RWE East – adding stability to RWE in a challenging environment

Essen, 26 November 2013

Axel Gerhardy
Chief Financial Officer
RWE East
Forward Looking Statement

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

- Projections of revenues, income, earnings per share, capital expenditures, dividends, capital structure or other financial items;
- Statements of plans or objectives for future operations or of future competitive position;
- Expectations of future economic performance; and
- Statements of assumptions underlying several of the foregoing types of statements

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RWE is one of the leading integrated utilities in each of the CSEE markets where it operates.

<table>
<thead>
<tr>
<th>RWE core markets</th>
<th>Leading positions in core markets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product</strong></td>
<td><strong>Electricity</strong></td>
</tr>
<tr>
<td><strong>Market</strong></td>
<td>No. 1</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>No. 5</td>
</tr>
<tr>
<td><strong>Central Eastern &amp; South Eastern Europe</strong></td>
<td>No. 2 in Hungary</td>
</tr>
<tr>
<td></td>
<td>No. 3 in Slovakia</td>
</tr>
<tr>
<td></td>
<td>No. 5 in Poland</td>
</tr>
<tr>
<td></td>
<td>Presence in Czech Republic, Turkey and Croatia</td>
</tr>
</tbody>
</table>

1 Market positions of the RWE Group in terms of sales.
RWE East contributes significantly to RWE Group

Share of RWE East
(RWE Group as 100 %)

EBITDA
€ 1 billion

Operating Result
€ 0.7 billion

KPIs of RWE East¹
(RWE Group as 100 %)

Values as of 31.12.2012, consolidated

<table>
<thead>
<tr>
<th></th>
<th>RWE East</th>
<th>East’s share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>€ bn</td>
<td>5.2</td>
</tr>
<tr>
<td>Investments</td>
<td>€ bn</td>
<td>0.5</td>
</tr>
<tr>
<td>Employees</td>
<td>ths</td>
<td>10.4</td>
</tr>
<tr>
<td>Capacity (electricity)</td>
<td>GW</td>
<td>1.0</td>
</tr>
<tr>
<td>Production (electricity)</td>
<td>TWh</td>
<td>6.7</td>
</tr>
<tr>
<td>Sales (electricity)</td>
<td>TWh</td>
<td>23</td>
</tr>
<tr>
<td>Customers (electricity)</td>
<td>million</td>
<td>3.0</td>
</tr>
<tr>
<td>Sales (gas)</td>
<td>TWh</td>
<td>66</td>
</tr>
<tr>
<td>Customers (gas)</td>
<td>million</td>
<td>1.7</td>
</tr>
</tbody>
</table>

¹ Only fully consolidated companies

RWE East contributes significantly to RWE Group
RWE businesses in CSEE spread along the whole value chain

<table>
<thead>
<tr>
<th>Generation (electricity)</th>
<th>Storage (gas)</th>
<th>Transmission</th>
<th>Distribution</th>
<th>Retail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czech Republic</td>
<td>(1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
<td>(1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td>(1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Slovakia</td>
<td>(1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Croatia</td>
<td>(3)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>(3)</td>
<td></td>
<td></td>
<td>(2)</td>
</tr>
</tbody>
</table>

Regulated business accounts for 55% of RWE East operating results.

(1) Smaller generation units
(2) Start up positions
(3) Steering role for power plant Denizli with RWE Generation
(4) Partially regulated
RWE East regions with solid organic performance, another strong result expected for 2013

Operating result development (€ million)

Key success factors

- Corporate culture
- Streamlined organisation/processes
- Organic growth
- Efficiency enhancements

No significant growth via M&A transaction since 2003

All years since 2006 have been adjusted for midstream and wholesale businesses (allocated to RWE Supply & Trading) and Net4Gas
### General framework conditions

- **CSEE/Turkey strongest European growth region, with signs of recovery in current business cycles**
- **Affordability of energy in focus in most regions**
- **Political and regulatory interventions**

### Business-specific trends

- **Liberalisation enabling organic growth in second commodities and entering new markets**
- **...however, competitors also creating pressure on existing incumbents**
- **Decreasing summer-winter spreads hits gas storage business, with some recovery expected mid-term**
- **Challenging period for large conventional generation**
- **...however, market potential in decentral energy businesses foreseen**
RWE’s 3 steps are the basis for RWE East’s long-term value

- Strategic repositioning
- Selective capex
- Sweat the assets
Strategic repositioning

Utilisation of opportunities in the external environment

Portfolio optimisation

> Net4Gas (TSO) sold to a consortium of Allianz and Borealis Infrastructure for an enterprise value close to EUR 1.6 bn
> Macquarie became co-shareholder (35%) in RWE Grid Holding (Czech Republic)
> Optimisation in Hungary: Minorities in Budapest Water Works and TIGAZ sold, discussion on potential sale of FÖGAZ within portfolio review ongoing

New markets

> Successful entry into Croatian electricity supply market in 2013 using first mover advantage
  - Expected number of customers over 40ths. at the end of 2013; over 100ths. at the end of 2014
  - Expected electricity sold in mid-term over 1 TWh p.a.
> RWE brand introduced in Turkey, electricity sales to key accounts of 600 GWh achieved in 2013
> Entry into electricity supply market in Romania
Focus on asset-light growth

Focused growth

> Successful entry into supply of second commodity with ambitious growth plans:
  - Gas supply in Slovakia (~14TWh in 2013, ~25% market share)
  - Electricity supply in the Czech Republic (~230ths. customers in 2013)
> Decentralised business
> Energy solutions (gas & power related services to industry)

Investments / Quality

> About € 350-400m day-to-day investments in asset-intensive areas, especially in grid and storage
> Optimisation in reflecting technical needs, regulatory incentives and market parameters

New technologies

> Smart metering roll out in Poland and Slovakia
> E-mobility: first mover in introducing pilot projects in several CEE countries
Restructuring and efficiency programmes as our must-win battle for keeping competitiveness

- Streamlining of organisational structures:
  - Czech Republic: following cooperation with Macquarie
  - Slovakia: triggered also by legal requirements
  - Hungary: reflecting legal requirements as well as overall framework conditions

- RWE East integrated into the “Lean Steering” initiative of RWE Group
- RWE East commitment aims at additional cost reduction in overhead functions

- Permanent effort on operational excellence in RWE East: optimisation of material/maintenance costs, costs in generation assets; savings of procurement volume, synergies in customer services/CC, IT; cost-conscious staffing in supply growth markets (Croatia, Turkey)
In 2014 we expect continuation of challenges...

<table>
<thead>
<tr>
<th>Country</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>Favorable situation on the electricity wholesale market</td>
</tr>
<tr>
<td></td>
<td>Re-introduction of CHP-support system (certificates)</td>
</tr>
<tr>
<td>Slovakia</td>
<td>Lower negative impact of renewables regulation on grid margins expected</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>Stable sales margins at high level</td>
</tr>
<tr>
<td></td>
<td>Adjustment of internal pricing for Gas storages to new market price level</td>
</tr>
<tr>
<td>Hungary</td>
<td>Strong cost management as an answer to recent second price cut</td>
</tr>
<tr>
<td></td>
<td>Decrease of generation margin due to market price development</td>
</tr>
</tbody>
</table>

Note: 2014 result of segment will be significantly affected by dilution of earnings from Net4Gas disposal (~0.2 bn € for 8 months of 2013)
Back-up Charts
RWE East proved successful business model in CEE/SEE regional companies

**Corporate culture**
- Turning state owned monopolies into competitive players
- Living responsibility for our people (career development and work safety)
- Creating transparency

**Organic growth**
- Regulatory acknowledged asset investments to ensure sustainable and reliable energy supply
  - Sales growth into the “2nd commodity” and new regional markets

**Streamlined organisation/processes**
- Restructuring the organisation (focused, leaner, faster)
- Enabling best practice transfer within RWE Group
- Implementing efficient IT infrastructure

**Key success factors**

**Efficiency enhancements**
- Cost optimisation and cost control
- Optimised structure of personnel
- Focus on procurement
RWE Deutschland AG – strong value driver and additional growth potential

Essen, 26 November 2013

Arndt Neuhaus
Chief Executive Officer
RWE Deutschland AG
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We are a leading energy utility in the German market

**Market position Germany**

<table>
<thead>
<tr>
<th>Electricity supply</th>
<th>Gas supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. 1</td>
<td>No. 3</td>
</tr>
</tbody>
</table>

**Key figures 2012 RWE Deutschland Group**

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>External revenue</td>
<td>23.7 Euro billion</td>
</tr>
<tr>
<td>EBITDA</td>
<td>2.3 Euro billion</td>
</tr>
<tr>
<td>Operating result</td>
<td>1.6 Euro billion</td>
</tr>
<tr>
<td>Investments</td>
<td>1.2 Euro billion</td>
</tr>
<tr>
<td>Employees</td>
<td>19,500 Full-time equivalent (FTE)</td>
</tr>
<tr>
<td>End customers</td>
<td>8 million</td>
</tr>
<tr>
<td>Electricity distributed</td>
<td>155 TWh</td>
</tr>
<tr>
<td>Gas distributed</td>
<td>80 TWh</td>
</tr>
<tr>
<td>Grid length electricity</td>
<td>344,000 km</td>
</tr>
<tr>
<td>Grid length gas</td>
<td>37,000 km</td>
</tr>
</tbody>
</table>
We play an important role in the RWE Group: distribution and sales are essential value drivers.

RWE Deutschland AG | Board meets Investors | 26 November 2013

Overview

We play an important role in the RWE Group: distribution and sales are essential value drivers.

RWE Deutschland AG

Distribution

Sales

Value drivers

> Asset management of RAB\(^1\)
> O&M costs
> Regulatory management

> Sales margin
> Customer base
> Operative costs
> Selective growth investments

Earnings contribution to RWE Group 2012

EBITDA RWE Group: €9.3 bn
Operating result RWE Group: €6.4 bn

Share RWE Deutschland

EBITDA

24%

OR

25%

Strong and stable earnings contribution with additional growth potential

\(^1\) RAB = Regulated Asset Base
Continuous growth of operating result in the past and in future

Review operating result in € m

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1,150</td>
<td>1,150</td>
<td>1,150</td>
<td>1,150</td>
<td>1,150</td>
<td>1,150</td>
<td>1,150</td>
<td>1,150</td>
<td>1,150</td>
<td>1,578</td>
</tr>
</tbody>
</table>

+4.6% p.a.

Average growth rate of about 4.6% from 2003 to 2012:

- Cost reduction through efficiency programmes
- Increase of margin in sales business
- Negative effect of regulation in grid business

Forecast 2013

Operating result in the order of last year’s level:

- Efficiency improvements
- Loss of earnings from the disposal of Berlin waterworks and KEVAG and transfer of Zagreb wastewater business to CEE/SEE

Long-term

- Stable income situation due to stable regulatory situation for this and the next regulatory period (until 2018)
- Growth opportunities through efficiency improvements and smart energy systems provide growth potential in the order of 3% p.a.

1 Pro forma figures for current organisational structure.
German “Energiewende” offers distinct growth opportunities with scalable investments

<table>
<thead>
<tr>
<th>Political targets / market trends</th>
<th>Growth opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; Ambitious political targets until 2020:</td>
<td>&gt; Sales (smart markets)</td>
</tr>
<tr>
<td>&gt; 25% of total electricity generation from CHP</td>
<td>– Investments in decentralised CHP/energy services</td>
</tr>
<tr>
<td>&gt; 1.5% p.a decrease in total energy consumption (2014 – 2020)</td>
<td>– Energy efficiency products</td>
</tr>
<tr>
<td>&gt; 40% reduction of greenhouse gas emissions (compared to 1990)</td>
<td>– Management of virtual power plants/decentralised energy systems</td>
</tr>
<tr>
<td>&gt; 35% of electricity demand covered by renewables</td>
<td>&gt; Distribution (smart grids)</td>
</tr>
<tr>
<td>&gt; Financial support for decentralized energy system</td>
<td>&gt; Smart regulated investments</td>
</tr>
<tr>
<td>&gt; Growth in PV and wind capacity</td>
<td></td>
</tr>
<tr>
<td>&gt; Electricity as efficient energy source</td>
<td></td>
</tr>
</tbody>
</table>

Core business as a combination of technology and sales to provide robust value contribution

Successful products to be transferred to other RWE markets
Grid regions of RWE Deutschland Group

> RWE Deutschland group owns 344,000 km electricity and 37,000 km gas distribution grids.

> Operation of local distribution grid (low and medium voltage) via concessions from individual municipalities.

> Municipalities assign these concessions for electricity, gas, water and distant heating. In return they receive a regulated concession fee.

> We supply electricity, gas and/or water to almost every fourth German municipality.

> Supply is located in regions with high population density and industrial growth
Regulatory management: Negotiations with German regulator serve solid framework until 2018

Key revenue drivers

1. **Cost reviews**: elimination of elements unique to the baseline year

2. **Determination of the efficiency figure**: based on total cost benchmarking against other grid operators

3. Annual adjustment of **costs that can be influenced**: Consumer Price Index minus x factor (CPI-X) and the expansion factor for the integration of renewables, among other things

4. Annual adjustment of **costs that cannot be influenced**: e.g. upstream grid/avoided grid fees, investment measures, incidental staff costs

Results from 2013 negotiations

- Second regulatory period for electricity (2014-18) secured with a **solid cost base** and a **good efficiency**
- Further potential for revenue growth by the recognition of costs for the **integration of renewables**

Towards 2018, annual adjustment of costs can be influenced:

1. **Revenue cap**
2. Costs not influenced by DSO
3. Costs influenced by DSO
4. Deduction resulting from the cost reviews
Financial performance of distribution grid business oriented to highest European benchmarks

RWE’s target setting on regulatory outperformance

- Strategic return on RAB\(^1\) goals for RWE distribution business based on ambitious outperformance target
- Outperformance target derived from European competitor analysis
- Country-specific regulatory WACC\(^2\) adjusted for different regulatory regimes
- Outperformance achieved by operative and regulatory management

Target achieved for current regulatory period until 2012/13

1 RAB = Regulated asset base  
2 WACC = Weighted average cost of capital  
3 Outperformance = Return on RAB minus WACC
Our investment strategy yields high performance grid

EXAMPLE: Typical grid area

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Before Investment</th>
<th>Optimisation</th>
<th>After Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grid length</td>
<td>220 km</td>
<td></td>
<td>200 km</td>
</tr>
<tr>
<td>No. of mid voltage fields</td>
<td>76</td>
<td></td>
<td>56</td>
</tr>
<tr>
<td>Degree of cabling</td>
<td>60%</td>
<td></td>
<td>90%</td>
</tr>
</tbody>
</table>

Optimisation (investments, operation, O&M costs)

Investment and maintenance strategy:
Specific investments reduce long-term CAPEX for the grid and optimise O&M costs

Source: RWTH Aachen.
Smart grids: „Smart“ solutions for profitable investments

Smart Country - Smart Grid solution for rural areas has successfully passed practice test

Energy users become prosumers - this implies ICT and new market models

Power-to-gas demonstration plant of RWE - A look into the future of storage

RWE implements "more intelligence" in the low voltage grid with the project "smart operator"
### Strong market position in German retail market: no. 1 in electricity and no. 3 in gas

<table>
<thead>
<tr>
<th>Household</th>
<th>Strategic aspiration</th>
</tr>
</thead>
</table>
| > 16% market share in electricity  
> 9% market share in natural gas  
> RWE could retain customers more successfully than competitors | > Increase of revenue and operating results per customer due to differentiated products/services and the continuous utilisation of cross-selling potentials |

<table>
<thead>
<tr>
<th>Business</th>
<th></th>
</tr>
</thead>
</table>
| > 12% market share in electricity  
> 9% market share in natural gas | > Value-oriented customer service, growth beyond pure commodity sales |

<table>
<thead>
<tr>
<th>Utilities/resellers</th>
<th></th>
</tr>
</thead>
</table>
| > 18% market share in electricity  
> 5% market share in natural gas | > "Be excellent" in customer care and market oriented products |
Profitable customer base maintained in spite of intensive competition and high churn rates

Development of household electricity prices\(^1\)
is driven by increased taxes and levies

\[
\begin{array}{c|c|c}
 & 2005 & 2013 \\
\hline
\text{Taxes and levies} & 109 & 168 \\
\text{Generation, grid, sales} & & \\
\hline
\end{array}
\]

Intense competition (more than 1,300 suppliers) shown by accumulated churn rate of households\(^2\)

\[
\begin{array}{c|c|c}
 & 2005 & 2009 & 2013^4 \\
\hline
\text{[in %]} & 7 & 21 & 33 \\
\hline
\end{array}
\]

Value-oriented development of household customer base (electricity/gas)

\[
\begin{array}{c|c|c}
 & 2012 & 2013^4 \\
\hline
\text{[in millions]}^3 & 7.3 & 7.5 \\
\hline
\end{array}
\]

Key success factors of RWE

- Best in class customer service and online offers
- Advanced customer insight management
- Acquisition skills via most successful German discounter brand
- Brand management and marketing campaigns to increase loyalty/credibility

---

\(^1\) Source: BDEW; status April 2013 - average three-person household with 3,500 kWh/a

\(^2\) Source: BDEW-Kundenfokus, BDEW-Energietrends

\(^3\) Excluding KEVAG / Status Sept. 2013

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German household segment in an excellent value driver position

**Margin and cost analysis indicates our excellent performance compared to our competitors**

### Sales margins

**EXAMPLE: Tariff customers electricity**
- RWE margins for tariff customers (household and small commercial) for electricity and gas are among the highest in Germany
- To maintain margin level and low churn rates, value-oriented retention schemes are set up

### Customer base

**EXAMPLE: Average customer electricity demand**
- Average demand per household and small commercial customer in Germany is 3,500 kWh/a
- RWE household and small commercial customers with 3,600 kWh/a above average
- Together with high sales margins RWE Deutschland has most attractive customer base

### Operative costs

**EXAMPLE: Customer service costs**
- Service costs benchmarked regularly
- 22% of the German household customers are considered in the benchmark
- RWE is at average cost level with further improvement potential
Smart markets: We use the potential of energy services with distributed generation

- CAPEX Energy services [€ million] -

2011 2012 2013+

40 60

Energy services growth in implementation

- Energy services business with diversified portfolio -

Local and district heating
- Major source of revenue
- Classic district as "cash cow"

Contracting solutions (heating, cooling, cogeneration, compressed air)
- Strategic growth area
- Main part of CAPEX dedicated to contracting solutions

Consulting services (energy controlling, thermography)
- Strike to initiate asset-based transactions and special products

Special Products (Virtual Power Plant etc.)
- Importance of innovative products is steadily increasing

Energy services: approx. €530 million revenue and €45 million operating result in 2012; expansion investment: €40 million in 2011 to over €60 million in 2012, further growth planned for the next years – expected IRR approx. 8%

RWE is the largest German energy service provider
Research & development for markets of tomorrow

**Smart metering**
- Project ‘Mülheim Counts’: provision of more than 100,000 smart electricity meters
- Investment volume: €30 m

**Electric cars**
- Development and operation of 1,300 charging points throughout Germany
- Provision of electricity from renewable sources
- Cooperation partners: Daimler, Renault, Siemens, ADAC and others

**Superconductor**
- Energy transmission without losses and saving space
- Planned construction of the world’s longest superconductor test line in Essen (1.0 km)

**Smart home**
- ‘inHaus2’: Carbon-free housing project in Duisburg
- Provision of innovative energy applications
- Partnership with Fraunhofer Institute

**Smart grids**
- Development and expansion of smart electricity grids
- Investment: approx. €500 m until 2020
Based on changing energy markets we have three basic strategic pillars

**Distribute**
- Outperform regulatory targets by optimised investment strategy and highest operating efficiency

**Sell**
- Maintain position as top performer with high value customer base

**Develop**
- Develop and successfully implement new business models for a smart energy world with value-enhancing growth potential

RWE Deutschland AG yields continuously high contribution to RWE Group’s value
RWE Generation SE –
How we are tackling the challenges we are facing

Essen, 26 November 2013

Frank Weigand
Chief Financial Officer
RWE Generation SE
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are forward-looking statements. Also words such as “anticipate”, “believe”, “estimate”, “intend”, “may”, “will”, “expect”, “plan”, “project” “should” and similar expressions are intended to identify forward-looking statements. The forward-looking statements reflect the judgement of RWE’s management based on factors currently known to it. No assurances can be given that these forward-looking statements will prove accurate and correct, or that anticipated, projected future results will be achieved. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Such risks and uncertainties include, but are not limited to, changes in general economic and social environment, business, political and legal conditions, fluctuating currency exchange rates and interest rates, price and sales risks associated with a market environment in the throes of deregulation and subject to intense competition, changes in the price and availability of raw materials, risks associated with energy trading (e.g. risks of loss in the case of unexpected, extreme market price fluctuations and credit risks resulting in the event that trading partners do not meet their contractual obligations), actions by competitors, application of new or changed accounting standards or other government agency regulations, changes in, or the failure to comply with, laws or regulations, particularly those affecting the environment and water quality (e.g. introduction of a price regulation system for the use of power grid, creating a regulation agency for electricity and gas or introduction of trading in greenhouse gas emissions), changing governmental policies and regulatory actions with respect to the acquisition, disposal, depreciation and amortisation of assets and facilities, operation and construction of plant facilities, production disruption or interruption due to accidents or other unforeseen events, delays in the construction of facilities, the inability to obtain or to obtain on acceptable terms necessary regulatory approvals regarding future transactions, the inability to integrate successfully new companies within the RWE Group to realise synergies from such integration and finally potential liability for remedial actions under existing or future environmental regulations and potential liability resulting from pending or future litigation. Any forward-looking statement speaks only as of the date on which it is made. RWE neither intends to nor assumes any obligation to update these forward-looking statements. For additional information regarding risks, investors are referred to RWE’s latest annual report and to other most recent reports filed with Frankfurt Stock Exchange and to all additional information published on RWE’s Internet Web site.
Mid-term earnings perspective of Conventional Power Generation

Operating result in € bn

- Impact from decline in realised outright power price from €55/MWh to ~€37/MWh
- Mainly shut down of 150 MW lignite units and Tilbury
- Free allocation of c. 120 mt of CO₂ certificates in 2012: ~€1.2 bn
- Others: e.g. compensation payments for construction delays in 2012; changes in the regulatory framework (e.g. biomass NL); increase in depreciation
- Mark-to-market as of November 2013 at market prices of around €37/MWh for German baseload forwards
Internal focus on cost reduction and portfolio optimisation and external focus on development of the market model

What are we doing about that?

Internally
- Operational: Cash Improvements through efficiencies
- Structural: Portfolio-Optimisation

Externally
- Interaction with stakeholders to further develop market models
  - Security of supply
  - Climate protection and sustainability
  - Affordability of electricity
Efficiency programme “Neo” covers all areas of RWE Generation via dedicated projects

1 CAO - Commercial Asset Optimisation
¾ of target already specified by ideas / measures

Cash improvement target

- Already specified by ideas / measures (~75%)
- To be specified by concrete measures (~25%)
- Overall target (100% = high 3 digit €m)

At least 80% to be effective in operating result

---

¹ DoI = Degree of Implementation
Cash improvement measures will ramp-up until end of 2016, with full financial effect in 2017

Cash improvement target

- 2014: 20-30%
- 2015: 50-60%
- 2016: ~90%
- 2017: 100%
A core cost approach is applied across the workstreams

- Eliminate activities/end product
- Optimise processes
- Core cost Streamline organisation
- Addressable cost base
- Reduce service levels
- Reduce factor cost
- Reduce service levels
- Service level reduction (reduce output)
- Reduce cost per output
- Cost decrease due to mothballing / closures
Synergy and restructuring potential is targeted in project NEO across all areas of the generation business

<table>
<thead>
<tr>
<th>Area</th>
<th>Measures</th>
</tr>
</thead>
</table>
| Hard Coal & Gas           | > Further reduction of start-up time and costs  
|                           | > Optimisation of hard-coal transportation cost                          |
| Nuclear                   | > Improvement of front to back end processes in fuel management          |
|                           | > Active ageing management for power plants                              |
| Lignite                   | > Improvement of technical processes in plants, mines and refining       |
|                           | > Reorganisation of overhauls and services through out lignite system     |
| Hydro                     | > Increase of production by ecological and technical improvements         |
|                           | > Streamline organisation by realising internal and external synergies    |
| RWE Technology            | > Alignment of resources to predicted demand                              |
|                           | > Integration of Management Support functions into RWE Generation         |
| Management & Support Functions | > Elimination or service level reduction of non crucial activities  |
|                           | > Optimisation of processes and streamlining of the organisation          |
| Commercial Asset Optimisation | > Optimisation of processes / structure                                |
|                           | > Integration of activities in Germany and NL / Reduction of IT complexity |
| Procurement               | > Switch to cheaper supplier (e.g. to non-OEM-supplier)                  |
|                           | > Standardisation / harmonisation of product requirements                |
RWE Generation assets under review

Profitability of RWE’s conventional generation portfolio\(^1\)

- **OR\(^2\) > WACC**
  - c. > 50% – 60%

- **OR \(\geq 0\)**
  - c. > 60% – 70%

- **FCF\(^2\) \(\geq 0\)**
  - c. > 70% – 80%

First responses

> **Capacity measures**
> - decommissioning
> - long-term or summer mothballing
> - termination of contracted hard coal units
> - In total: 4,265 MW

> **Capacity under intense review**
> - Westfalen C (hard coal, 255 MW)
> - Frimmersdorf P&Q (lignite, 287 MW /285 MW)
> - Goldenbergwerk J (lignite, 70 MW)

> **Reviewing** another 1,450 MW of contracted hard coal plants

> **Continuing operation** with regular review dates

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\(^1\) Rough profitability analysis for 2013 to 2015 in % of installed capacity of RWE’s conventional generation portfolio (economic stake) in Germany, UK and NL (average c. 44 GW) based on market parameters as of January 2013

\(^2\) OR = operating result; WACC = weighted average cost of capital pre tax; FCF = free cash flow = revenue – cash costs
## Decision on capacity measures

<table>
<thead>
<tr>
<th>Measure</th>
<th>Plant</th>
<th>MW(^1)</th>
<th>Fuel</th>
<th>Location</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decommissioning</td>
<td>Amer 8</td>
<td>610</td>
<td>Hard coal</td>
<td>NL</td>
<td>Q1-2016(^2)</td>
</tr>
<tr>
<td>Long-term mothballing</td>
<td>Moerdijk 2</td>
<td>430</td>
<td>Gas</td>
<td>NL</td>
<td>Q4-2013</td>
</tr>
<tr>
<td></td>
<td>Gersteinwerk F</td>
<td>355</td>
<td>Gas – steam turbine</td>
<td>DE</td>
<td>Q3-2013</td>
</tr>
<tr>
<td></td>
<td>Gersteinwerk G</td>
<td>355</td>
<td>Gas – steam turbine</td>
<td>DE</td>
<td>Q2-2014</td>
</tr>
<tr>
<td></td>
<td>Weisweiler H</td>
<td>270</td>
<td>Topping gas turbine(^3)</td>
<td>DE</td>
<td>Q3-2013</td>
</tr>
<tr>
<td></td>
<td>Weisweiler G</td>
<td>270</td>
<td>Topping gas turbine(^3)</td>
<td>DE</td>
<td>Q3-2013</td>
</tr>
<tr>
<td></td>
<td>2 mid-size units</td>
<td>85</td>
<td>Gas</td>
<td>NL</td>
<td>Q1-2013</td>
</tr>
<tr>
<td>Summer mothballing</td>
<td>Emsland B</td>
<td>360</td>
<td>Gas – steam turbine</td>
<td>DE</td>
<td>Q2-2014</td>
</tr>
<tr>
<td></td>
<td>Emsland C</td>
<td>360</td>
<td>Gas – steam turbine</td>
<td>DE</td>
<td>Q2-2014</td>
</tr>
<tr>
<td>Termination of 3 contracts</td>
<td>Confidential</td>
<td>1,170</td>
<td>Hard coal</td>
<td>DE</td>
<td>Q4-2013 – Q4-2014</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>4,265 MW</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Net nominal capacity  \quad \(^2\) Depending on the final decision on the Dutch “Energieakkoord”, with a decision expected by the end of August 2013  \quad \(^3\) At a lignite plant
Development of the electricity market model under the principle of one goal - one instrument

<table>
<thead>
<tr>
<th>Goal: Security of supply</th>
<th>Goal: Climate protection</th>
<th>Goal: Affordable electricity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-discriminatory system to reward availability of power generation capacity</td>
<td>Emissions trading system with a long-term goal to reduce CO$_2$ emissions</td>
<td>Market integration of renewable energy; reform of the Renewable Energy Act</td>
</tr>
</tbody>
</table>
Back-up Charts
RWE’s forward hedging of conventional electricity production (German, Dutch and UK portfolio)

As of 30 September 2013

- Outright (GER nuclear and lignite based power generation)
- Spread (GER, UK and NL/B hard coal and gas based power generation)
Germany: Clean Dark (CDS) and Spark Spreads (CSS)

CDS Cal 2012 – 14 Base load (€/MWh) (assumed thermal efficiency: 36%)
Average CDS Cal 2012 – 14
CSS Cal 2012 – 14 Peak load (€/MWh) (assumed thermal efficiency: 49%)
Average CSS Cal 2012 – 14

Source: RWE Supply & Trading, prices until 08 November 2013
NL: Clean Dark (CDS) and Spark Spreads (CSS)

CDS Cal 2012 – 14 Base load (€/MWh) (assumed thermal efficiency: 37%)
Average CDS Cal 2012 – 14
CSS Cal 2012 – 14 Base load (€/MWh) (assumed thermal efficiency: 49%)
Average CSS Cal 2012 – 14

1 CDS: Including coal tax
Source: RWE Supply & Trading, prices until 08 November 2013
UK: Clean Dark (CDS) and Spark Spreads (CSS)

**2012 forward**

- CDS Cal 2012 – 14 Base load (€/MWh)
  (assumed thermal efficiency: 36%)
- Average CDS Cal 2012 – 14
- CSS Cal 2012 – 14 Base load (€/MWh)
  (assumed thermal efficiency: 49%)
- Average CSS Cal 2012 – 14

**2013 forward**

- 2013 forward
- Source: RWE Supply & Trading, prices until 08 November 2013

**2014 forward**

- 2014 forward

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1 Including UK carbon tax

Source: RWE Supply & Trading, prices until 08 November 2013
RWE Innogy – re-focus of business to create value

Essen, 26 November 2013

Hans Büning
Chief Executive Officer
RWE Innogy
Forward Looking Statement

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

- Projections of revenues, income, earnings per share, capital expenditures, dividends, capital structure or other financial items;
- Statements of plans or objectives for future operations or of future competitive position;
- Expectations of future economic performance; and
- Statements of assumptions underlying several of the foregoing types of statements

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RWE Innogy – value creation takes centre stage

> Innogy remains a pivotal element of RWE’s future strategy.

> However, growth will slow down as capex availability within the group is limited.

> A mitigation is the ramp-up of our capital recycling activities to fund growth by our own means.

> Our short-term capacity and operating result growth is still strongly driven by the commissioning of the offshore wind parks Gwynt y Môr and Nordsee Ost.

> Innogy expects to meet its cost of capital in 2016.
Innogy’s strategy is based on three main pillars which still hold true

<table>
<thead>
<tr>
<th>Balanced portfolio</th>
<th>2010 Strategy Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; Mitigate against technology, regulatory and meteorological risk</td>
<td></td>
</tr>
<tr>
<td>&gt; Focus in core markets where RWEI has downstream position: DE, UK, PL, NL</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Commercially sustainable investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; Reduce dependency on renewable subsidies</td>
</tr>
<tr>
<td>&gt; Build portfolio that favours technologies that are more commercially viable and where cost reductions expected</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Develop, build, operate approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; Focus on organic growth and targeted partnering and M&amp;A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Updated strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; Target more cost effective technologies such as onshore wind</td>
</tr>
<tr>
<td>&gt; Continue to focus growth activities in all core markets of DE, UK, PL, NL</td>
</tr>
<tr>
<td>&gt; Continue to retain geographically diverse portfolio to mitigate meteorological risk</td>
</tr>
<tr>
<td>&gt; Rationalise offshore development in line with capex reductions</td>
</tr>
<tr>
<td>&gt; Scale-back development in hydro, limiting development to construction of small projects</td>
</tr>
<tr>
<td>&gt; Exit biomass in response to regulatory challenges</td>
</tr>
<tr>
<td>&gt; Seek partners for larger capex projects and make use of project-financed structures, especially for offshore wind</td>
</tr>
<tr>
<td>&gt; Realise value from pipeline by selling developed projects to realise development cost neutrality</td>
</tr>
</tbody>
</table>
Focus on core technologies and operational excellence

Biomass downstream business is no longer central to the RWE Innogy strategy. In addition, Innogy will exit its biomass upstream business in line with reduced demand for co-firing and conversion activities of RWE Group.

Ownership of offshore logistics no longer a key differentiator due to less capacity constraints on the installation vessel market and reduced own demand.
Onshore in core markets will be focused

> **Perspective:** Wind onshore will continue to be a key growth technology.

> **Countries:** Focus on the core growth markets Germany, UK, Poland and the Netherlands; Italy and Spain are kept as long-term options with an existing asset base.

> **Future scope:**

  - Maximise value through in-house development in all four core countries (“Development business case wind onshore”) and technology expertise, e.g. optimised O&M.
  - Optionality through partnering and “capital recycling” activities.
  - Set-up of new business models, e.g. by selling engineering, operations or route-to-market services to third parties.
**Offshore – driving value through cost effective delivery of projects**

> **Perspective:** Offshore remains one of Innogy’s core technologies with moderate conditional growth.

> **Countries:** Maintain optionality in both, Germany and UK.

> **Future scope:**

  - Delivery of construction projects.
  - Ramp-up of O&M activities.
  - Maximise value from project pipeline; projects will be optimised and developed to a bankable standard to secure financing and attract partners.

<table>
<thead>
<tr>
<th>Operational projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Hoyle</td>
</tr>
<tr>
<td>Rhyl Flats</td>
</tr>
<tr>
<td>Thornton Bank</td>
</tr>
<tr>
<td>Greater Gabbard</td>
</tr>
</tbody>
</table>

Target operational excellence for projects in operation.

<table>
<thead>
<tr>
<th>Construction projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gwynt y Mor</td>
</tr>
<tr>
<td>Nordsee Ost</td>
</tr>
</tbody>
</table>

Focus on delivery of project.

<table>
<thead>
<tr>
<th>Next projects in line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Galloper</td>
</tr>
<tr>
<td>Nordsee 1</td>
</tr>
</tbody>
</table>

Identify financing solution for Galloper. Secure financing for Nordsee One and retain minority share in project.

<table>
<thead>
<tr>
<th>Long-term pipeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaskasi</td>
</tr>
<tr>
<td>Triton Knoll</td>
</tr>
<tr>
<td>Tromp Binnen</td>
</tr>
<tr>
<td>Dogger Bank</td>
</tr>
<tr>
<td>Atlantic Array</td>
</tr>
<tr>
<td>Nordsee 2&amp;3</td>
</tr>
</tbody>
</table>

Further rationalise development activities in light of challenging regulatory environment, ensuring risk managed portfolio is maintained.
Hydro and New Technologies will strive for operational excellence

> **Perspective:** Hydro remains backbone of Innogy’s financial performance. It will increase its operational excellence and pursue attractive small HPP development schemes in the UK.

> **Countries:** GER, UK, CH, PT, ESP, FRA

> **Future scope:**

- Drive operational excellence in the international portfolio including the development and exploitation of green energy products.
- Development of attractive small FiT hydro power plants in the UK under the condition of cash neutrality (financed from income from disposals of consented pipeline projects).
- Enhance operational performance of existing assets and development of further installations in Germany in cooperation with RWE Deutschland AG (route-to-market concept).
Leverage our excellent project opportunities through different capital recycling formats

Cooperative ventures for growth of renewables

Example “Thornton Bank”

- 1.3 bn€ project-financed investment with participation of investors from three different countries (Belgium, France, Germany).
- EIB took a 49% stake in debt which was essential in gaining trust and the participation of commercial banks which even agreed to take construction risks.
- In addition PPAs were signed with Eneco & Essent to secure the off take.

Example “Green Gecco”

- Joint company of RWE Innogy and 29 municipal utilities investing in renewable energy assets.
- To reduce complexity for Innogy the municipalities are bundled in an SPV.
- So far joint investments amount to more than 120 m€ comprising five onshore wind parks in the UK and Germany with a total installed capacity of c. 90 MW.

Example “Greencoat Cooperation”

- Sale of minority stakes in a UK Onshore (41% Little Cheyne Court; Greencoat) and Offshore wind park (49.9% Rhyl Flats; Greencoat and GIB each 24.95%) for an overall consideration of 165.2 m£.
- Follow-up disposal of 49.0% in UK onshore wind parks Middlemoor and Lindhurst for a total of 70.6 m£ concluded in November 2013.
Strategic re-focussing accompanied by efficiencies and Group-internal as well as external staff transfer

Outlook for Operational Units

- Staff reductions are mainly driven by the strategic re-focus.
- Transfer of the German biomass portfolio to RWE Energiedienstleistung triggers the majority of the reduction (>400 FTEs) at Innogy.
- Disposal of business units / assets and the accompanying staff transfer explains another >100 FTEs.
- Balance are redundancies due to the stronger focus in development and support activities.

Outlook for Enabling Functions

- A detailed analysis of segment demand was performed based on the outlook for the Operational Units.
- Sizing of the Enabling Functions will be adjusted to match this reduced business demand.
- Measures totalling a mid double digit million euro amount were identified that will sustainably increase Innogy’s operating result from 2015 onwards after a step-wise implementation.

1 FTE: Full-time equivalents; includes assumptions about CoE and SSC transfers; further adjustments anticipated
Gwynt y Môr – excellent installation progress

MAIN PROJECT FIGURES

> Project invest of 2.5 bn€ (100%) including grid connection
> Total capacity of 576 MW with RWE Innogy holding 60% of the project shares, remaining shares held by German municipal utility Stadtwerke München (SWM, 30%) and Siemens (10%)
> 160 Siemens 3.6 MW turbines installed on monopile foundations
> Distance to shore of 13 to 15 km off North Wales coast, water depth between 12 and 28 m LAT

DETAILS ON PROJECT STATUS

> Project achieved first power generation in August 2013.
> Until the beginning of November 88 WTGs and 142 WTG foundations (monopile + transition piece) had been installed.
> Laying of inter array cables is making good progress with 29 out of 161 being complete.
> Negotiations on the sale of the OFTO asset have commenced with the Balfour Beatty Equitix (BBE) consortium.
> Full commercial operation is now expected for Q4 2014.
Nordsee Ost – challenges on grid connection remain

MAIN PROJECT FIGURES

> Project invest of 1.3 bn€ excluding grid connection
> Total capacity of 295 MW with 48 REpower 6.15 MW turbines
> High voltage direct current (HVDC) grid connection to be provided by grid operator TenneT
> Distance to shore ca. 45 km, water depth between 22 to 26 m

DETAILS ON PROJECT STATUS

> Until mid November 39 foundations plus 1 offshore substation jacket had been installed and 24 inter array cable sections (out of 52) laid.
> Main challenge remains the delivery of the high-voltage substation. In March 2013 NSO terminated the contract with Siemens due to significant deficiencies as well as a two year delay and contracted Bladt Industries A/S from Denmark with the completion of the substation.
> Full commercial operation is now expected for H1 2015.