBL)

- Essent has a number of long-term CBLs, all of which are collateralised
- RWE and the Vendors will jointly implement an additional CBL fund to cover potential shortfalls in case of early terminations, which will be funded by RWE
- The financing of this fund together with the associated risks have been reflected in the valuation

RWE credit rating

- Commitment to retain at least an A flat rating after completion of the transaction

Future acquisitions

- No further large acquisitions anticipated in the next years

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Essent represents by far the most attractive opportunity for RWE

Strengthening of our key competencies within RWE's core region, while providing a complementary portfolio of assets, fuels and skills

RWE strengthens its position within the top league of European utilities

Strong underlying financial performance underpins the attractiveness of the combination

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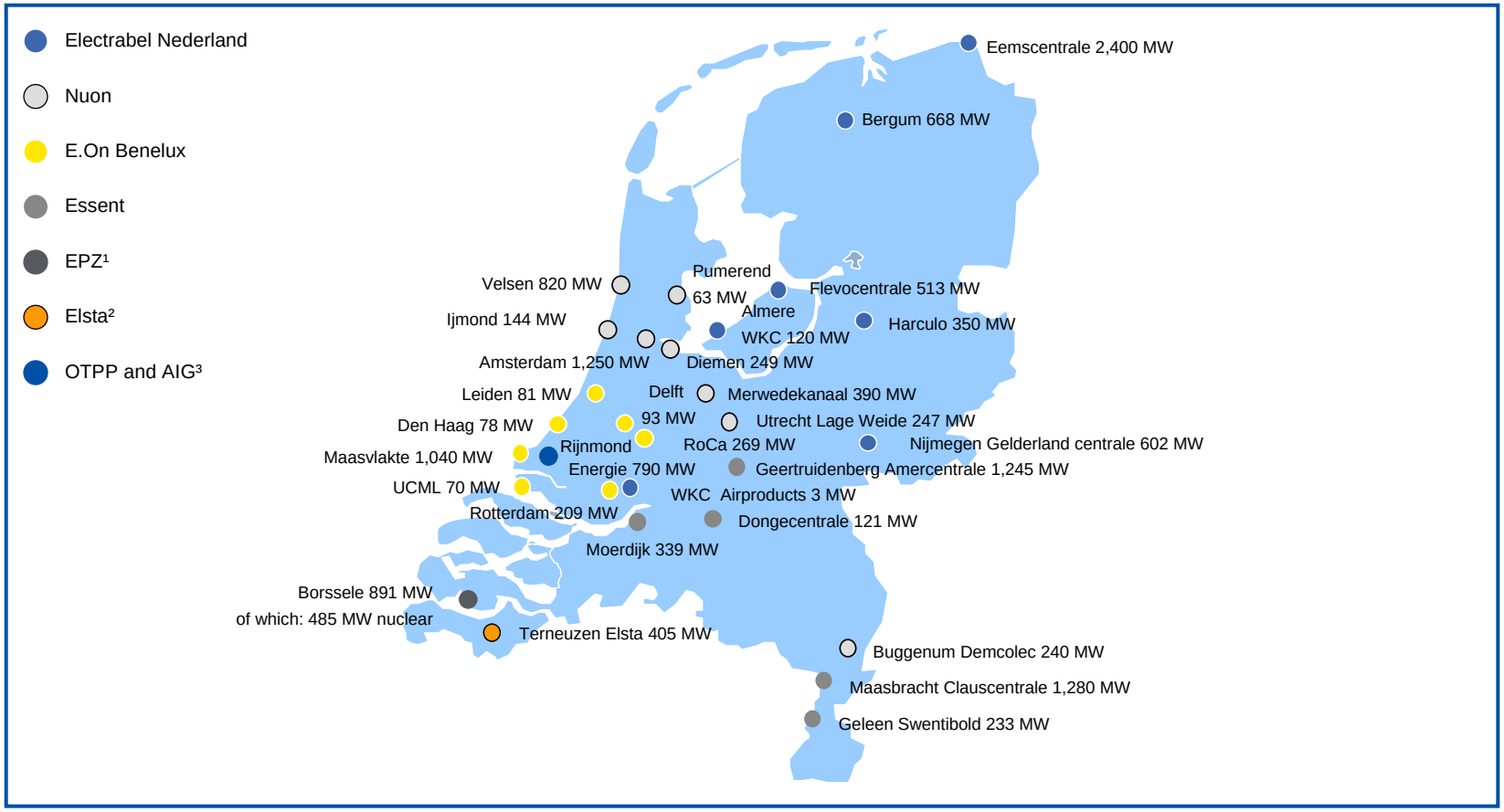
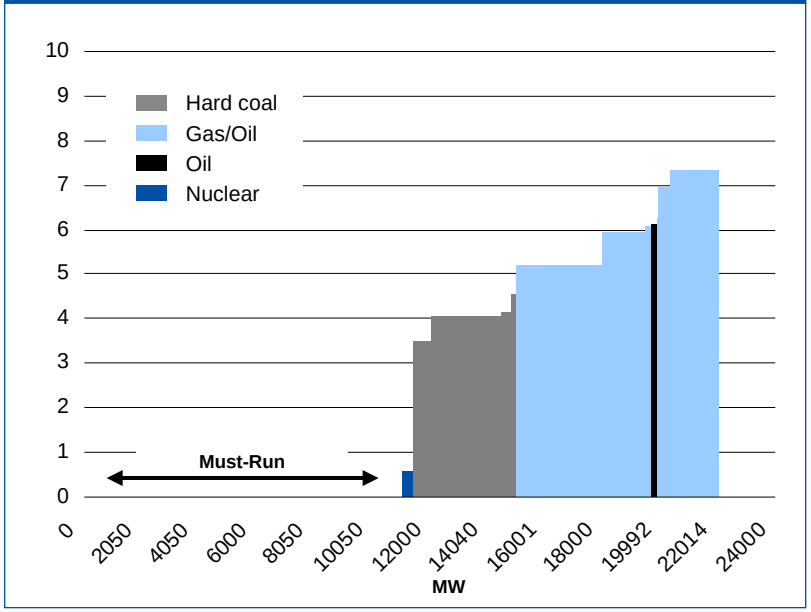
Power plants in the Netherlands



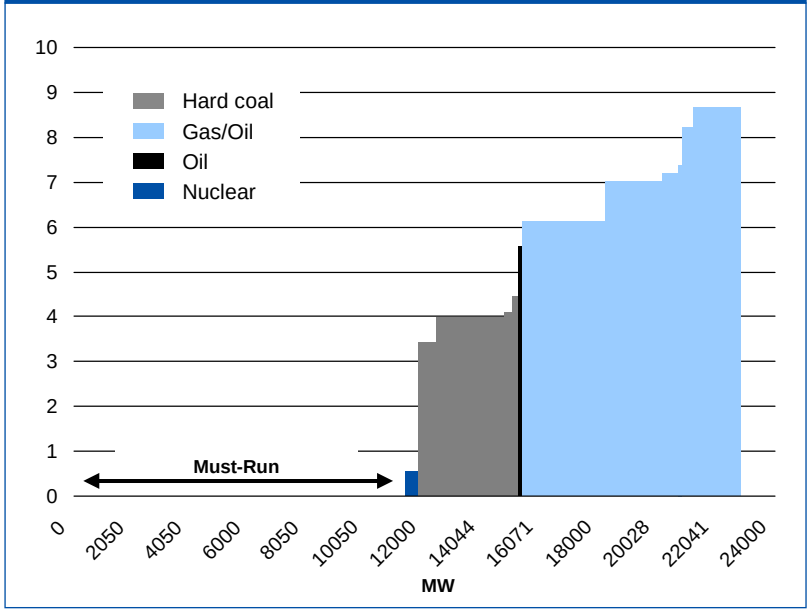
[1] Ownership: 50% by Essent and 50% by Delta
[2] Ownership: 50% by AES, 25% by Essent and 25% by Delta
[3] As per December 2004, contracted to Eneco (OTPP: Ontario Teacher Pension Plan)
Source: EnergieNed (2008)

Dutch merit order: High proportion of gas-fired generation

Summer merit order (Cent/kWh)



Winter merit order (Cent/kWh)

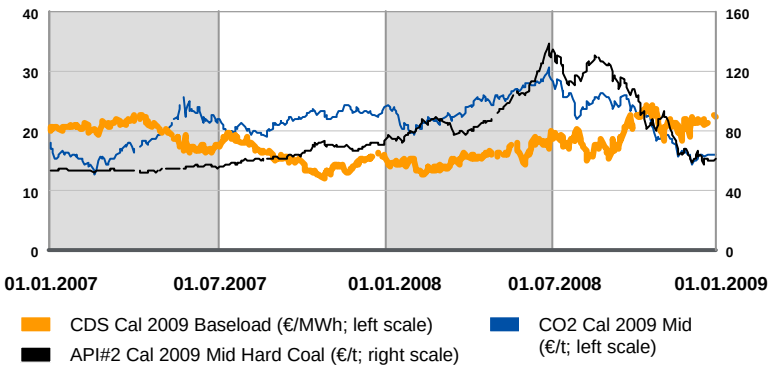


Source: RWE

- Distinct seasonal shape of merit order
- Marginal power plant is gas fired
- Heat demand forces electrical capacity of CHP plants into the market in winter months
- New build hard coal and CCGT will put pressure on low-efficiency coal plants in the mid term

Dutch clean dark and spark spreads

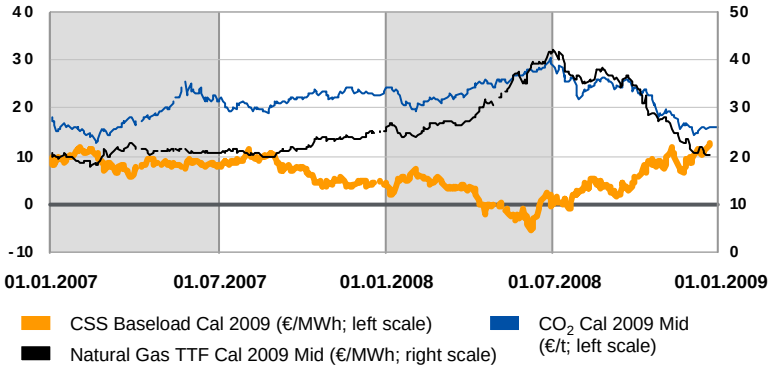
Clean Dark Spread, 2009 forward (baseload)



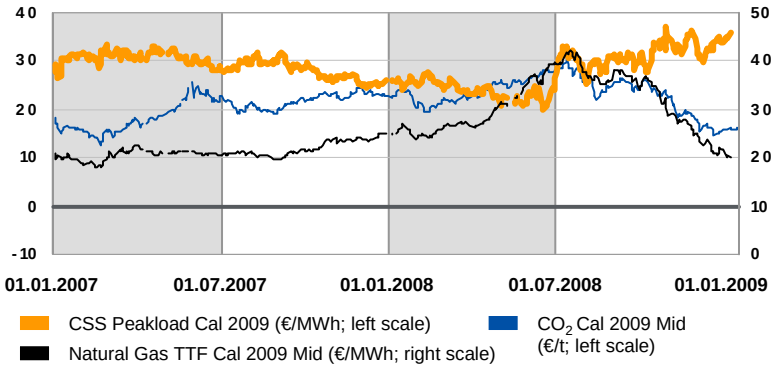
Key characteristics of Dutch power market

- Appealing generation spreads slightly above German level due to premium in wholesale prices
  - Same basis for fuel supply, but more attractive in terms of transport connections and cooling water access
- Over time expected to become swing market in Northwest Europe, narrowing of price differential to Germany expected in the long term
- High liquidity of wholesale market, comparable to Germany

Clean Spark Spread, 2009 forward (baseload)



Clean Spark Spread, 2009 forward (peakload)



Source: RWE

Dutch CO_2 National Allocation plan (NAP)

CO_2 allocation in the Netherlands

- The national CO_2 reduction target for the Netherlands is 6% in relation to 1990 levels
- Under the NAP II (2008-12) the Netherlands allocated 77.2 million t of CO_2 certificates
- Essent receives a total of 7.5 million t per year (for 100% owned Dutch plants) equivalent to 80% of its 2007 emissions

Overview of CO_2 emissions and NAP II allocations for Essent's main generation clusters (million tons)

	Historic CO_2 emissions			CO_2 allocation	
Plant cluster	2005	2006	2007	2008 – 12 p.a	% of 2007 emissions
Geertruidenberg[1] (1,364 MW)	5.9	5.5	5.3	5.1	96
Moerdijk (339 MW)	0.6	0.5	0.6	0.6	99
Maasbracht[2] (1,280 MW)	1.3	1.4	1.7	1.0	61
Remaining plants	1.6	1.6	1.8	0.7	39
Total	**9.4**	**9.0**	**9.4**	**7.5**	80

Sources: Company information, Netherlands National Allocation Plan for greenhouse gas allowances 2008-2012 (NAP II)

[1] Includes power plants Amer 8, Amer 9, Amer 20, Amer 21 and Donge

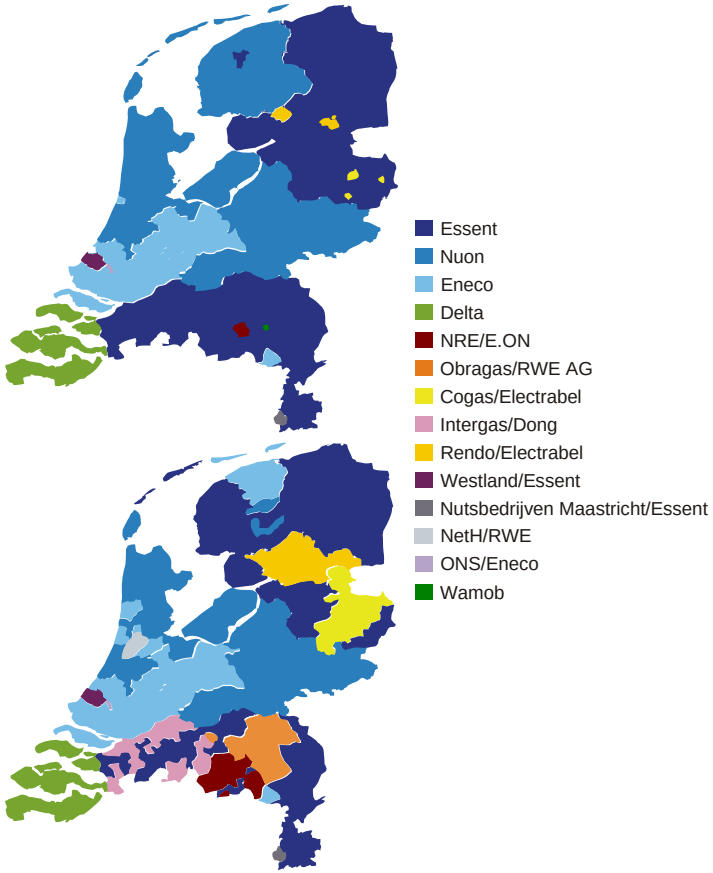
[2] Includes power plants Claus A and Claus B

Dutch electricity and gas supply market

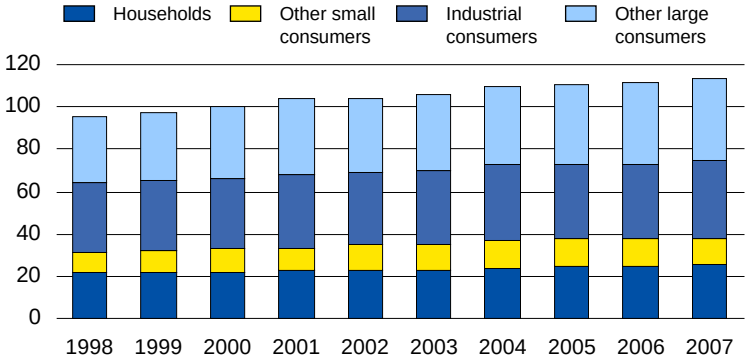
Electricity

Gas

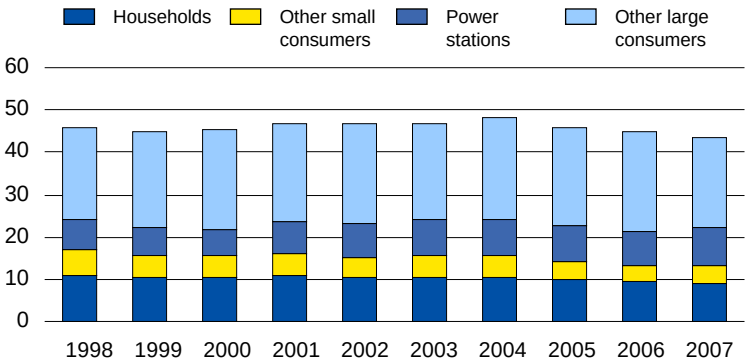
Former grid areas



Power consumption (in TWh)



Gas consumption (in bcm)

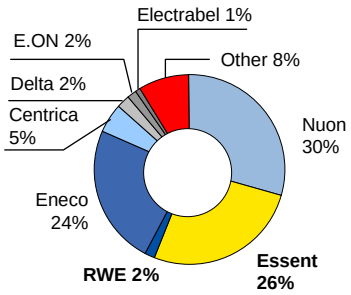


Source: EnergieNed

Dutch electricity and gas supply: market shares and churn rates

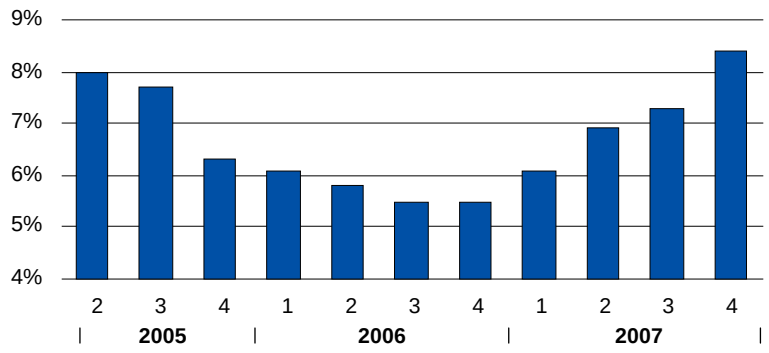
Electricity

Supply market shares (2008)

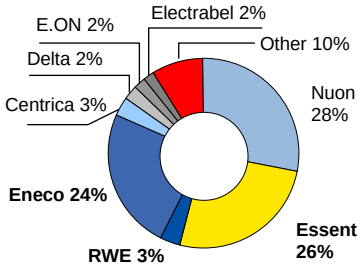


Total number of customers: 8.0 million

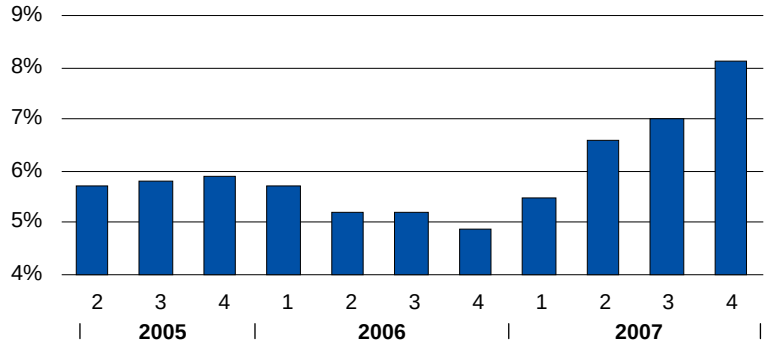
Churn rates (LTM per quarter)



Gas



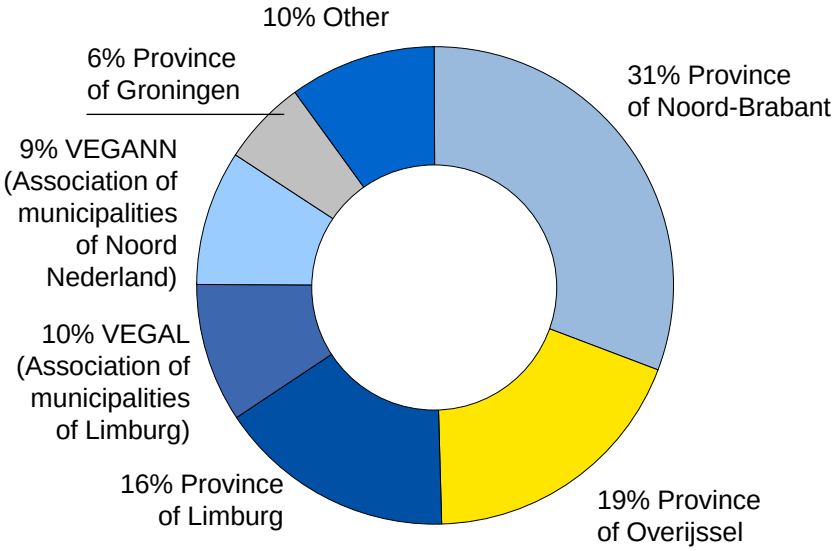
Total number of customers: 6.9 million



Source: Essent, EnergieNed, GfK

Essent shareholder structure

Essent shareholder structure (total of ca. 136 shareholders)



Source: Essent

RWE in the Netherlands - Overview

Key Figures RWE Energy Nederland (2008 LE)	
Revenues	> € 1.5 bn
Household customers	> 130,000 electricity customers > 210,000 gas customers
SME customers	> 10,000 electricity customers > 40,000 gas customers
B2B customers	> ~ 1 TWh electricity sales > ~2 bcm gas sales, focussed on mid-sized B2B
District Heating	> WAMOB - 50% stake in district heating in Helmond, other 50% owned by Essent > 6,000 households