

Investor and Analyst Conference Call H1 2009

Essen, August 13, 2009

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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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Today's Agenda

A

Jürgen Großmann

Highlights of H1 2009, Update on Group topics

B

Rolf Pohlig

Group results H1 2009 and divisional performance,
Outlook 2009

Key messages

Performance H1 2009	<ul style="list-style-type: none">> Operating result increased by 4%> Recurrent net income up by 5%
Strategy	<ul style="list-style-type: none">> Closing of Essent acquisition expected in Q3 2009> Deconsolidation of American Water> Upstream: Breagh gas field acquisition to add approx. 10% to RWE Dea's 2008 gas reserves/resources> Renewables: 500 MW of renewables capacity under construction; pipeline boosted by 30% to approx. 17 GW> Midstream: Further milestones in Nabucco project reached> Reorganization: New Group structure effective Sept. 1, 2009
Financing	<ul style="list-style-type: none">> Refinancing of Essent transaction largely concluded
Efficiency Enhancement	<ul style="list-style-type: none">> Target of €450 m for 2009 (compared to 2006) on track
Outlook	<ul style="list-style-type: none">> Outlook 2009 confirmed> Dividend 2009: Payout ratio of 50% - 60% of recurrent net income

Impact of economic crisis in our core markets

Electricity demand	January – June 2009	Forecast 2009
Market data¹		
> Germany	-6%	-5% to -7%
> UK	-6%	-3% to -4%
> CEE ²	-6% to -7%	n.d.a.
RWE³		
> Germany	+2%	
> UK	-5%	
> CEE ²	-2%	

Gas demand	January – June 2009	Forecast 2009
Market data¹		
> Germany	-11%	n.d.a.
> UK	-12%	-12%
> Czech Republic	-6%	n.d.a.
RWE		
> Germany	-14%	
> UK	-9%	
> Czech Republic	-3%	

- BDEW statistic shows low-point for German electricity demand decline in April 2009 at -12% year-on-year. More promising data in May (-6%) and June (-6%).
- Forward sales and high portion of ‘take-or-pay’ contracts with industrial clients and distributors protect us from short-term impact on our earnings despite lower volumes.
- Bad debt and insolvencies still with limited impact on RWE’s P&L.
- Temporarily lower revenue from German DSOs due to lower distributed volumes.

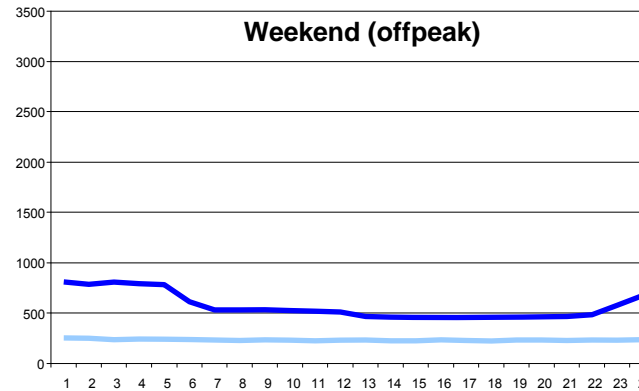
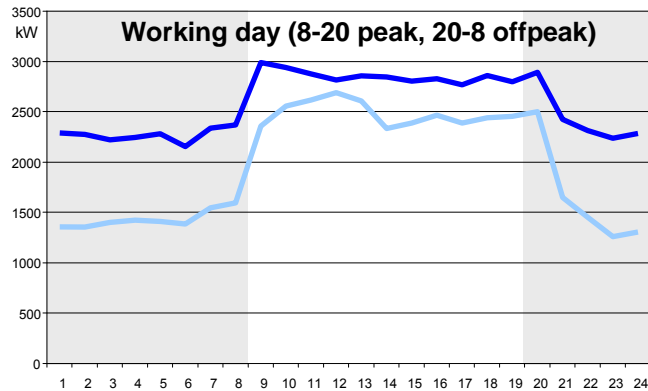
¹ RWE estimates based on different sources.

² Hungary, Poland.

³ Excluding electricity trading.

Reduced industrial demand is most prominent in offpeak – therefore impact on wholesale prices is limited

Industrial customer load profile before (dark blue) and during (light blue) the economic crisis in Germany



Overall decline:

-30%

Peak decline:

-13%

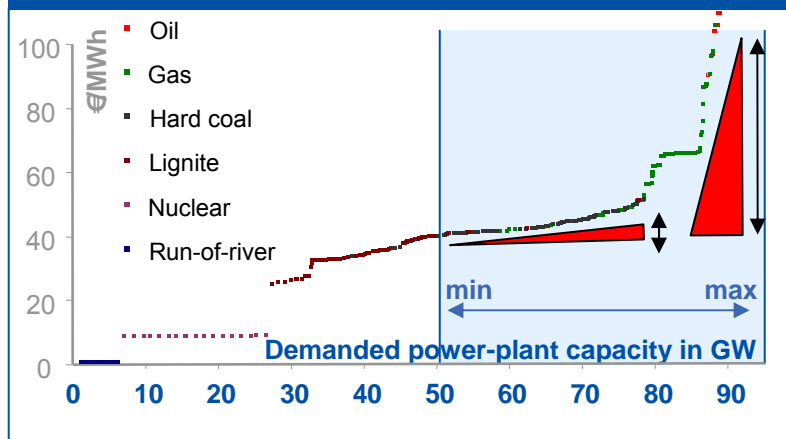
Offpeak decline:

-45%

Note: Typical customer in manufacturing industry

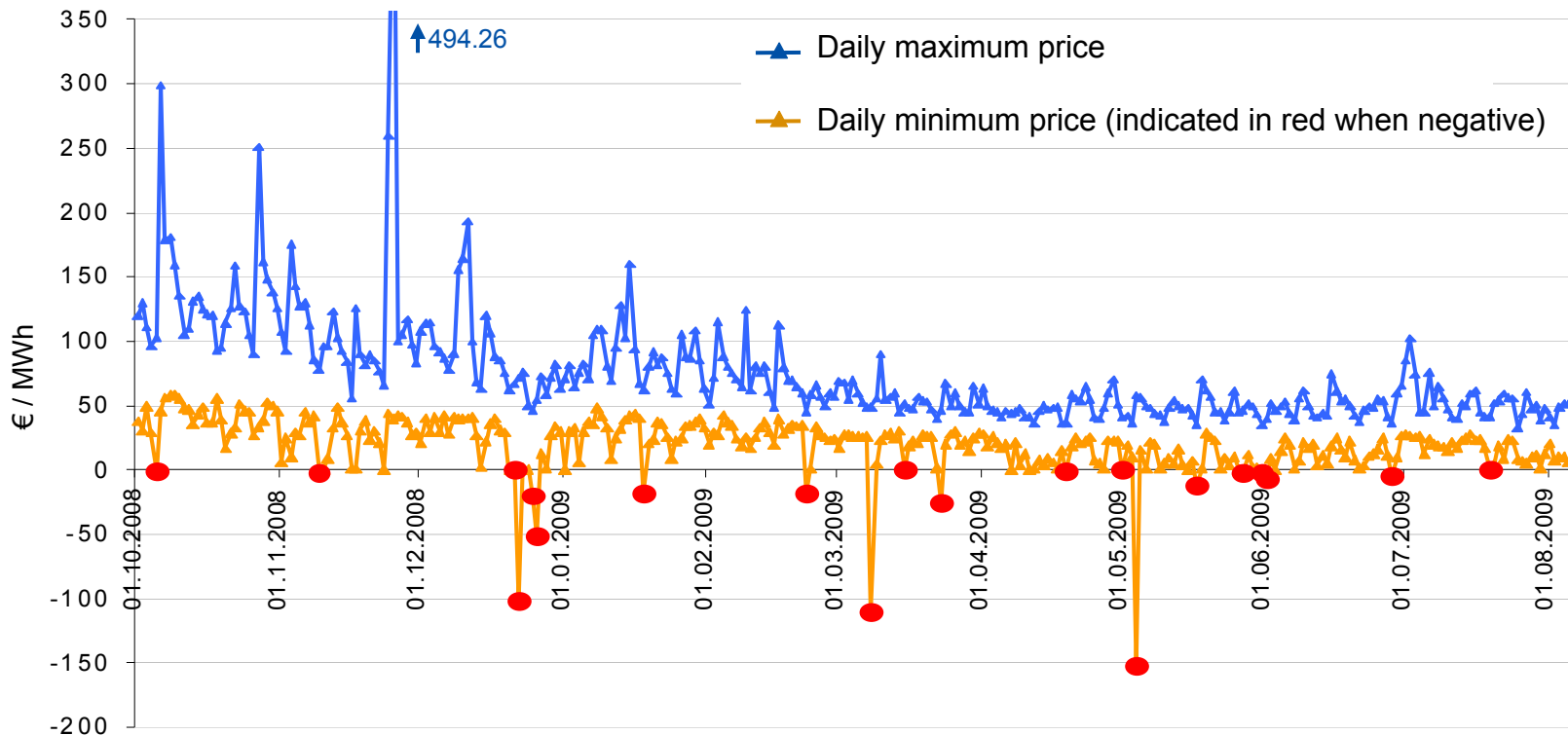
- > Economic crisis leads to less demand. But the load profile is relatively unaffected; change mainly in offpeak.
- > The capacity need is key as the marginal power plant which provides the last necessary kW sets the market clearing price for all other stations.

Merit order of German power-plant portfolio 2009



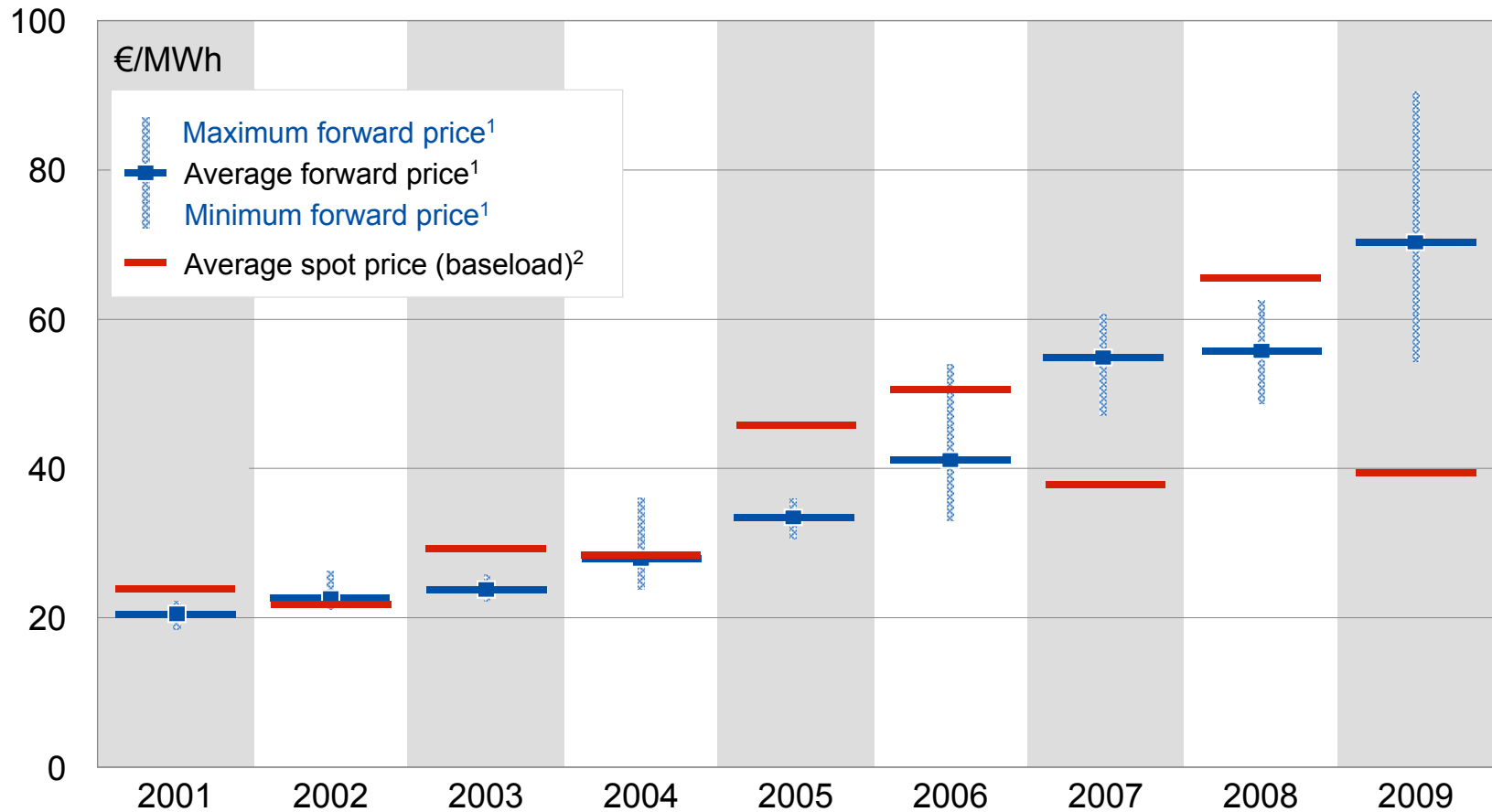
Price volatility keeps increasing in Germany – opportunities for flexible generators like RWE

Growing proportion of renewables leads to higher price volatility. October 2008 to July 2009: 50 hours with negative prices; highest price almost reached €500/MWh.



Source: EEX spot prices

Higher volatility also leads to higher risk premia

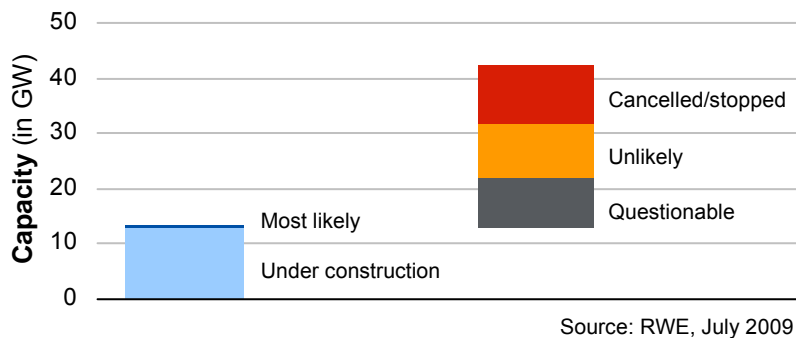


¹ German Baseload Electricity Forward for the respective year as traded in the prior year.

² Average of the German EEX spot prices during the respective year.

Our new-build power plants will come into the market in times of tight capacity and unprecedented volatility

Two-thirds of current power plant projects in Germany will probably not be realized



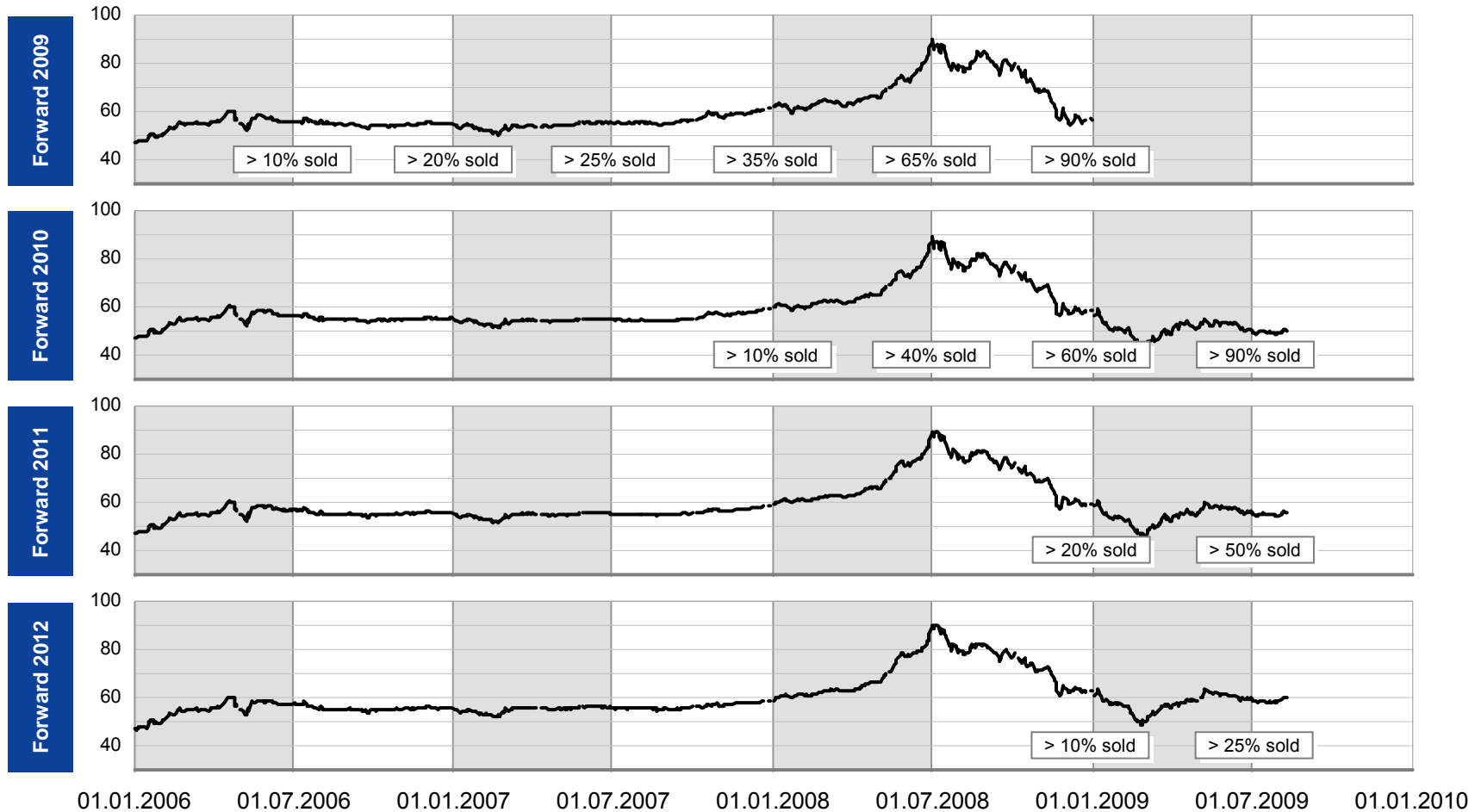
- RWE: 10 GW of new capacity under construction, thereof approx. 8 GW with special designs for serving the more volatile market.
- Although facing some delays, our power plant projects will enter the market in times of tight capacity.
- Further cancellation of new-build projects by other utilities will add to this tightness.

Current status of our new build projects

(Status as of June 30, 2009)	2005	2006	2007	2008	2009	2010	2011	2012	2013
Lingen (CCGT, 875 MW)									
Staythorpe (CCGT, 1,650 MW)									
BoA Neurath (Lignite, 2,100 MW)									
Hamm (Hard coal, 1,530 MW)									
Pembroke (CCGT, 2,000 MW)									
Eemshaven (Hard coal/biomass, 1,560 MW)									

Early hedging protects us from recession and allows flexible short-term optimisation

Forward selling of RWE Power in the German market (base load forwards in €/MWh)



¹ Forward selling as of July 31, 2009; price data as of August 10, 2009

RWE's daily make or buy decision: Extracting additional value on top of forward selling

- Forward hedging ensures the required return of our generation fleet.
- On this basis, we can decide every day if we produce the contracted power at the locked in clean dark spread or buy the power in the market instead.

An illustrative example

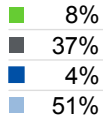
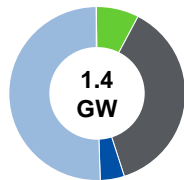
RWE sold forward Q1 2009 power generation from hard coal units in Q2 2008		Now, in Q1 2009 the prices of power and fuels have changed	
Power sold forward at	70€/MWh	Power price	40€/MWh
Hard coal costs locked in at	40€/MWh	Hard coal costs	30€/MWh
CO ₂ costs locked in at	20€/MWh	CO ₂ costs	15€/MWh
Locked in Clean Dark Spread	+10€/MWh	Possible Clean Dark Spread (power plant is out of the money)	-5€/MWh

In this example RWE would opt for “buying instead of making”	
Power sold forward at 70€/MWh is covered by power bought today at 40€/MWh	+30€/MWh profit
Hard Coal bought at 40€/MWh is sold at 30€/MWh	-10€/MWh loss
CO ₂ bought at 20€/MWh is sold at 15€/MWh	-5€/MWh loss
Total effect	+15€/MWh

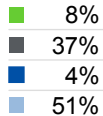
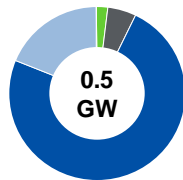
RWE Innogy: Further steps in execution of renewables growth strategy

Installed asset base to grow by 30% to 1.6 GW in 2009

Installed capacity
(consolidated, 06/2009)

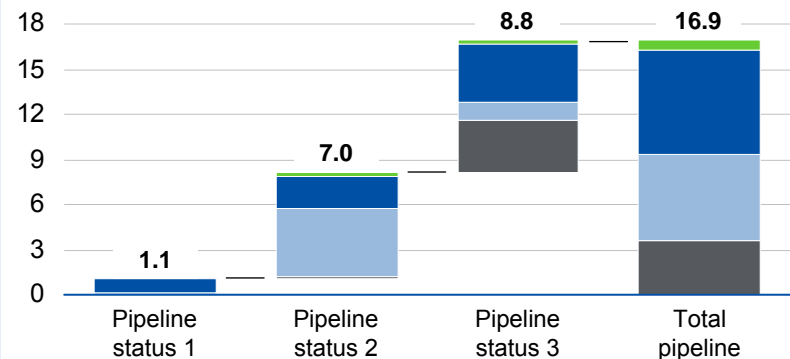


Assets under construction
(consolidated, 06/2009)



Project pipeline increased by 30% in H1 2009

(in GW, consolidated)



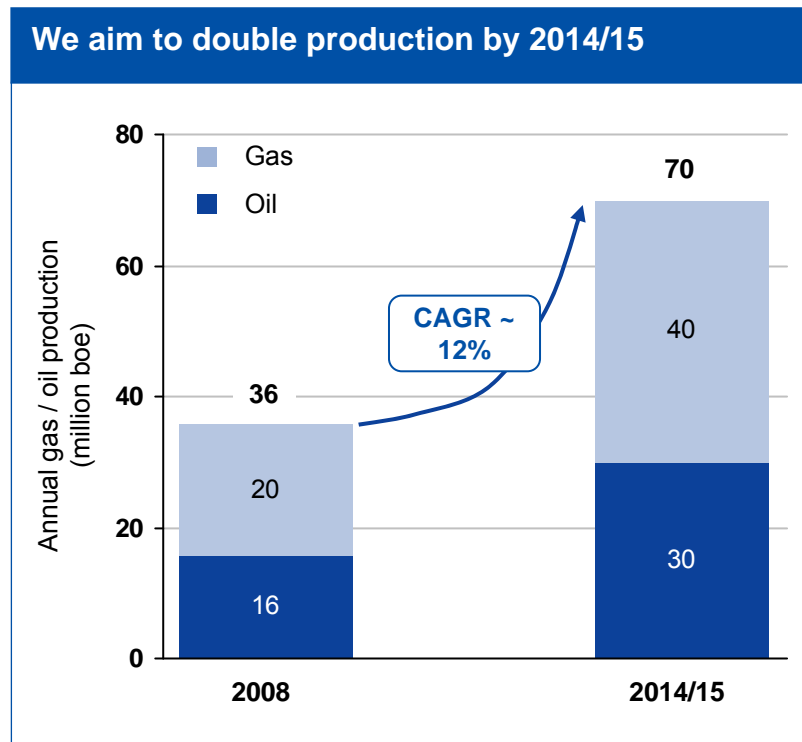
> Assets in operation increased by 0.2 GW to 1.4 GW during the first half of 2009, Essent to add more than 0.6 GW

> Further progress since May 2009:

- **Belgium:** First six 5 MW machines installed at Thornton Bank offshore wind farm (total capacity 300 MW by 2013)
- **NL:** Permission granted for 300 MW offshore wind farm Tromp Binnen
- **Spain:** Acquisition of stakes in wind farm operator Danta de Energias and solar thermal project Andasol 3
- **UK:** 60 MW Little Cheyne Court onshore wind farm commissioned

RWE Dea: Run-up period to substantial volume growth

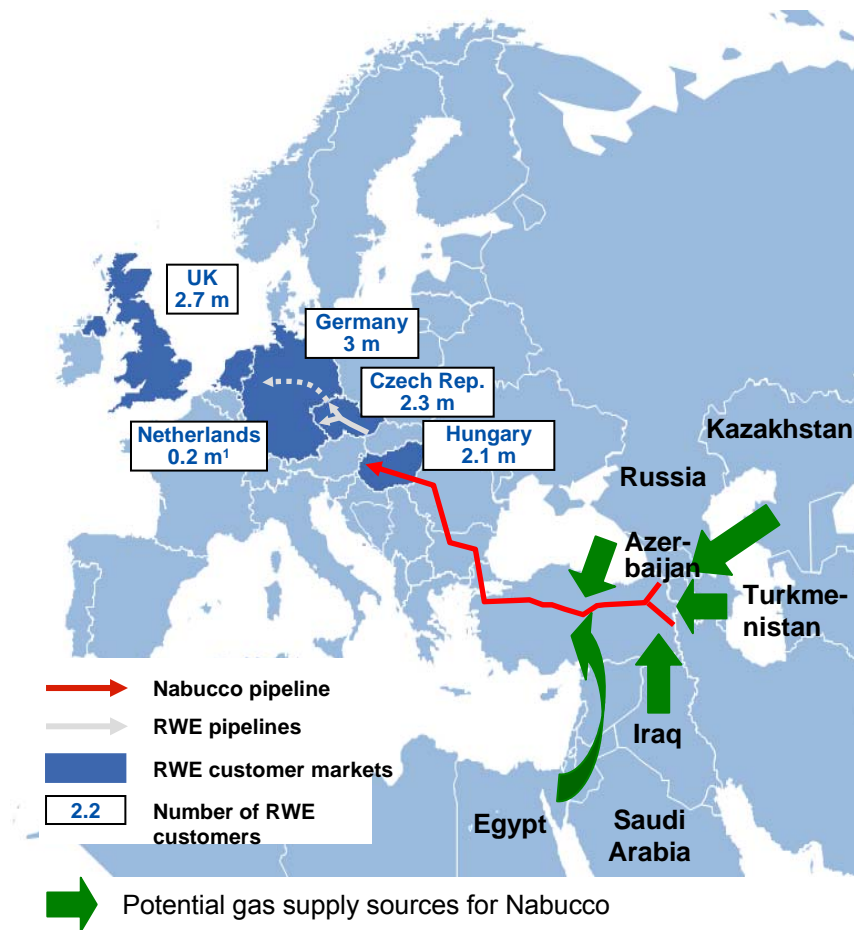
- Securing revenues by own exploration plus selective small acquisitions
- Target to double production of hydrocarbons delayed by 1 to 2 years, mainly due to additional appraisal work requirements and delayed access to infrastructure. But earnings guidance (operating result of € 900 million by 2013) unaffected



Entering into existing gas field discoveries and developing these gas fields with significant lead time reduction from exploration to production start:

- Breagh gas field: planned acquisition of 70% stake from Sterling Resources and its partners incl. operatorship for roughly € 280 million → 13 – 15 bcm reserves / resources
- Clipper South Field: 50% equity in part of 3 blocks in the South British North Sea incl. operatorship (carry of GBP 20 million) → 2 – 3 bcm reserves / resources
- In 2009 two new licenses for exploration in the Norwegian Barents Sea and one for exploration and development for Block 23 in Turkmenistan have been awarded

Nabucco gas pipeline project: Further milestone reached



- > Inter-governmental agreement signed July 13, 2009
- > Gas supply developments are advancing:
 - RWE activities in Turkmenistan are developing
 - OMV and MOL have acquired interests in gas fields in North Iraq
 - Azerbaijan remains committed to deliver gas to Europe
- > Financing discussions are advancing – EIB and EBRD are fully supportive
- > Key next target: “Open Season” process for booking of transport capacity expected for early 2010
- > Final investment decision is expected at the end of 2010 with first gas targeted to start flowing by 2014

¹Essent Deal not included

Outlook

	2008 € million	2009 forecast	2012 mid-term outlook
External revenue	48,950	In the order of last year's level	
EBITDA	8,773	In the order of last year's level	
Operating result	6,826	In the order of last year's level	5 – 10% CAGR ²
Recurrent net income	3,367	In the order of last year's level	In the order of 10% CAGR ²
Dividend	€ 4.50	Payout ratio 50% - 60% ¹	Payout ratio 50% - 60% ¹
Capex on fixed assets	4,454	In the order of €6.5 billion	

¹ Based on recurrent net income.

² With realised electricity prices of more than €60/MWh and oil prices of at least 67\$/bbl.

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RWE Group key performance indicators

January – June € million	2009	2008	change in %
External revenue	24,386	24,721	-1.4
Cash flows from operating activities	1,634	1,383	+18.1
EBITDA	5,047	4,863	+3.8
Operating result	4,084	3,933	+3.8
Non-operating result	216	-471	-
Financial result	-916	-618	-48.2
Income from discontinued operations	3	-628	-
Net income	2,222	1,156	+92.2
Recurrent net income	2,232	2,131	+4.7
Average number of shares (thousand)	532,709	546,287	-2.5
Earnings per share (EPS) (€)	4.17	2.12	+96.7
Recurrent EPS (€)	4.19	3.90	+7.4

Performance of RWE Power

H1 operating result: +3.9%

€ million

1,769

1,838

2008

2009

- ⊕ Higher realised electricity prices and lower volumes (+€290 million) including margin impact from Biblis outage (-€440 million)
- ⊖ Increased costs due to higher fuel prices (-€320 million)
- ⊕ Lower costs for CO₂ certificates (+€110 million)
- ⊖ Higher staff costs (-€40 million)

Full year 2009 guidance: Operating result above previous year

€ million

3,142



2008

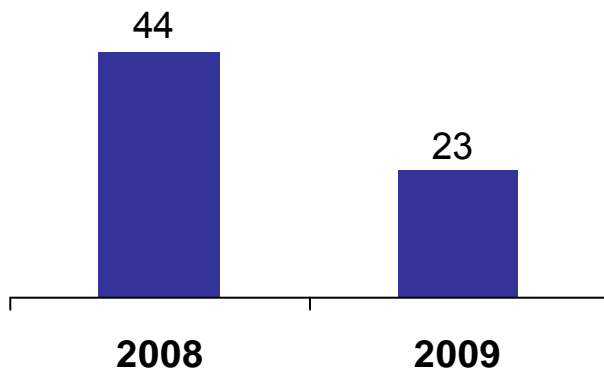
2009

- ⊕ Higher realised electricity prices
- ⊖ Maintenance outage of Biblis A and B (-€0.8 bn)
- ⊖ Increased costs due to higher fuel prices (-€0.4 bn)
- ⊖ Higher staff and fixed operating and maintenance costs

Performance of RWE Innogy

H1 operating result: -47.7%

€ million



Upfront costs of large investment programme



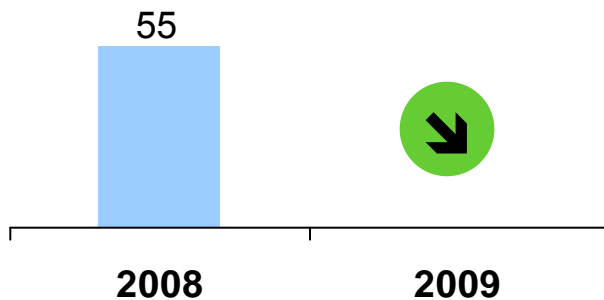
Higher staff costs



First time consolidation of Urvasco Energia in June 2008

Full year 2009 guidance: Operating result below previous year

€ million



Upfront costs of large investment programme

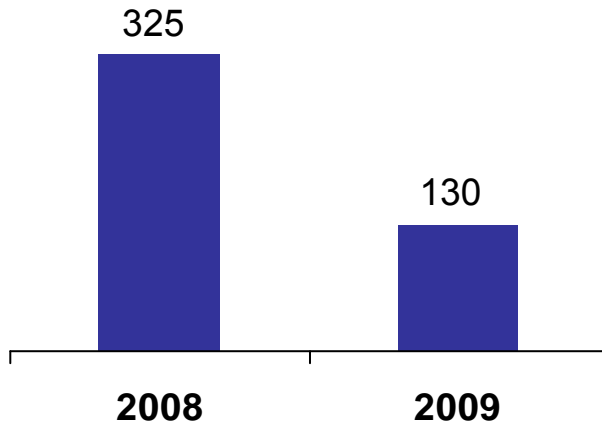


Higher staff costs

Performance of RWE Dea

H1 operating result: -60.0%

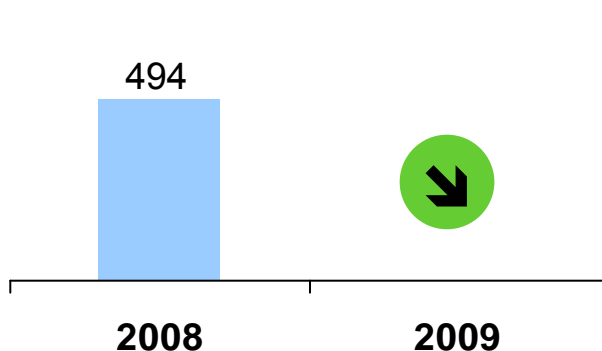
€ million



- Slump in oil prices leads to significant reduction of average realised oil price (incl. hedging)
- Negative f/x effects
- Higher realised gas prices offset by negative volume effects in UK gas production

Full year 2009 guidance: Operating result significantly below previous year

€ million

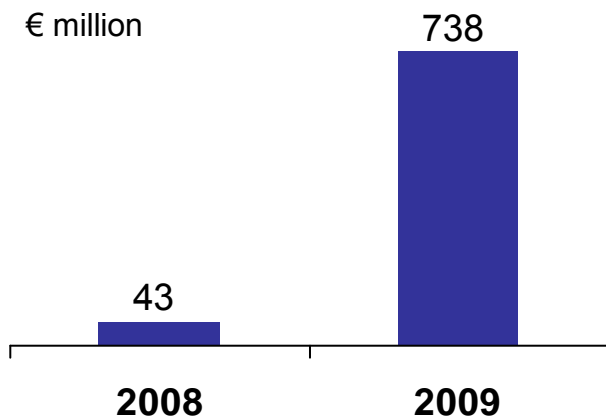


- Significant decline in achieved crude oil and gas prices
- Negative f/x effects
- Negative gas volume effects

Performance of RWE Supply & Trading

H1 operating result: +1,616%

€ million



Trading

Good marked-to-market performance of trading although lower than the extraordinarily positive H1 2008; reported IFRS numbers significantly benefited from realisation of transactions concluded in earlier years

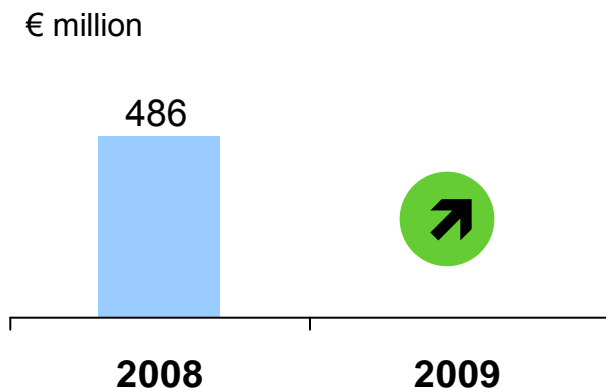


Supply

Optimisation of international gas procurement portfolio and successful conclusion of price revisions as one-off

Full year 2009 guidance: Operating result above previous year

€ million



Trading

Benefit from successful trading transactions concluded in earlier years and which will be accounted for in the IFRS numbers this year



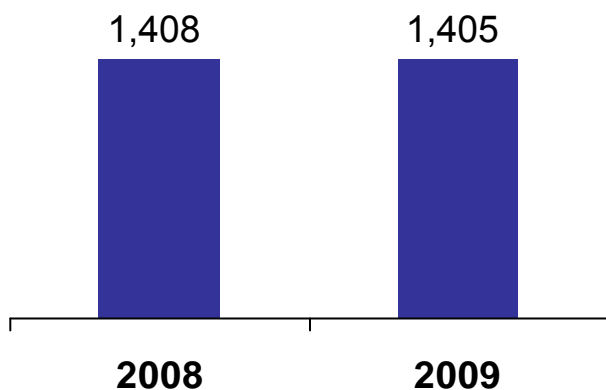
Supply

Optimisation of international gas procurement portfolio and successful conclusion of price revisions as one-off

Performance of RWE Energy

H1 operating result: -0.2%

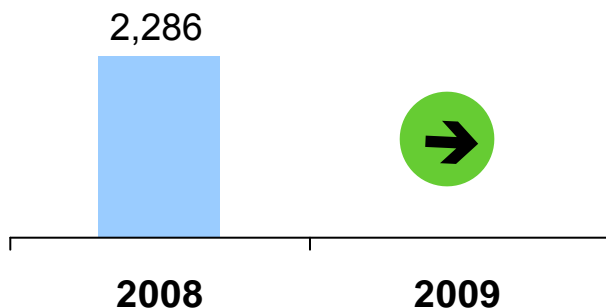
€ million



- + German regions: Benefits from efficiency enhancements and improved gas sales business. Lower electricity margins
- International regions: Negative earnings impact in Dutch business, lower electricity sales in Hungary and gas sales in the Czech Republic. Burdens from f/x effects; efficiency enhancements
- + Supra-regional operations: Higher revenues in the Czech gas transport business partly offset by negative f/x effects and increased costs at eprimo. Efficiency enhancements.

Full year 2009 guidance: Operating result matching previous year's level

€ million

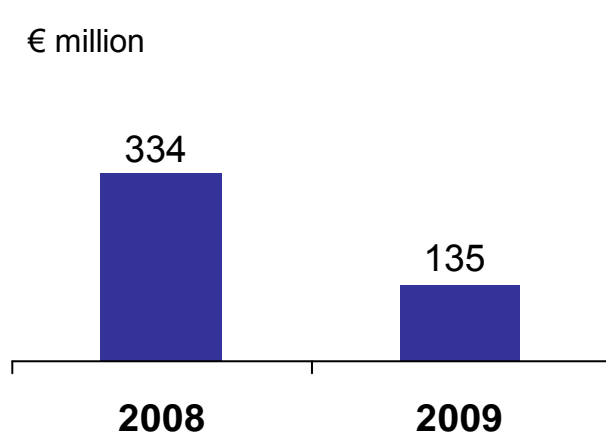


- + Efficiency enhancement measures to compensate for pressure from incentive-based regulation
- + Improved earnings in electricity and gas supply business
- Increase in staff costs

Performance of RWE npower

H1 operating result: -60%

€ million



⊖ Negative f/x effects of -€19 million

Power generation:

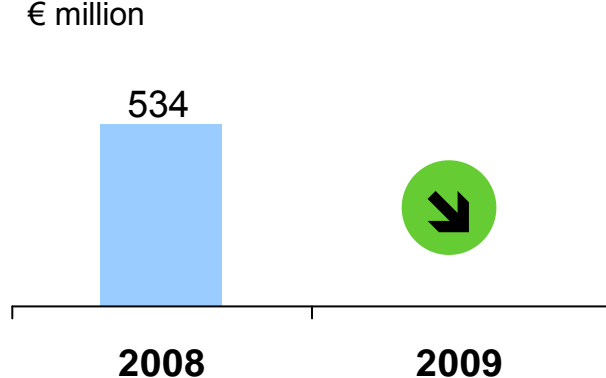
- ⊕ Lower cost impact from unplanned plant outages in 2009
- ⊖ Reduced generation margins

Retail:

- ⊖ Impact of electricity price reduction and lower volumes
- ⊖ Increased bad debt and higher costs for governmental programmes to improve energy efficiency / support vulnerable customers

Full year 2009 guidance: Operating result significantly below previous year

€ million



⊕ Cost & efficiency improvements

Power generation:

- ⊖ Reduced market volatility means less opportunity to generate income on the short-term market
- ⊖ Lower generation spreads 2009 compared to 2008

Retail:

- ⊖ Impact of electricity price reduction; but competitive market position retained as a result
- ⊖ Burden from governmental programmes (up to -€100 million)

Non-operating result

January – June € million	2009	2008	Change (absolute)
Capital gains	7	45	-38
Impairment losses	-	-	-
Restructuring / other	209	-516	725
Total	216	-471	687

- Capital gains: No major capital gains in 2009. In 2008 mainly income from sale of 8% stake in rhenag to RheinEnergie AG
- Restructuring / other:
 - Positive impact from result of commodity derivatives (+€514 million; 2008: -€430 million)
 - Write down of Excelerate LNG joint venture (-€187 million)
 - Amortisation of npower's customer accounts (-€126 million; 2008: -€143 million)
 - Income from change of nuclear and mining provisions (+€101 million; 2008: +€95 million)

Financial result

January – June € million	2009	2008	Change (absolute)
Net interest	-253	-32	-221
Interest accretion to non-current provisions	-446	-375	-71
Other financial result	-217	-211	-6
Total	-916	-618	-298

- Net interest: declined because of higher debt partly used to refinance the Essent acquisition; we have adjusted for the upfront costs of the Essent acquisition in the recurrent net income
- Interest accretion to non-current provisions: declined because of lower expected income from assets in our CTA and pension fund
- Other financial result: mainly impacted by realised losses from the sale of securities and write downs on securities

Cash flow statement

January – June € million	2009	2008	Change (absolute)
Funds from operations (FFO)	2,643	3,301	-658
Changes in working capital	-1,009	-1,918	+909
Cash flows from operating activities	1,634	1,383	+251
Capex on fixed assets	-2,133	-1,563	-570
Free Cash flow	-499	-180	-319

- FFO
 - Cash out for certificates to cover 2008 CO₂ emissions
- Change in working capital
 - Positive impact from variation margins (+€0.4 bn; 2008: -€1.7 bn)
 - Increase of working capital from accounts payable/receivable (-€0.7 bn; 2008: +0) at RWE Supply & Trading
- Capex on fixed assets
 - increased mainly due to power plant projects at RWE Power and RWE npower

Back-up Charts

RWE Group electricity production

January – June in TWh	Germany	UK	Other Internat.	Total 2009	Total 2008
Lignite	33.3		2.7	36.0	36.8
Nuclear	17.8			17.8	24.7
Hard coal	14.8	6.0	0.2	21.0	33.3
thereof contracts	7.0			7.0	15.7
Gas	4.8	6.7	0.1	11.6	16.3
Renewable energies	1.9	0.5	0.5	2.9	2.7
thereof contracts	0.4	0.3		0.7	0.7
Pumped storage, oil, other	0.9	0.2		1.1	1.2
thereof contracts	0.7			0.7	0.8
Subtotal	73.5	13.4	3.5	90.4	115.0
Electricity purchases*	37.6	13.3	10.4	61.3	55.6
Total	111.1	26.7	13.9	151.7	170.6

* Net, excluding trading. Purchases for physical deliveries to customers only.

RWE Group electricity sales volume

January – June in TWh	Germany	UK	Poland	Hungary	Other	Total 2009	Total 2008
Private and commercial customers	14.0	10.4	1.2	3.1	0.4	29.1	30.5
Industrial and corporate customers	27.5	14.8	2.1	2.8	0.5	47.7	49.7
Distributors	45.4		0.5	2.5	0.5	48.9	45.3
Subtotal	86.9	25.2	3.8	8.4	1.4	125.7	125.5
Electricity trading ¹	17.7					17.7	36.4
Total	104.6	25.2	3.8	8.4	1.4	143.4²	161.9²

¹ Net of electricity purchased from third parties.

² Difference between electricity production and electricity sales volume due to grid losses, own consumption by lignite production and pumped-storage power plants.

RWE Group gas sales volume

January – June in TWh	Ger- many	Czech Rep.	UK	Other	Total 2009	Total 2008
Private and commercial customers	14.2	20.6	26.4	6.0	67.2	65.5
Industrial and corporate customers	21.0	12.8	4.0	12.1	49.9	57.8
Distributors	41.0	10.1	-	-	51.1	60.1
Total	76.2	43.5	30.4	18.1	168.2	183.4

New long-term generation product: Customers lock in power for 2013-2020

- > Share in virtual lignite power plant for 3 - 8 years on a take-or-pay basis
- > Customer secures delivery, RWE locks in clean brown spread and transfers full CO₂ risk
- > 220 MW sold to 20 municipal utilities and industrial customers, further tranches in preparation

RWE

- gets fixed clean generation spread (valid throughout delivery period)
 - priced off latest liquid baseload forward (currently 2013)
 - includes capital cost of a new lignite block

-
- transfers full CO₂ exposure and cost inflation (lignite mining)

-
- guarantees specific efficiency factor and 100% technical availability

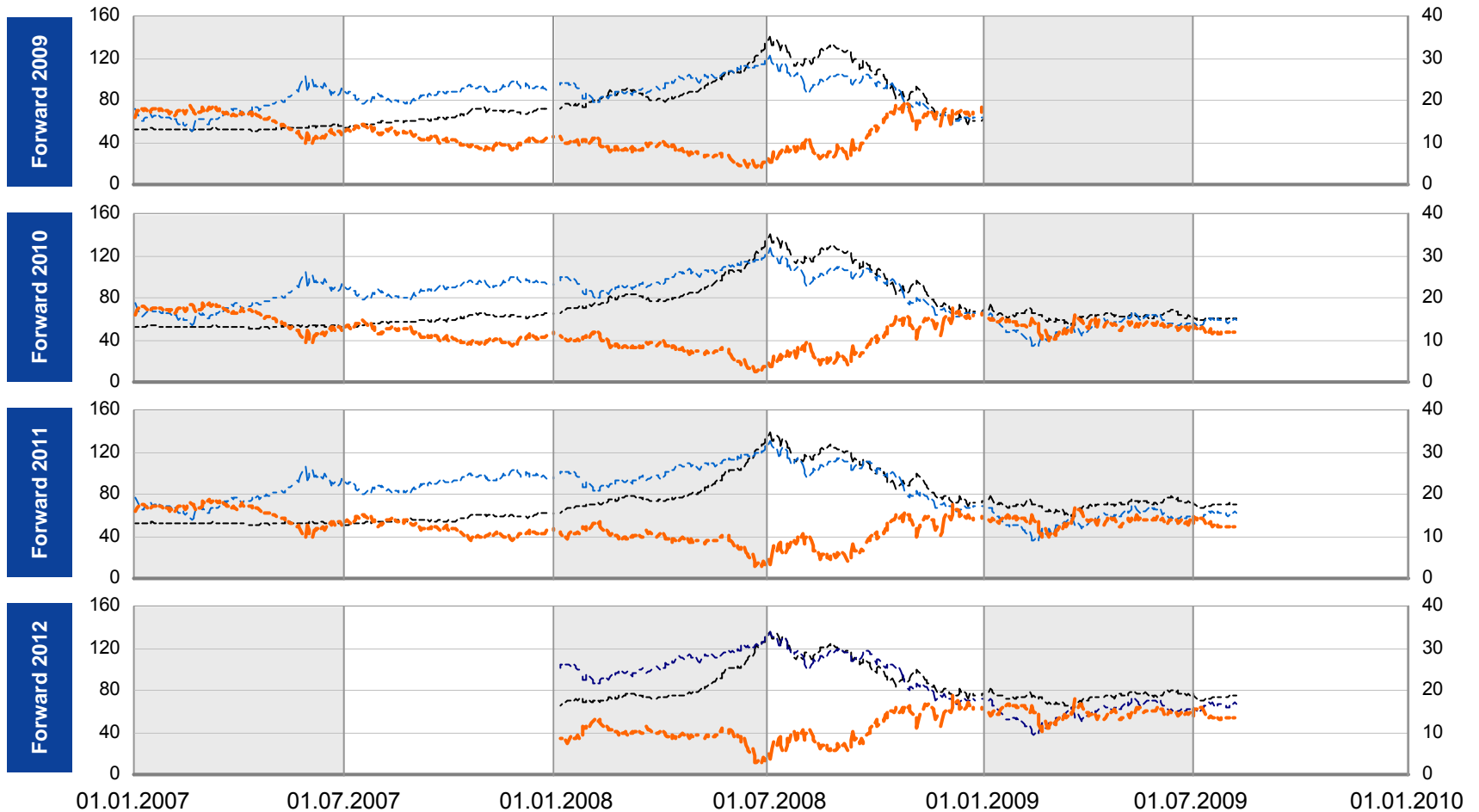
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- hedges generation volumes to avoid risk of volatile wholesale electricity prices

Contract partner

-
- assumes upside / downside from CO₂ price changes

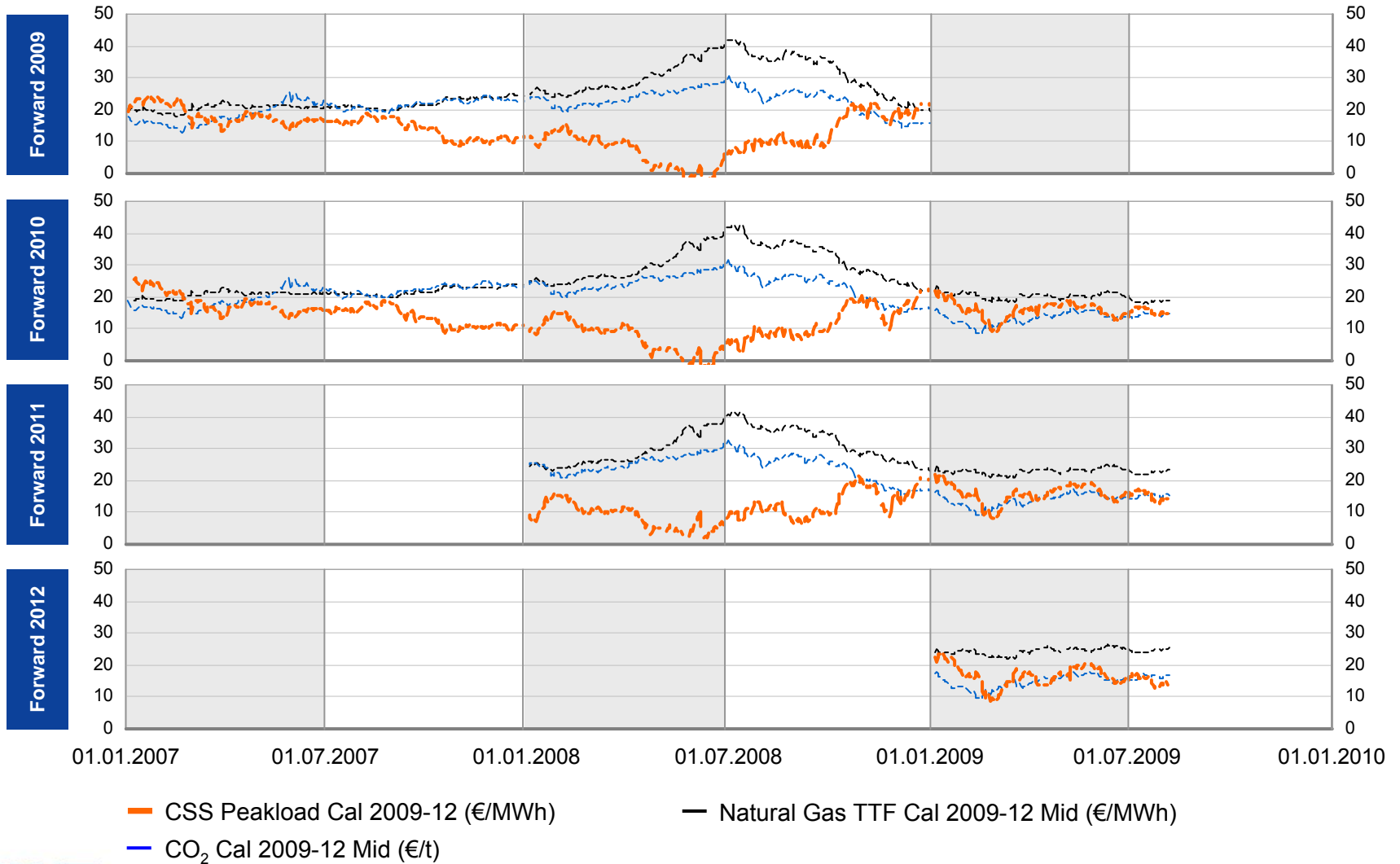
-
- can start hedge book to cover CO₂ risk early before third allocation period
-

Germany: Clean Dark Spread (CDS) versus hard coal and CO₂ prices

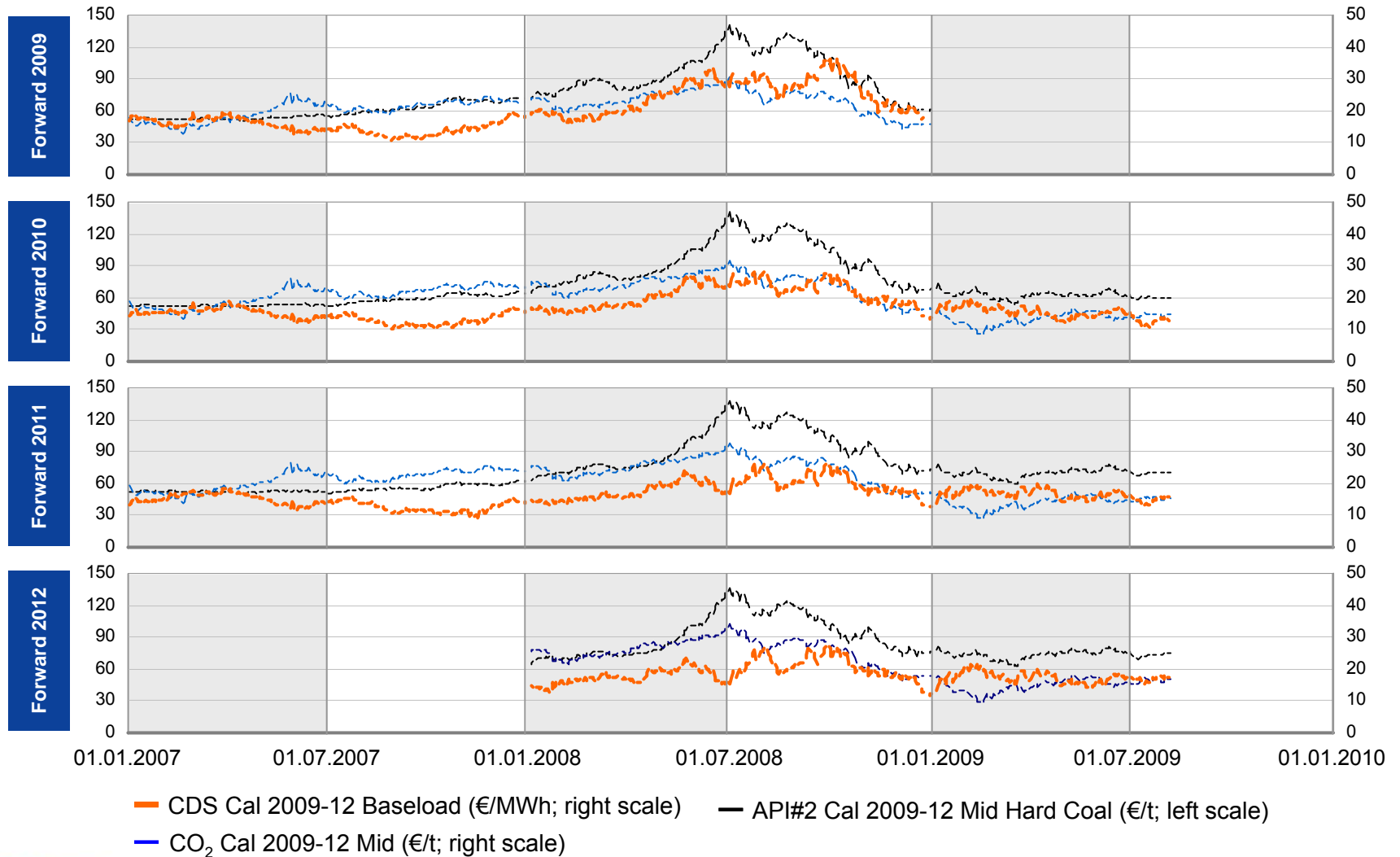


— CDS Cal 2009-12 Baseload (€/MWh; right scale)
 — API#2 Cal 2009-12 Mid Hard Coal (€/t; left scale)
- - - CO₂ Cal 2009-12 Mid (€/t; right scale)

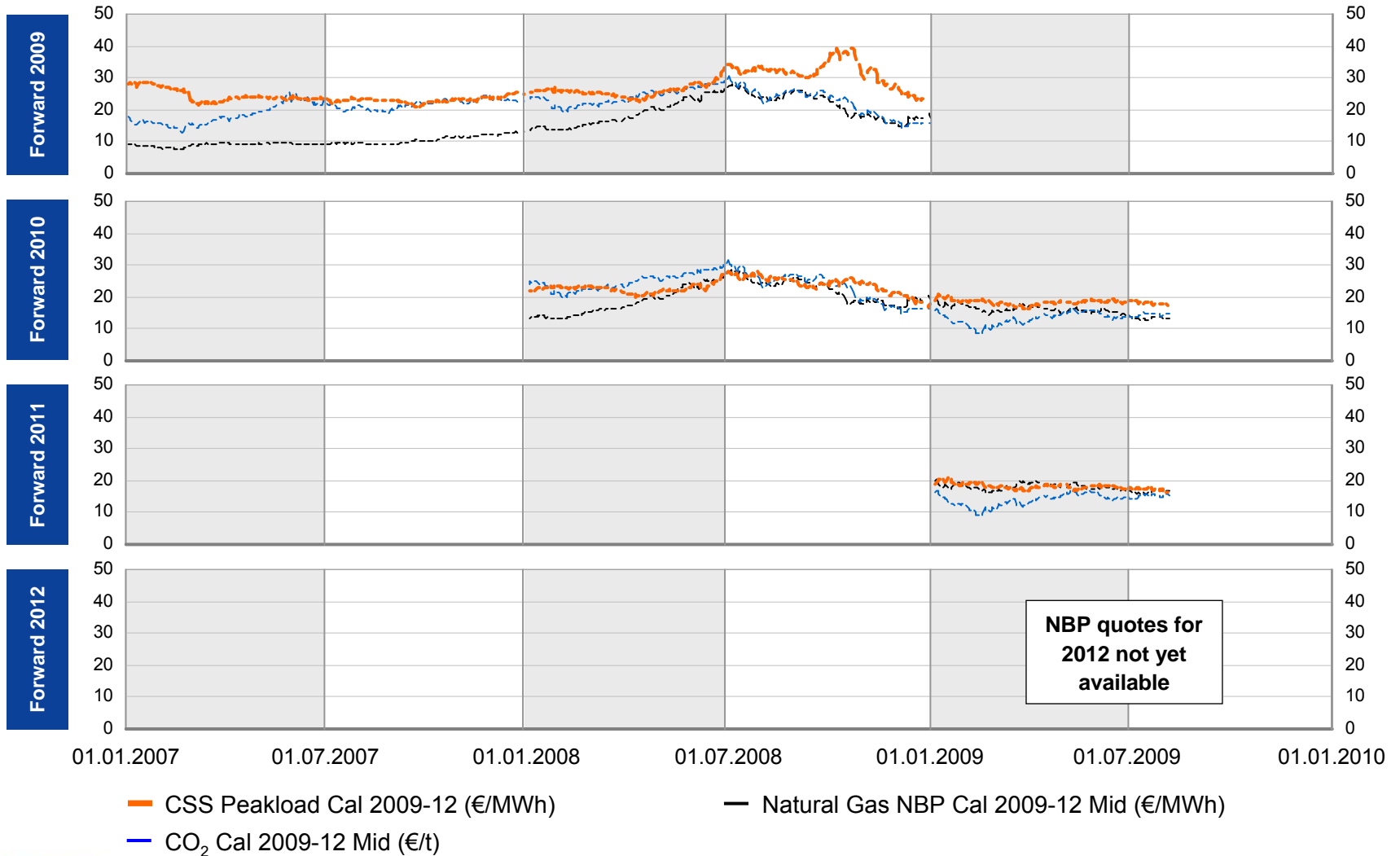
Germany: Clean Spark Spread (CSS) versus natural gas and CO₂ prices



UK: Clean Dark Spread (CDS) versus hard coal and CO₂ prices



UK: Clean Spark Spread (CSS) versus natural gas and CO₂ prices



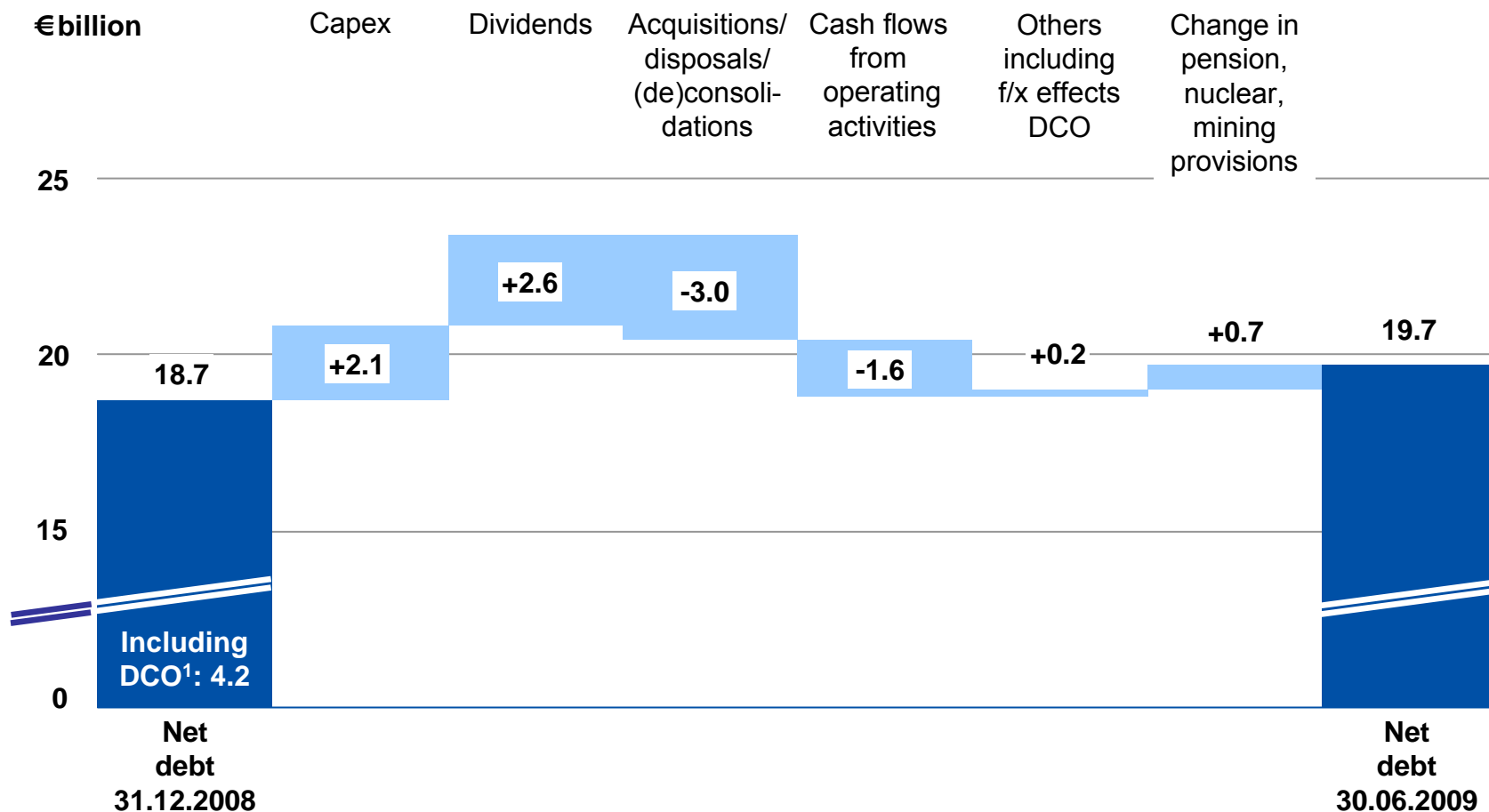
Customer statistic¹ of RWE Energy in Germany and RWE npower

RWE Energy (Germany)	Electricity	Gas	Total
Total customers accounts 31.12.2008	6,983,000	1,035,000	8,018,000
Net losses / gains	+60,000	+14,000	+74,000
Total customers accounts 30.06.2009	7,043,000	1,049,000	8,092,000

RWE npower (UK)	Electricity	Gas	Total
Total customers accounts 31.12.2008	4,170,000	2,614,000	6,784,000
Net losses / gains	+22,000	+83,000	+105,000
Total customers accounts 30.06.2009	4,192,000	2,697,000	6,889,000

¹ Private and commercial customer accounts.

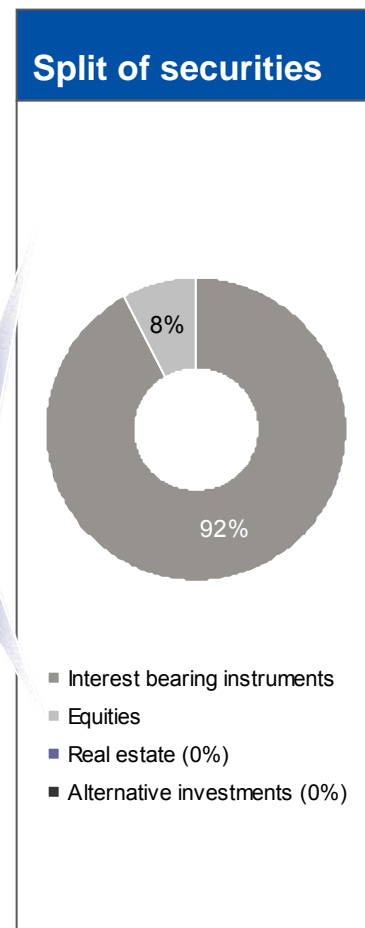
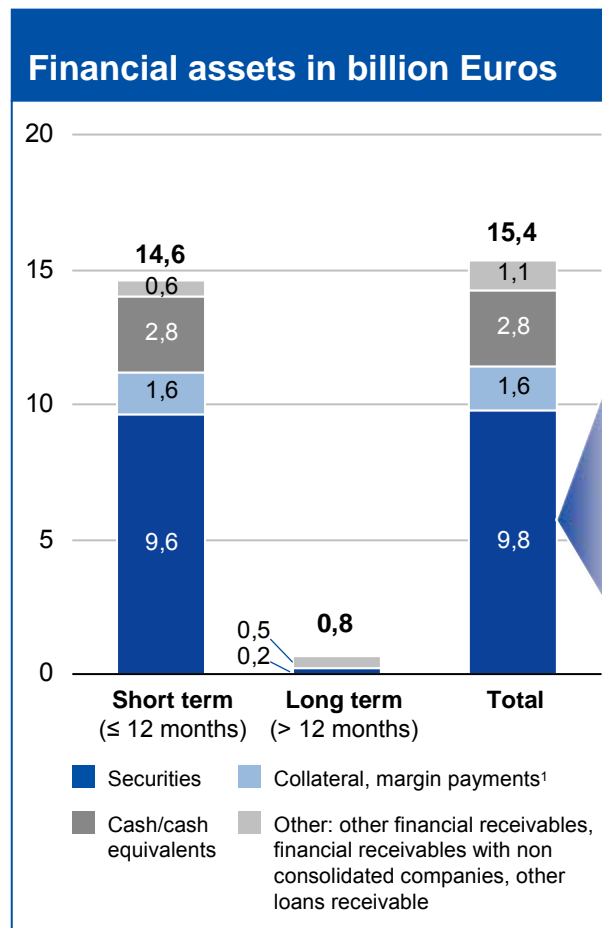
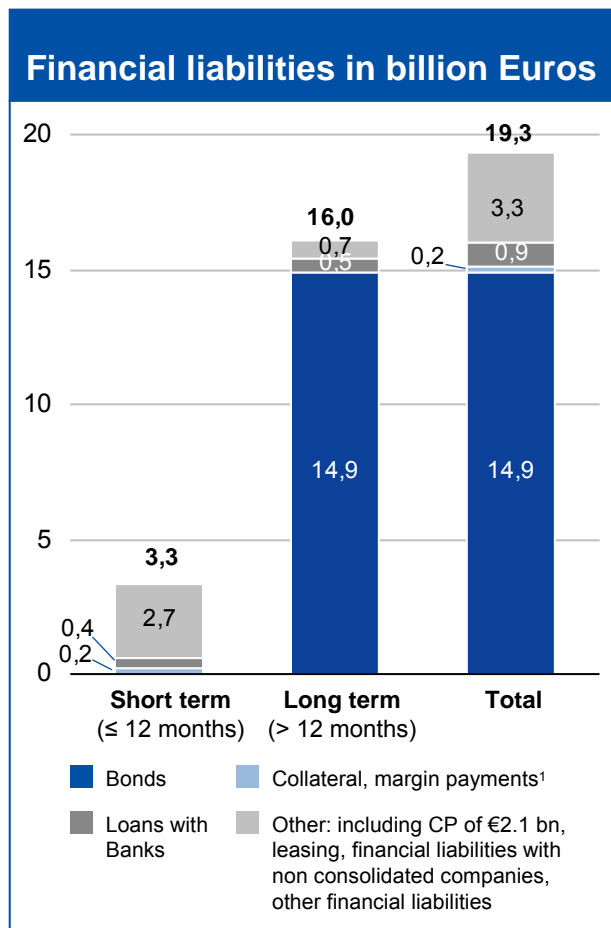
Development of net debt



¹ Net debt of discontinued operations (DCO).

Financial liabilities and assets: Solid financing in place





(as of 30.06.2009)

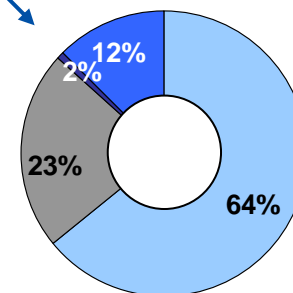
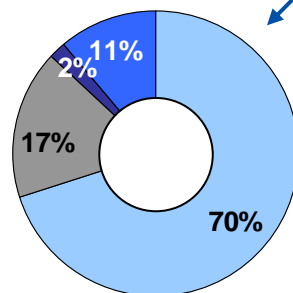


¹ Excluding variation margins under EEX based commodity contracts which are accounted for in the cash flow statement under 'change in working capital' and which are netted against the fair values of the respective derivatives at any point in time.

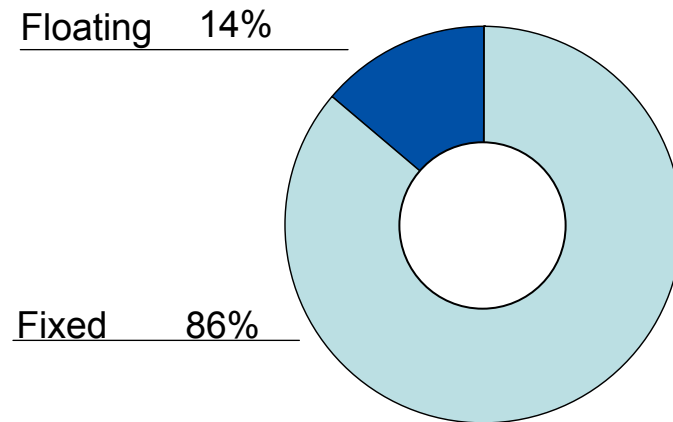
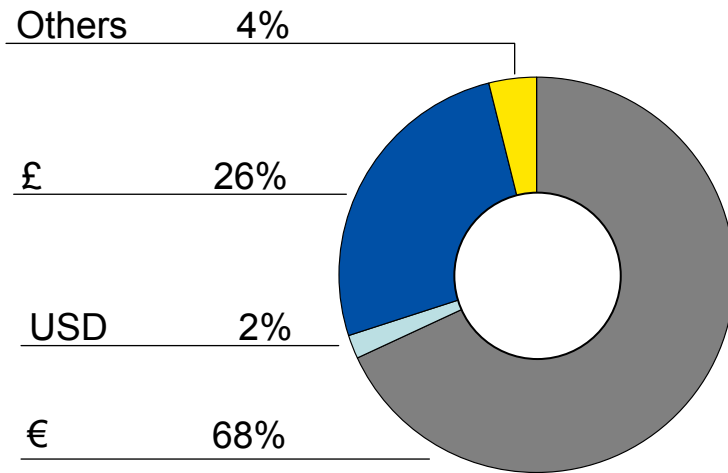
Development of pension liabilities, plan assets and provisions

€ million	31.12.2008	30.06.2009	change absolute
Present value of funded benefit obligations	11,872	12,961	+1,089
Fair value of plan assets	11,030	11,634	+604
Net amount for funded plans	842	1,327	+485
Capitalized surplus of plan assets over benefit obligations	0	10	+10
Provision recognized for funded plans	842	1,337	+495
Provision recognized for unfunded plans	1,896	2,077	+181
Total provisions	2,738	3,414	+676

-  Interest bearing instruments
-  Equities
-  Real Estate
-  Alternative Investments



Gross financial debt currency and interest exposure¹

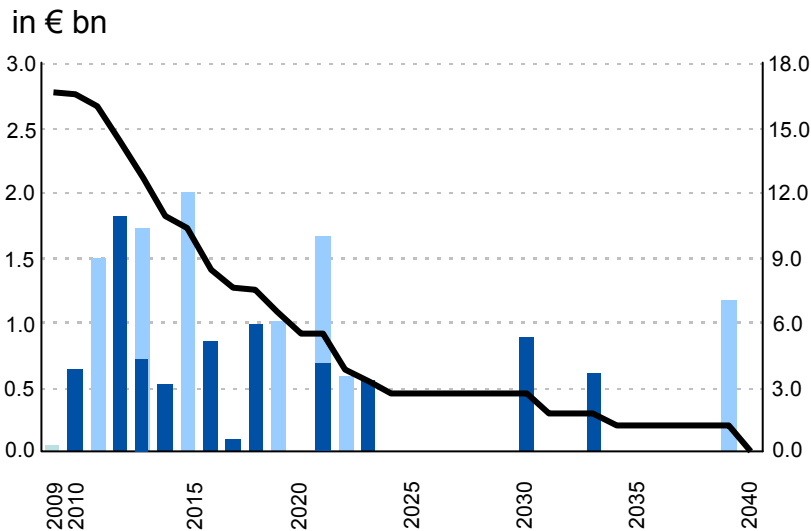


As of June 30, 2009

¹ Including cross-currency swaps.

We maintain a high level of liquidity and strong sources of financing - even after the bid for Essent

Capital market debt maturities¹

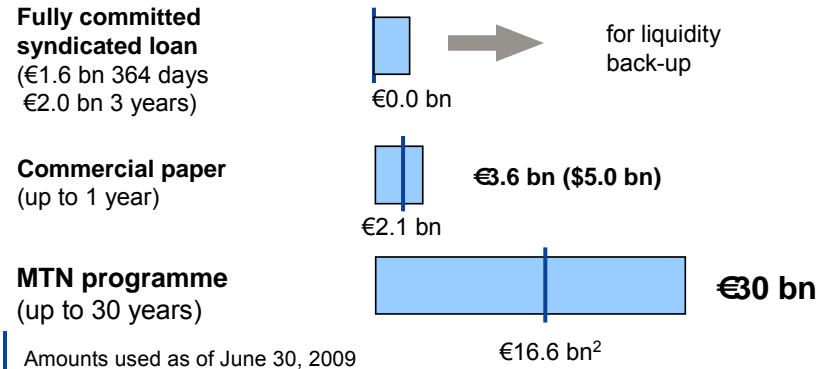


- Maturities of debt issued before Nov. 2008
- Maturities of debt issued since Nov. 2008
- Accumulated outstanding debt

> Balanced profile with limited maturities in the next 3 years (~€2.2 billion)

¹ RWE AG and RWE Finance b.v., as of 30 June 2009

General financing



² Includes 1.5 bn GBP bonds issued June 25, settled July 6, 2009.

Essent acquisition financing

