

Value and growth

A simple strategy for a complex market

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London, October 22, 2009



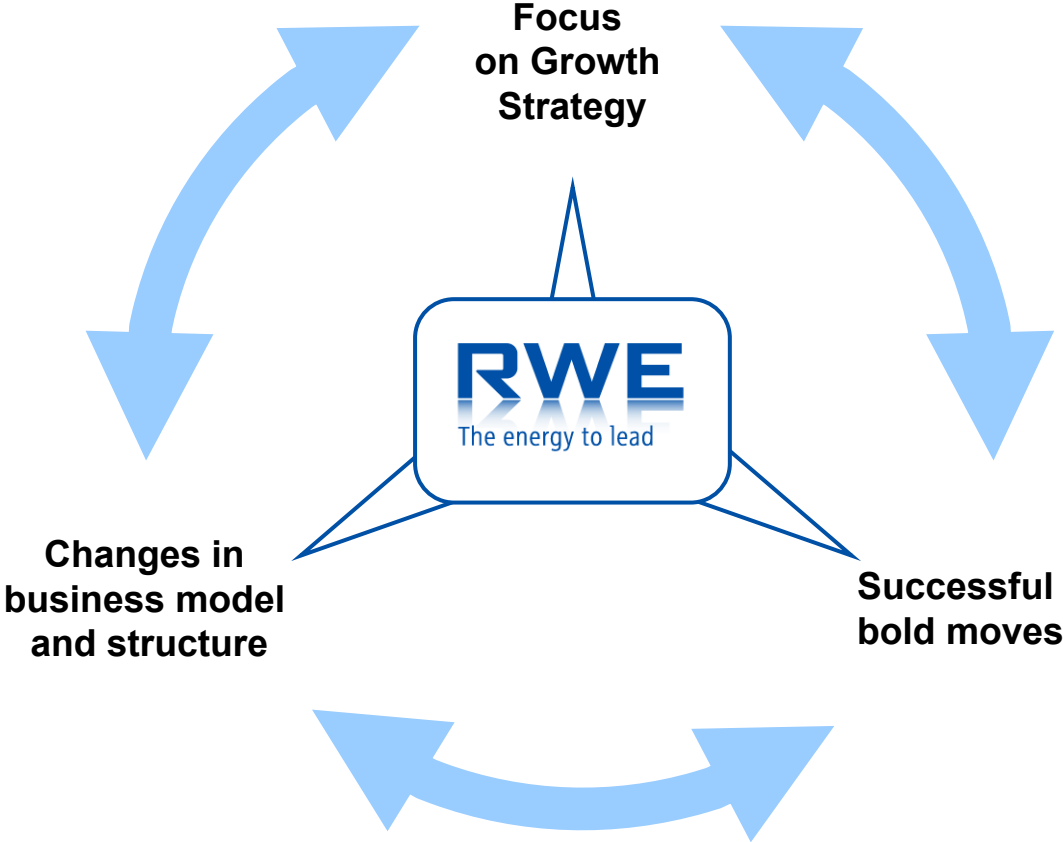
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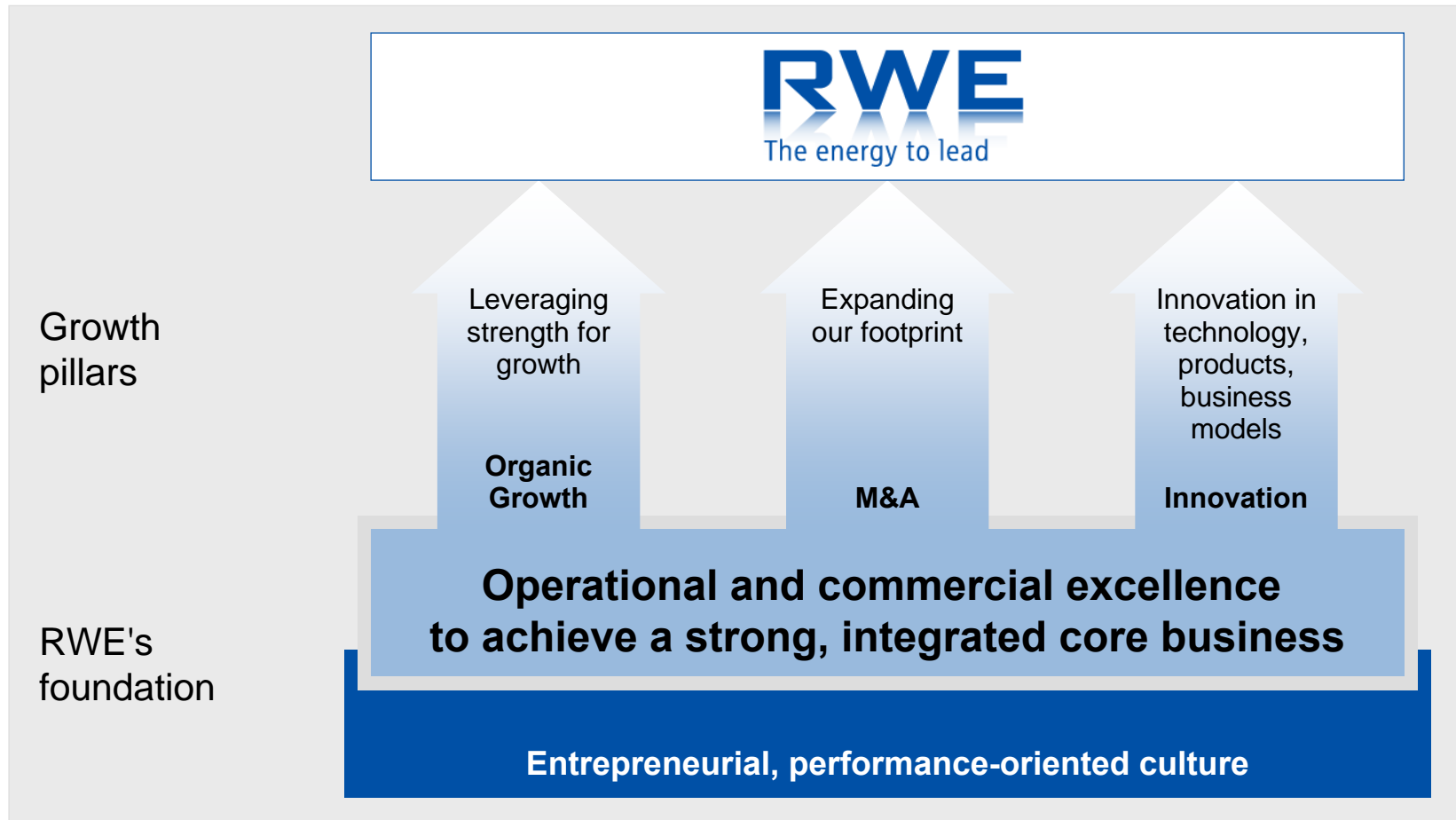
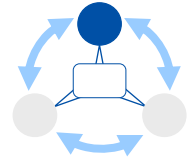
- Projections of revenues, income, earnings per share, capital expenditures, dividends, capital structure or other financial items;
- Statements of plans or objectives for future operations or of future competitive position;
- Expectations of future economic performance; and
- Statements of assumptions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

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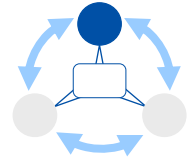
The 'New RWE' is driven by three factors



Our growth strategy – long-term, well-balanced and weather-proof



Our growth strategy is based on fundamental beliefs in long-term market trends



TRENDS OF THE EUROPEAN ENERGY INDUSTRY

Massive investment needs

- > App. €500bn in Europe (incl. Russia) up to 2020

European climate change policy

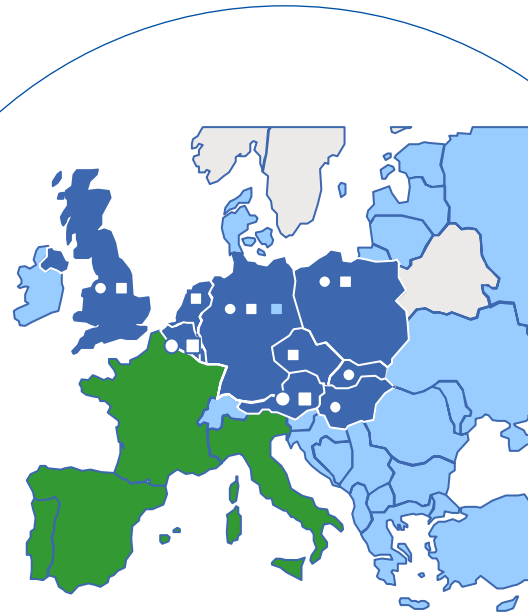
- > Climate change policy drives EU targets, e.g. 20/20/20 by 2020
- > New markets (renewables)

Cyclicality of commodities

- > High price levels in the mid-term/strong volatility for all commodities
- > Security of supply challenges

Politics & Regulation

- > Continuing strong impact on business model and profitability
- > Energy industry part of public debate



Margin shifts along the value chain

- > Cyclical margin shifts between retail and production

Competition & Liberalization

- > Increasing competition on all levels: from upstream to retail
- > Changing customer behavior

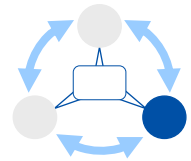
Converging markets

- > Converging regional power and gas markets

Consolidation

- > Ongoing consolidation of top players in Europe

Bold moves: RWE is powerfully implementing its growth strategy



Replacement and extension of generation portfolio:

> 10 GW new builds

- > BoA 2&3 (2.1 GW)
- > Hamm/Westfalen, Eemshaven (3.2 GW)
- > CCGTs Lingen, Pembroke, Staythorpe (4.8 GW)
- > CSEE projects
- > Nuclear project development in UK and SEE

Landmark acquisition of Essent (closing September 2009)

- > 4.7 GW generation with low CO₂ intensity
- > 3.9 m customers
- > European trading powerhouse
- > Strong renewables footprint

Gas Up- and Midstream

- > Dea growth path
- > Nabucco
- > LNG/ Exceletrate

Renewables pipeline

- > 1.4 GW under operations; 0.5 GW under construction
- > > €1 bn investment p.a.
- > 4.5 GW target for 2012/13
- > Technology mix of onshore & offshore wind, biomass and hydro

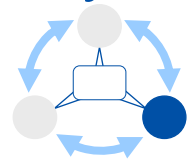
Multiple smaller M&A transactions

- > Reorganisation energy business Luxembourg
- > Favorit (district heating)
- > Mitgas (regional gas company)
- > Agrienergy (JI/CDM project developer)
- > SPI (UK energy services)
- > Renewables M&A, e.g. Fri-EI, Aufwind, Urvasco, ...

Day-to-day & Innovation

- > Double digit €bn investments in daily operations over next 10 years
- > Push of technological and business innovations, e.g.
 - E-mobility
 - Smart-Metering

RWE & Essent: A strong story with complementary portfolios of regions, assets and skills



1 A leading vertically integrated utility in the attractive Dutch market

- > 4.2 GW of generation¹ including 69 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
- > Market entry into Belgium: 250,000 customers and 133 MW CHP
- > Regional diversification of earnings

3 A more balanced and flexible generation portfolio reducing RWE's average CO₂ intensity

- > Diversified combined fuel mix
- > 559 kg/MWh Essent
- > 768 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

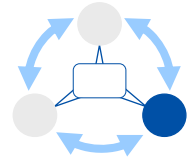
- > Combined gas supply purchase volume of 53 bcm
- > Portfolio optimization potential
- > Access to additional gas storage

6 A pan-European trading "powerhouse"

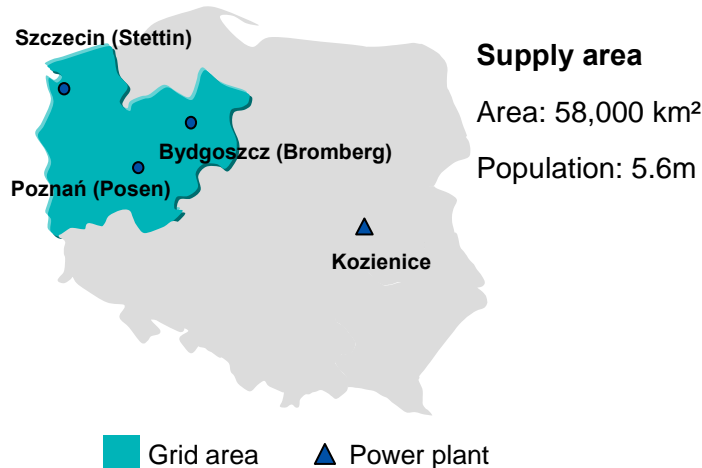
- > Creation of the number one European energy trading house
- > Improved fuel sourcing potential
- > Cross-border asset optimization

1) Corresponds to installed capacity in the Netherlands only, excluding swb, 369 MW of wind in Germany and 133 MW CHP in Belgium

Acquisition opportunity Enea: Good strategic fit but price matters!



Geographic overview



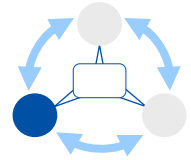
Operational data

Generation	<u>Kozienice (hard coal)</u>	<u>Hydro</u>
	Capacity: 2,880 MW	Capacity: 56 MW
	No of blocks: 10	No of units: 20
	Output: 12.4 TWh	Output: 0.1 TWh
	Construction: 1972-79	
Distribution	<u>Network ('000 km)</u>	
	Total length: 123	
Retail	<u>Sale (TWh)</u>	Thereof, (TWh, %)
	Total: 17.0	- Households: 4.2 (25%)
	<u>Customers</u>	- Sm. biz: 3.5 (20%)
	Total: 2.3m	- Med. biz: 7.2 (42%)
	Households: 2.0m	- Industrial: 2.0 (13%)

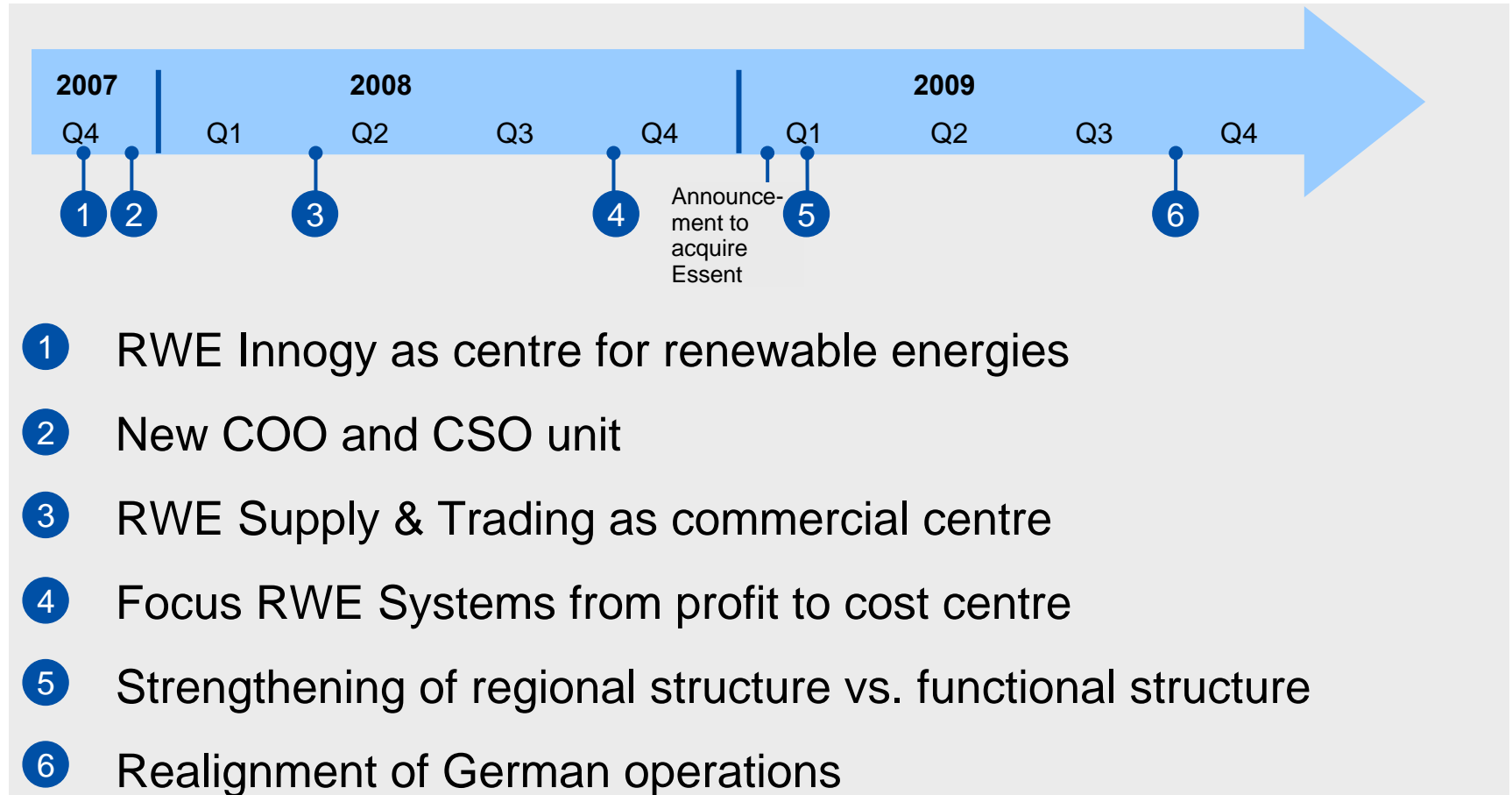
RWE's decision rationale

- > Core market with attractive growth potential
- > Good strategic fit with RWE's existing Polish and Eastern German activities
- > Key value drivers very well understood (CO₂ allocation, grid regulation and retail)
- > **But:** Price matters and RWE adheres to its investment criteria!
(e.g. share price rose from 14PLN in April to 25PLN in October 2009)

Organisational changes towards 'New RWE' impacting business models of entire Group



Timeline organisational changes



RWE's simple strategy – Where to and why?

...more
sustainable

- > **Modernisation** of power plant portfolio
- > Strong expansion of **renewable energies**

...more
international

- > High share of investments **outside of Germany**
- > **Growth** in regions **new** to RWE

...more
robust

- > Strengthening RWE's business **along the entire value chain** (from upstream to the customer)
- > **Reducing risks** from different markets and regulators by geographic diversification
- > **Reducing selective commodity positions** (CO₂)
- > Stable regulated business



...and in the end more valuable despite all challenges!

Our strategy to reduce the impact of CO₂ on our P&L in 2013

New-build power plants	<ul style="list-style-type: none">> Modern and highly efficient new thermal power plants> Higher flexibility and more gas in portfolio> Retirement of old 150MW lignite blocks with high CO₂ emissions in Germany> Nuclear lifetime extension in D and new-build projects in UK and CEE
Renewables	<ul style="list-style-type: none">> Capacity of 4.5 GW in operation or under construction by 2012> Operating result of €500 million p.a. by 2013
Portfolio management	<ul style="list-style-type: none">> Innovative origination transactions: swap of base load lignite generation for peak load hydro generation> Long-term lignite generation product with transfer of full CO₂ risk to customers
EU-ETS market optimisation	<ul style="list-style-type: none">> Reduction of financial exposure through realisation of full potential of CDM/JI projects

Mid-term financial targets

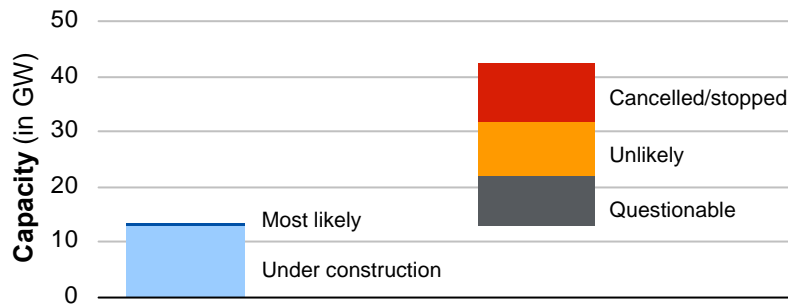
Operating Result	> 5 – 10% CAGR ¹ to 2012 (excluding Essent) based on an average realized price for German electricity forwards of at least €60/MWh
Recurrent net income	> In the order of 10% CAGR ¹ to 2012 (excluding Essent) based on an average realized price for German electricity forwards of at least €60/MWh
Dividend	> Payout ratio of 50 – 60% of recurrent net income
Capital structure	> Compliant with at least “A flat” rating category
Efficiency	> €1.2 billion improvement in annual operating result by year-end 2012 vs. 2006

¹ based on 2008

Back up

Our new-build projects 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



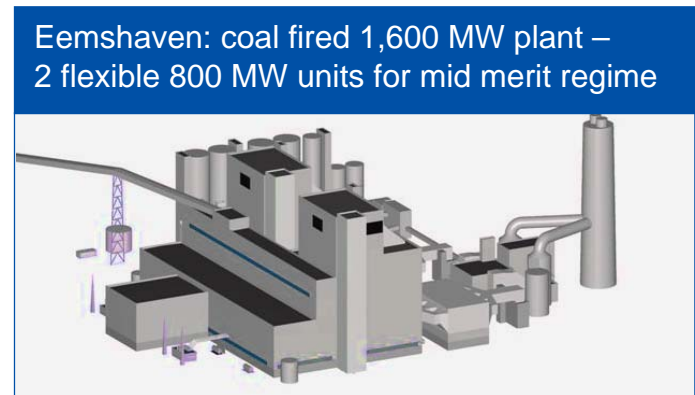
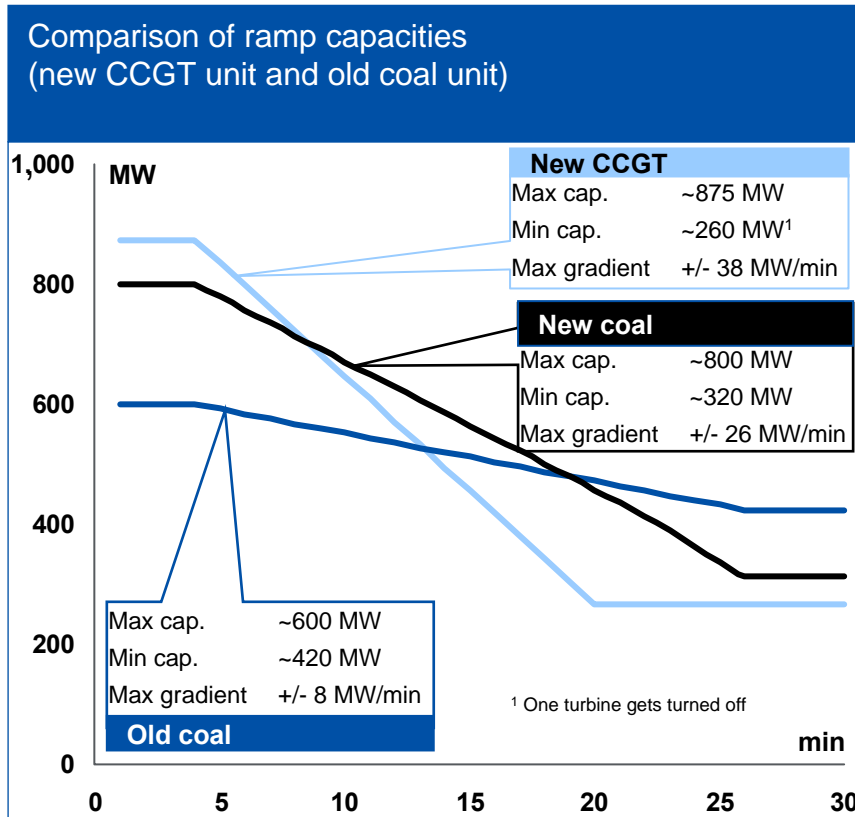
Source: RWE, July 2009

- > 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

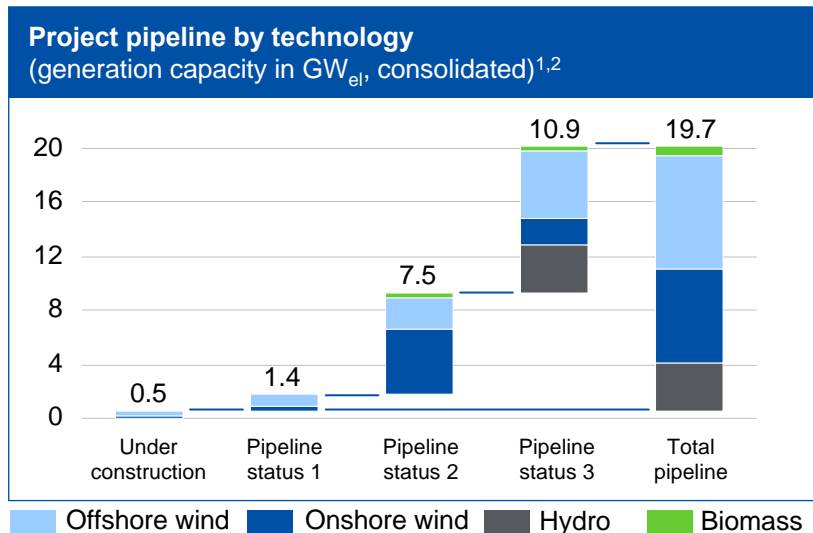
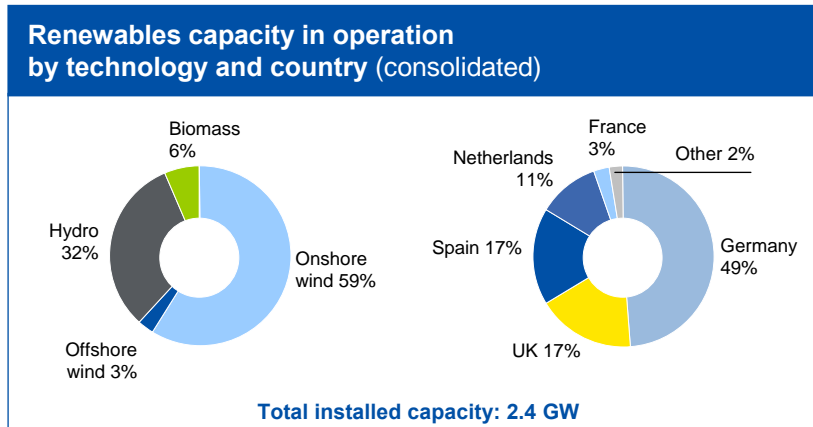
(Status as of June 30, 2009)	2005	2006	2007	2008	2009	2010	2011	2012	2013
Lingen (CCGT, 875 MW)									
Staythorpe (CCGT, 1,650 MW)									
BoA Neurath (Lignite, 2,100 MW)									
Hamm (Hard coal, 1,530 MW)									
Pembroke (CCGT, 2,000 MW)									
Eemshaven (Hard coal/biomass, 1,560 MW)									

Flexible configuration of new-build projects will fetch additional premium along the merit order



▶ Small and flexible units can be dispatched more quickly to capture extra margin potential along the merit order

Our strategy in Renewable Energy: Growing generation capacity and profit - in existing and new markets



> Organic capacity ramp-up translating into profits

- Capacity of 4.5 GW in operation or under construction by 2012
- This translates into generation of 15 TWh/a in 2013
- On this basis, operating result is expected to exceed € 500m by 2013

> Leveraging the crisis: Securing turbines at attractive prices

- Framework agreement signed with REpower: Delivery of up to 250 turbines with 5/6 MW each between 2011 and 2015 (up to 1.3 – 1.5 GW in total)

¹ Excluding hydro storage with natural inflow projects of RWE Power

² Definition of pipeline status:

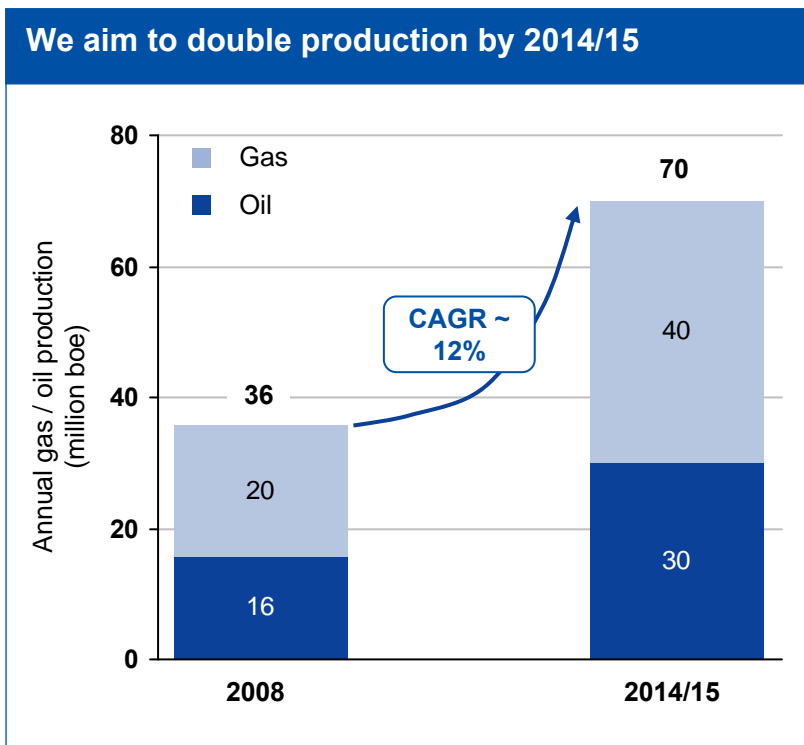
Pipeline status 1 – Project consented, not yet under construction

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

RWE DEA: Run-up period to substantial growth

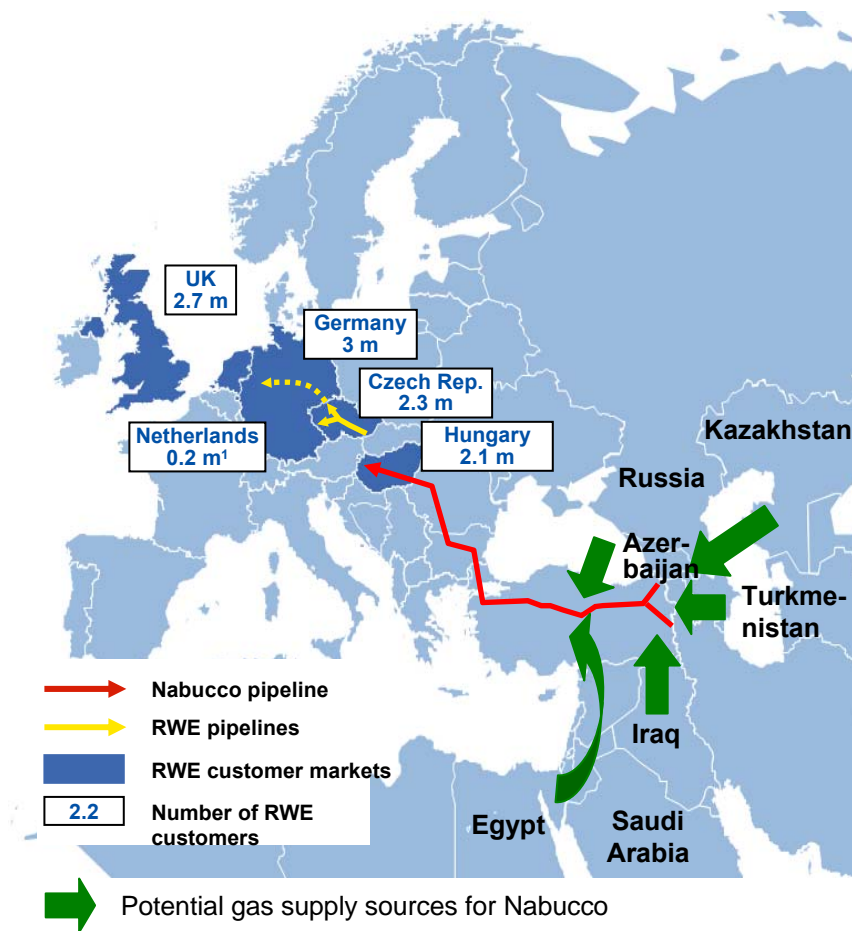
- > Securing revenues by own exploration plus selective small acquisitions
- > Target to double production of hydrocarbons delayed by 1 to 2 years, mainly due to additional appraisal work requirements and delayed access to infrastructure. But earnings guidance (operating result of € 900 million by 2013) 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: integral part of RWE's development activities in South East Europe and Turkey



- > 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