

Fact Book RWE Dea

“From production to revenue
to operating result”

January 27, 2010



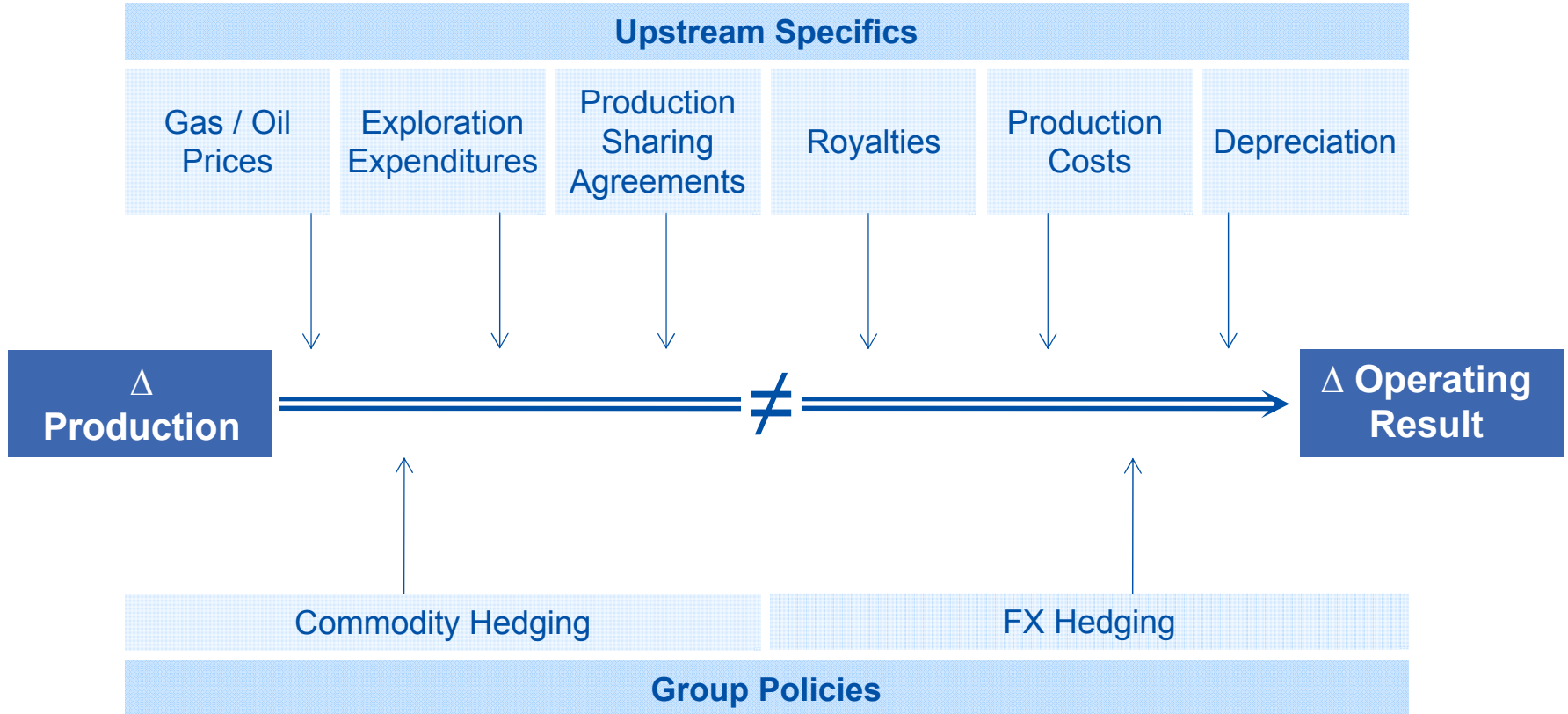
Forward-Looking Statement

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

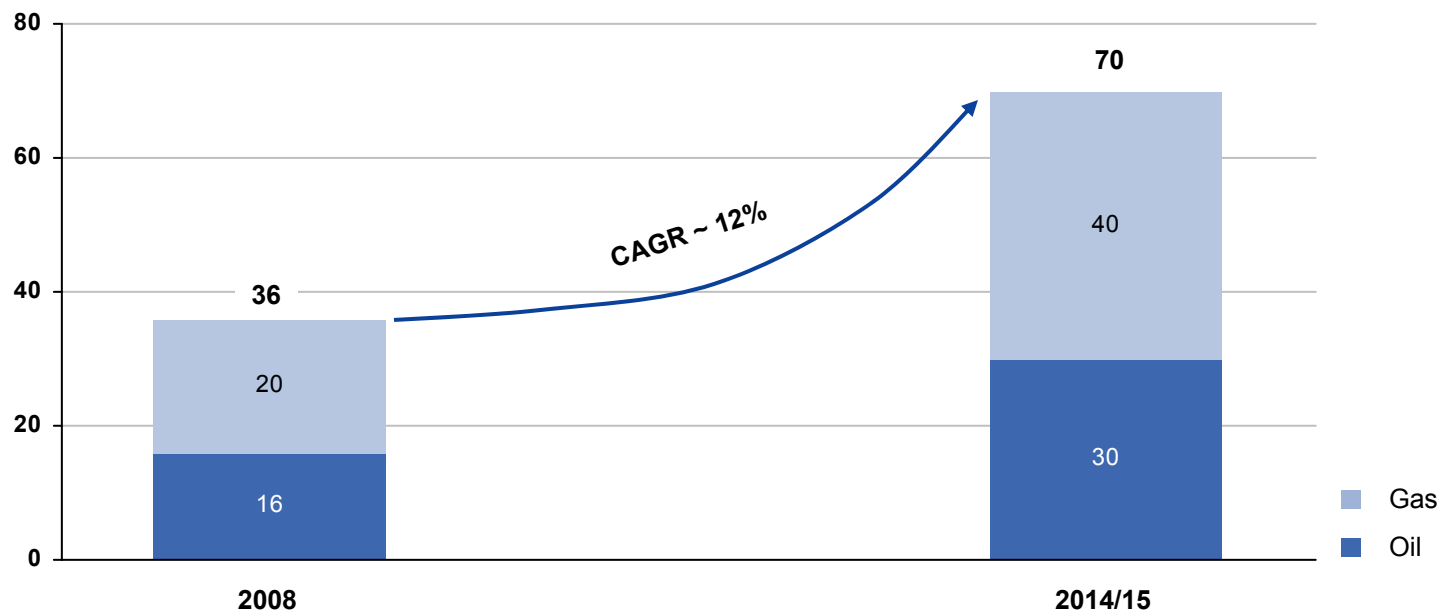
are forward-looking statements. Also words such as “anticipate”, “believe”, “estimate”, “intend”, “may”, “will”, “expect”, “plan”, “project” “should” and similar expressions are intended to identify forward-looking statements. The forward-looking statements reflect the judgement of RWE’s management based 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 amortization 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 the Frankfurt Stock Exchange or SIX Swiss Exchange and to information available on the Internet at www.rwe.com.

Impact of brent price changes on operating result: The building blocks for reconciliation



Production target: Doubling of annual volume by 2014/15

Annual gas / oil production (million boe)



- Organic growth through defined development projects
- Growth of reserves through conversion of existing resources
- Number of exploration/appraisal wells have almost tripled since 2006 (11 → 40 wells in 2008 and 32 in 2009)
- High exploration/appraisal success ratio of above 50% maintained in previous years (approx. 63% in 2009)

Pricing schemes vary significantly

Brent-related oil

Depending on quality, crude oil is priced as differential to Brent (or other reference oils)

Oil-indexed gas

Linkage of gas prices mainly to prices of oil products such as light or heavy fuel oil, usually with time lag of about six months; mainly german gas

NBP-related gas

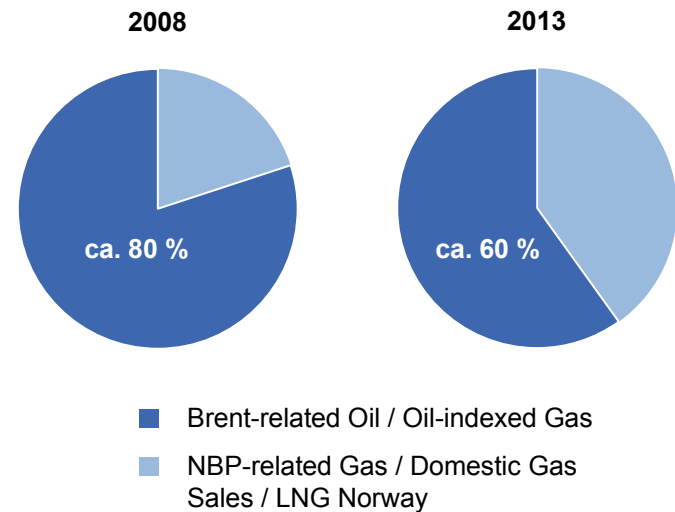
In particular UK, in future also for Norwegian gas from Gjøa

Domestic gas sales (North Africa)

LNG Norway

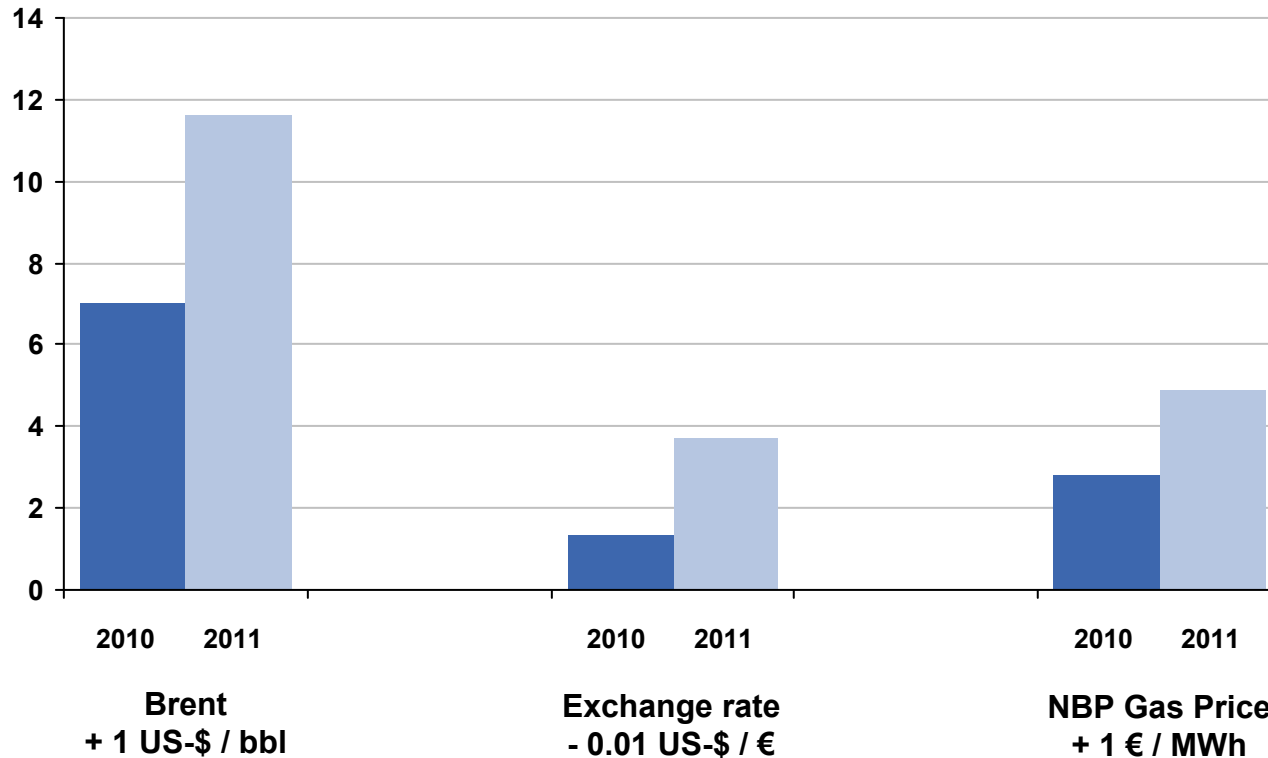
Depending on Henry Hub (deliveries to the U.S.) and sundry other price indexes (Spain)

Share of Brent related / oil indexed production to decrease



High sensitivity of operating result to changes of commodity prices and exchange rates

**Delta of Operating Result¹
in € million**



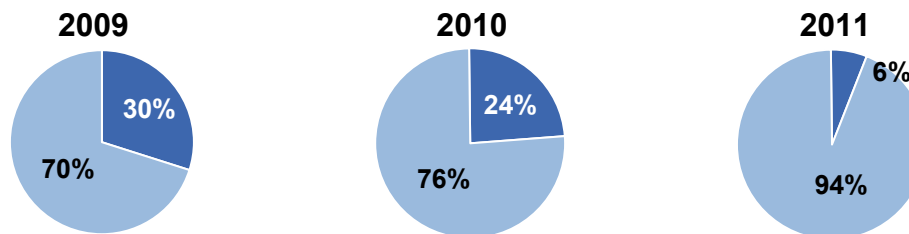
¹ including hedging, only valid for day of calculation, subject to change

We hedge our commodity exposure as far as economically feasible

Crude hedge volume

(as of December 2009)

- Hedged Volume
- Unhedged Volume

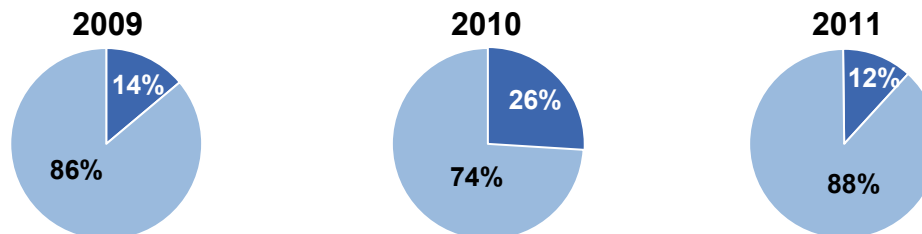


- Reduction of near-term crude price risk and thus crude price-driven variations of operating results by the use of commodity hedges; counterparty RWE Supply & Trading
- Rolling hedging period of 15 months
- Hedge ratio of around 1/3 of total oil production; higher hedge ratio not feasible, in particular due to tax reasons (e.g. no tax deductability of hedge losses in certain countries)

Gas hedge volume

(as of December 2009)

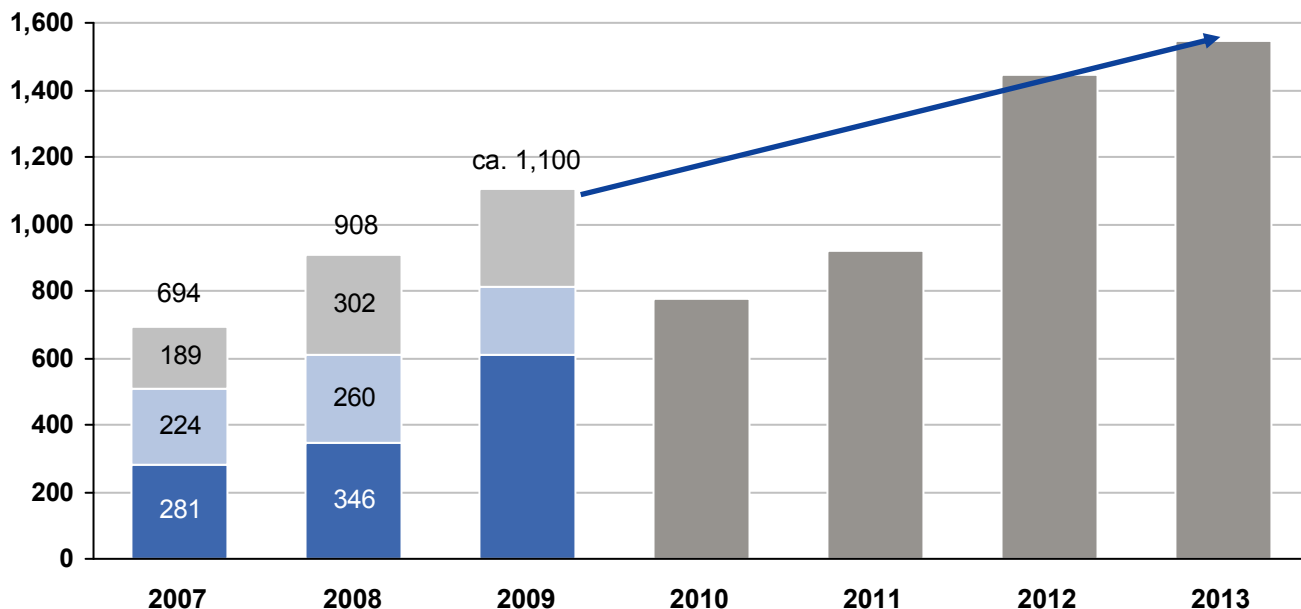
- Hedged Volume
- Unhedged Volume



- Forward sales for parts of the UK production; counterparty RWE Supply & Trading
- Fuel oil/gas oil hedges for parts of domestic gas production; counterparty RWE Supply & Trading

Capital and exploration expenditures

(in € million)



- Increasing expenditures for development and maintaining exploration & appraisal expenditures in order to achieve organic growth from existing projects and generate new projects from successful exploration

P&L (cash relevant items)

Seismic & Exploration Expenditure (drilling not successful)

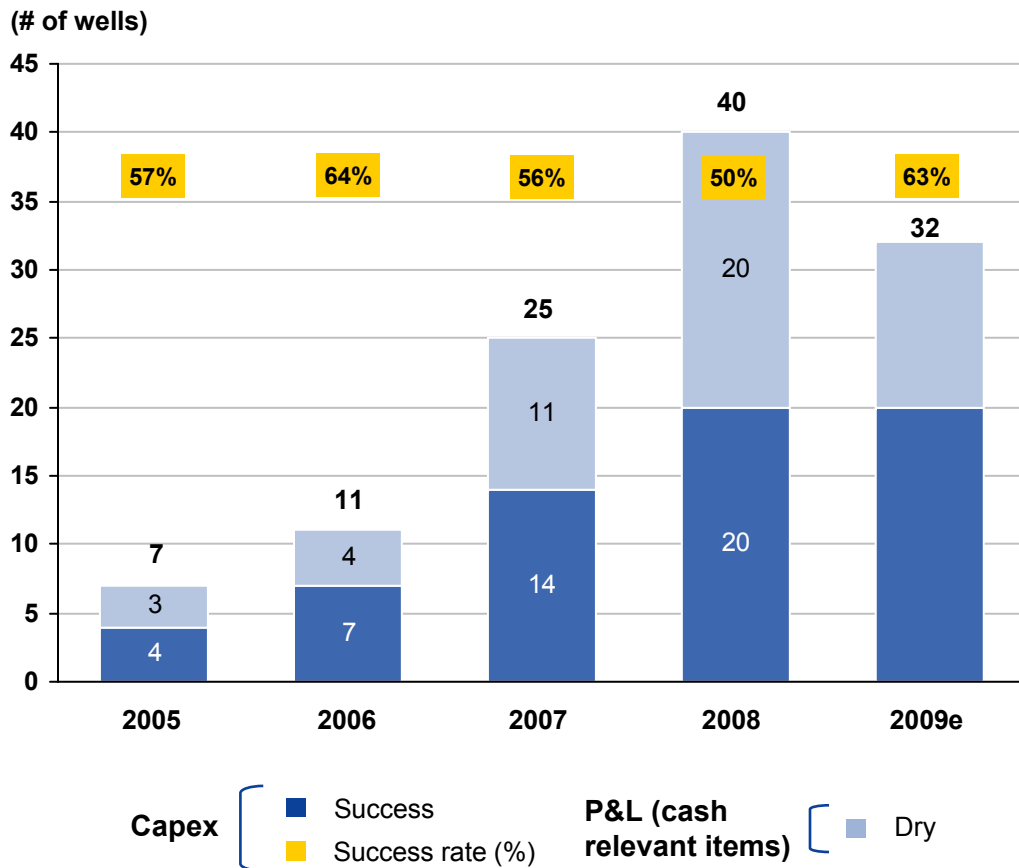
Capex

Exploration Capitalized Expenditures (drilling successful)
Investments in Running Business & Developments

Total Capital and Exploration Expenditures

Exploration and appraisal expenditures

Drilling success rates



- Strong impact on Operating Result as successful wells are capitalised and unsuccessful wells are written-off as occurred
- 2009 success rate remained at high level of previous years, significantly above international average of 20-30%
- We stick to our conservative approach and anticipate lower success rates in the following years.

Investment in international & organic growth: RWE Dea's capex plan per region

in € million

Capex

	2008	Average p.a. 2009 – 2013	
Germany	110	approx. 160	Gas: further production wells and compression facilities Oil: further production wells at offshore field Mittelplate Storage: extension of storage capacity
Europe/CIS ¹	226	approx. 440	UK: Southern North Sea (e.g. Breagh) Denmark: Danish North Sea Norway: Barents Sea; Norwegian Sea CEE/Russia: new ventures
North Africa	270	approx. 300	Egypt: Disouq onshore development, offshore Nile Delta Libya, Algeria
RWE Dea	606	approx. 900	

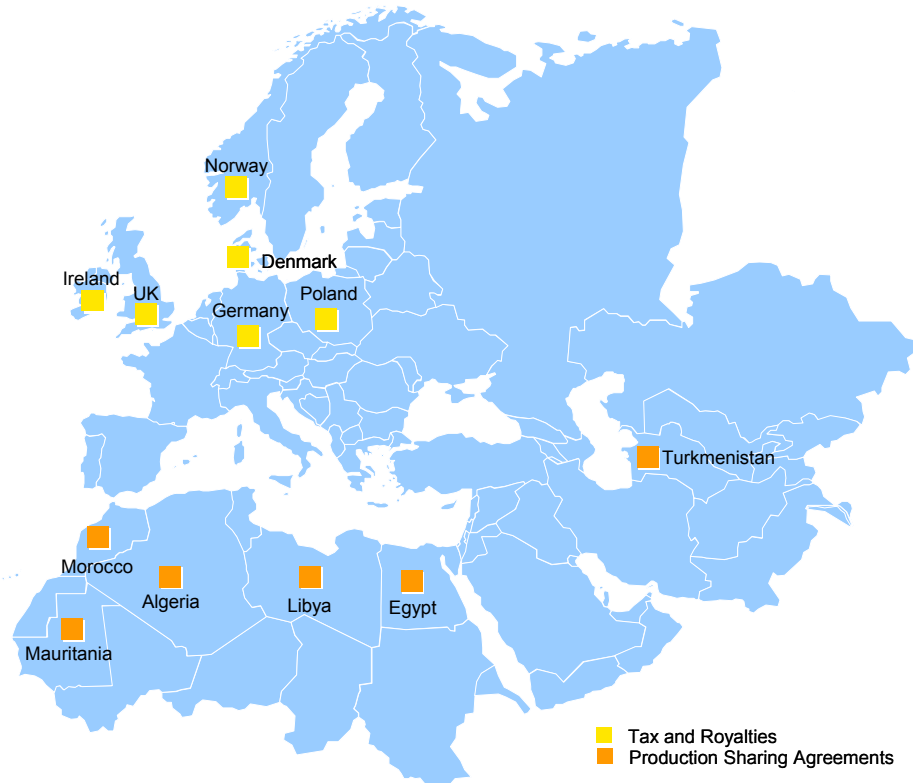
Exploration
cost
(P&L relevant)

Additionally approx. € 200 – 300 million p.a. exploration cost in 2009 - 2013
(€ 352 million in 2008²)

¹ CIS = Commonwealth of Independent States (Soviet union succession states).

² 2008 exploration cost were extraordinarily high as they comprise cash relevant expenditures of € 302 million (see page 8) and cost of exploration wells, which were initiated in 2007 but failed in 2008

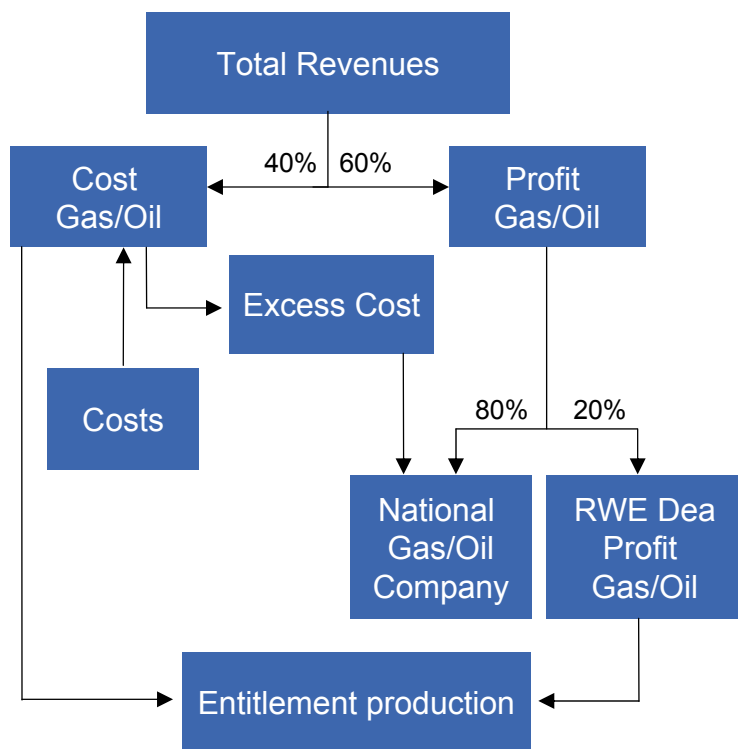
Production Sharing Agreements (PSA) vs. Tax Regimes



- > PSAs divide the oil and/or gas production and thus revenue between the host government and the E&P company after allowing the company to recover some or all of its past costs.
- > Increasing share of production from PSA countries

Production Sharing Agreements

Structure and split of production / revenues (illustrative example)



Main standard elements of a PSA

- Reserves and production are owned by the host state
- Production is allocated into two main categories:

Cost Gas/Oil

Portion of produced gas/oil to cover cost

Revenues from the sale of cost gas/oil are allocated to the E&P company to recover development and operating costs and certain exploration costs

Profit Gas/Oil

Production volume after deducting cost gas/oil

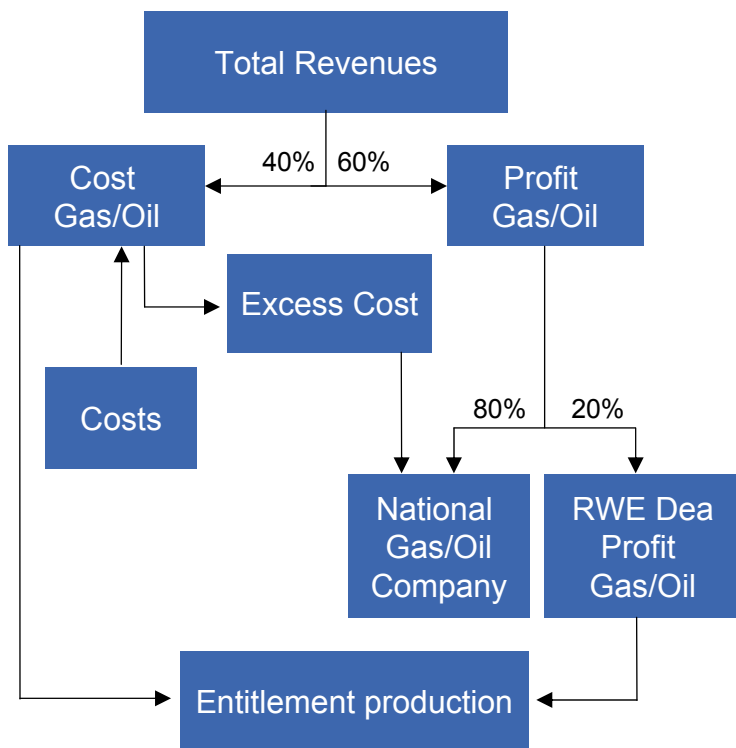
Revenues from the sale of profit gas/oil are allocated between the host state and the E&P company

The company's share of cost and profit gas/oil is termed "**Entitlement Production**"

Revenues from Cost Gas/Oil exceeding actual costs are classified as "**Excess Cost**", which are attributable to the National Gas/Oil Company (cost carried forward if lower)

Production Sharing Agreements

Structure and split of income from price changes (illustrative example)



	Total	National Gas/Oil Company	RWE Dea
Production (mn bbl)	6.00	2.88 (48%¹)	3.12 (52%¹)
Production Cost Gas/Oil	2.40 (40% ¹)		2.40 (100% ²)
Production Profit Gas/Oil	3.60 (60% ¹)	2.88 (80% ³)	0.72 (20% ³)
Δ Brent Price (USD / bbl)		+ 10	
Revenues (USD mn)	+ 60.0	+ 28.8	+ 31.2
Cost Gas/Oil	+24.0		+ 24.0
Transfer to Excess Cost	+/- 0.0	+ 24.0	- 24.0
Operating Income from Cost Gas/Oil	+ 24.0	+ 24.0	+/- 0.0
Operating Income from Profit Gas/Oil	+ 36.0	+ 28.8	+ 7.2
Total Operating Income	+ 60.0	+ 52.8	+ 7.2

Assumption:

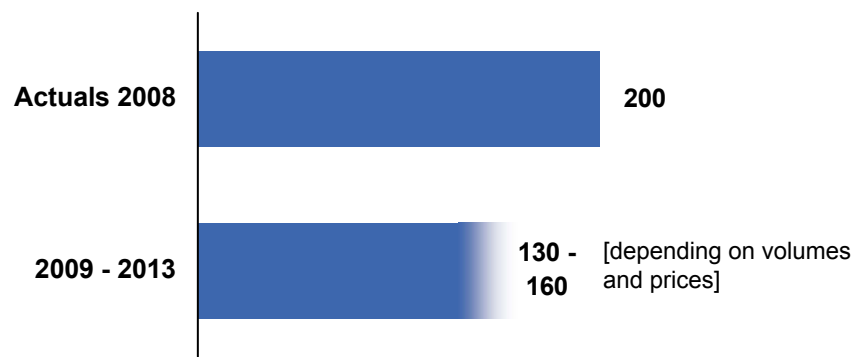
- Production equals sales (no over-/underlift)
- Value of cost gas/oil exceeds cost
- Operating Income change before revenue-increasing taxes
- Tax included in National Gas/Oil Company's profit gas/oil

¹ share of total production
² share of production cost gas/oil
³ share of production profit gas/oil

Royalties: German tax regime

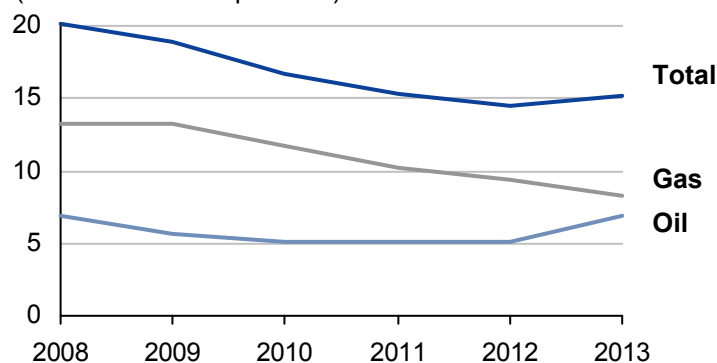
- Varying German gas or oil prices are increasing / decreasing royalties payable to the federal states Schleswig-Holstein and Lower-Saxony
- Royalty rates (nominal)
 - Oil Schleswig-Holstein: 18 % of revenues
 - Gas Lower-Saxony: 32 % of revenues [36 % before 1 January 2010]
- Royalty rate (effective)
 - 24 % of revenues from German oil and gas
- i. e. approximately one fourth of price-driven revenue changes is being paid to the tax authorities
- Brent price change of ± 5 US-\$/bbl leads to a change of German royalties of about ± € 8 million

RWE Dea royalties in € million p.a.



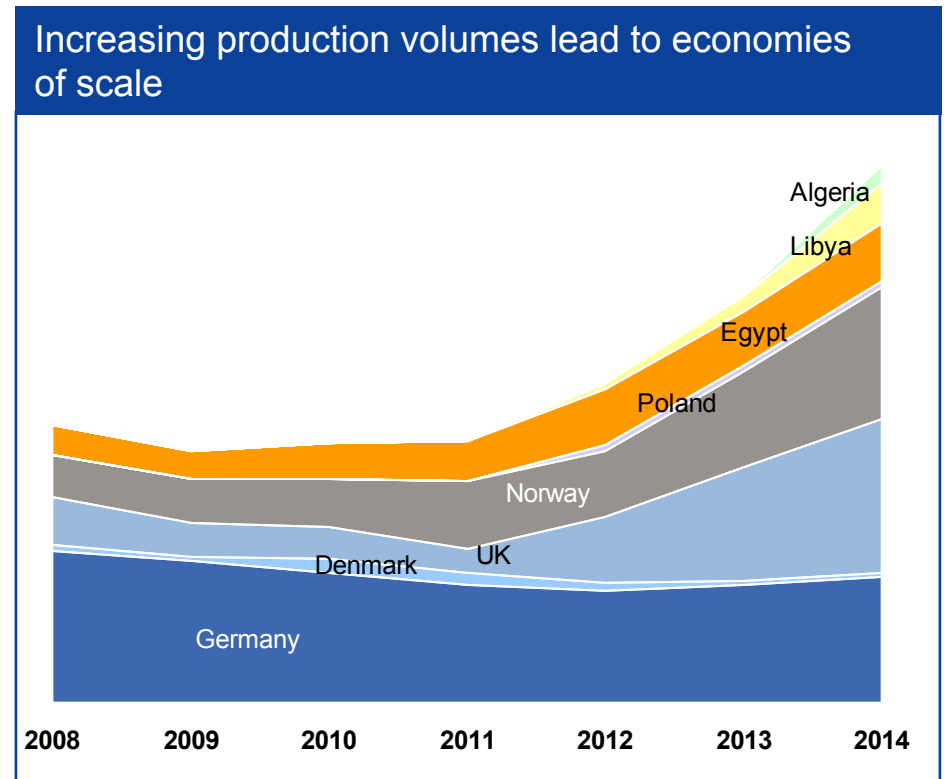
RWE Dea production in Germany

(in million bbl oil equivalent)



Production cost: Economies of scale and shift of production towards regions with lower specific cost

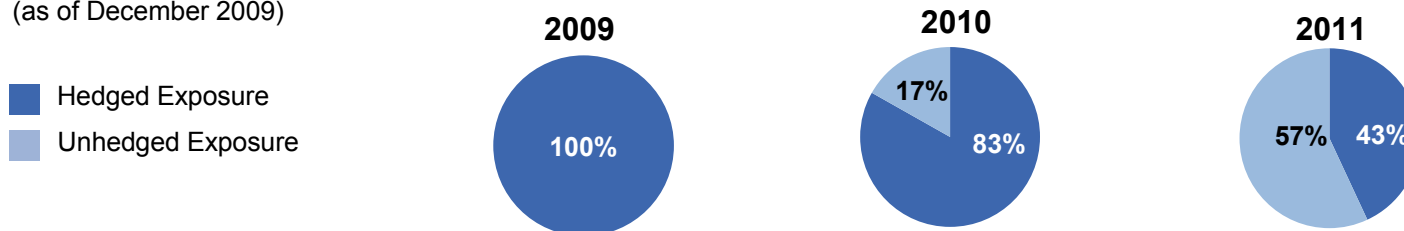
- Production Costs are largely variable and correlated to oil and gas production volume:
 - Cost of extracting oil and gas from the reservoir and other related costs; includes production expenses, shipping, transportation and handling expenses and production related general and administrative costs.
 - In fiscal 2008 RWE Dea’s cost of the combined oil and gas production averaged at ca. USD 10 per bbl OE
- In the total period 2008-13, we expect cost per bbl OE to remain relatively stable. However, cost are set to slightly increase until 2010 and to decrease thereafter due to
 - a reduced fix cost block per unit as production volumes are growing (economies of scale)
 - and a higher share of regions with lower specific production cost.



Currency exchange hedging

Currency exchange hedge ratio

(as of December 2009)



- Significant part of RWE Dea’s cash inflows and outflows are denominated in foreign currencies or dependent on non-Euro commodity prices under pricing formulas
- Hedging of net cash flows to limit impact of fx fluctuations on company’s earnings
- Hedges do not offset the entire impact of currency movements on the operating income due to deferred impact of investments on the P&L

Unit-of-Production depreciation:

Writing down assets parallelly to production progress (simplified example)

- Unit-of-Production Depreciation Method: Annual depreciation of the book value is calculated on the basis of the production in the underlying year and the expected total reserves.
- Depreciation is thus strongly linked to annual production, e.g. it is higher in years of relatively strong production.
- Future development in line with the expected doubling of the annual oil and gas production volume by 2014/15:
 - Annual depreciation to more than double in the period 2008 to 2013.

$$(1) \quad \frac{(\text{Initial Cost / Book Value} - \text{Residual Value})}{\text{Reserves}} = \text{Depreciation per bbl produced}$$

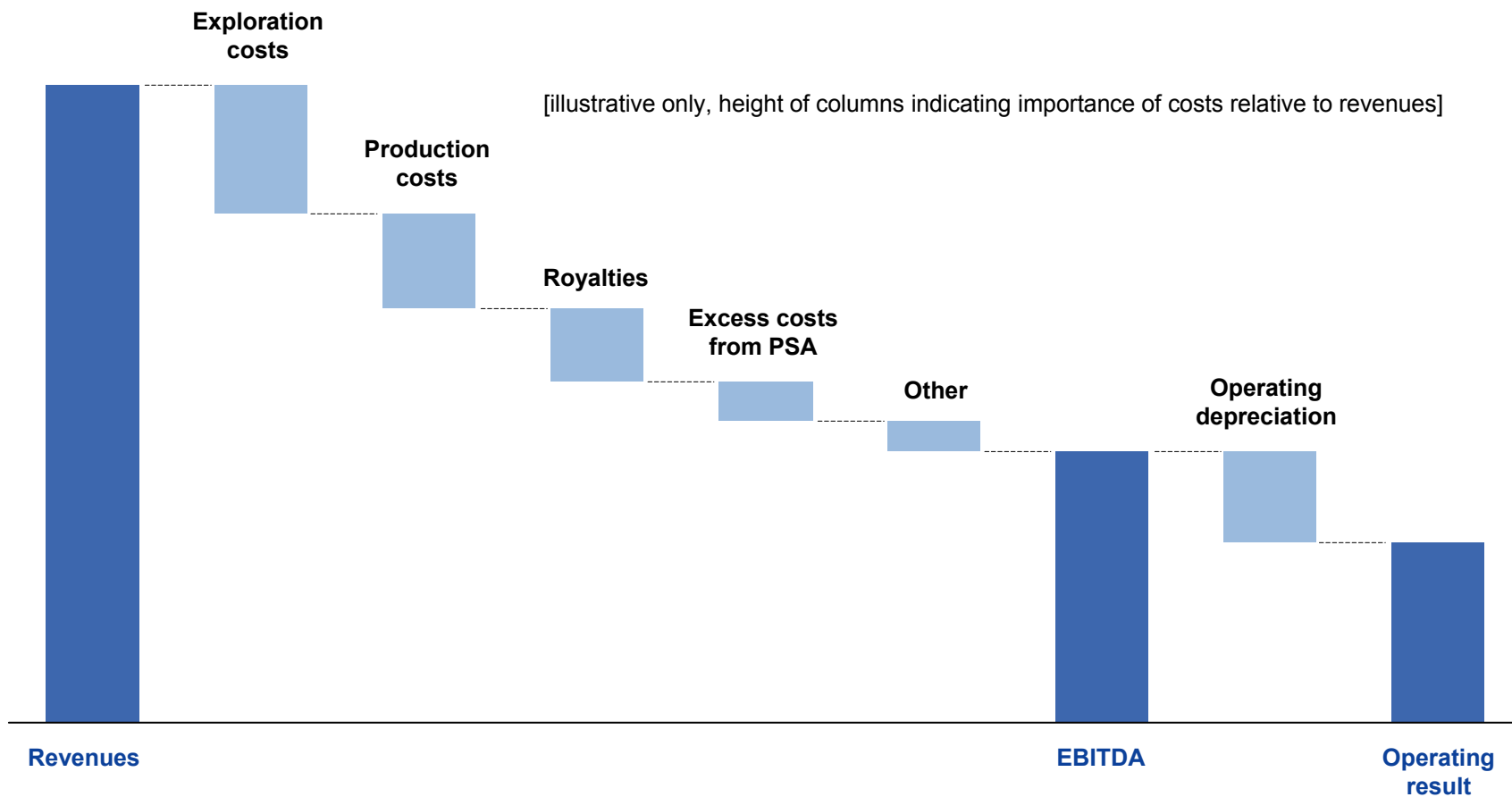
$$(2) \quad \text{Depreciation} = \text{Production of underlying fiscal year in bbl} \times \text{Depreciation per bbl produced}$$

EUR million

Year	Book Value - Beginning of Year	Annual Production (mn bbl)	Depreciation per bbl produced ¹	Depreciation Expense	Accumulated Depreciation	Book Value - End of Year
1	100.0	2.5	1.00	2.5	2.5	97.5
2	97.5	5.5	1.00	5.5	8.0	92.0
3	92.0	7.5	1.00	7.5	15.5	84.5
4	84.5	6.7	1.00	6.7	22.2	77.8
5	77.8	6.9	1.00	6.9	29.1	70.9
6	70.9	7.0	1.00	7.0	36.1	63.9
7	63.9	6.6	1.00	6.6	42.7	57.3
8	57.3	2.0	1.00	2.0	44.7	55.3
9	55.3	6.8	1.00	6.8	51.5	48.5
10	48.5	7.3	1.00	7.3	58.8	41.2

¹ calculated on the basis of 100 million bbl OE P90 reserves

Overview: “From Revenues to Operating Result“



- driven by
- Oil and gas volumes
 - Oil and gas spot prices and hedges
 - f/x spot rates \$, GBP, NOK and hedges
 - other revenues (e.g. storage)

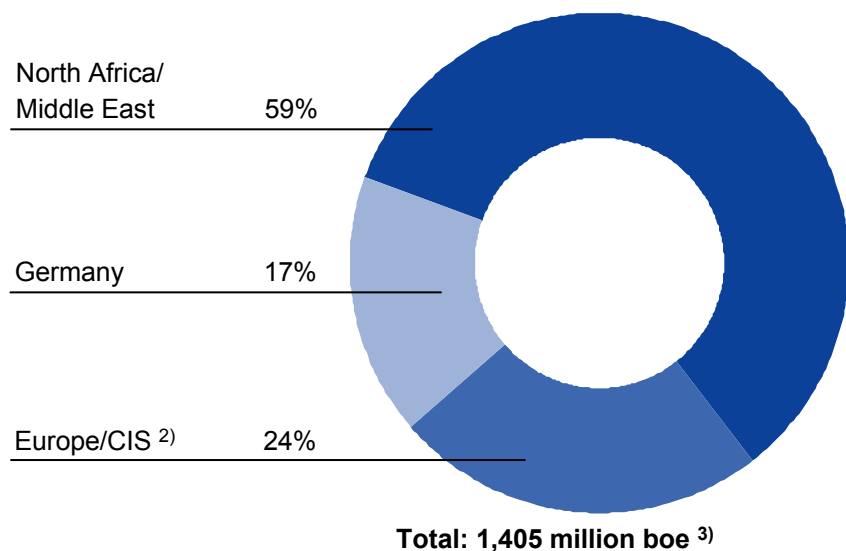
Cost definitions & guidance

Cost	Cost Definition	FY 2008 (€ million, as reported)	FY 2009 - 2013 (in € million)
Exploration Costs	Cost incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects containing oil and gas reserves. Includes geological and geophysical/seismic costs as well as exploration drilling costs (see also pages 8-10).	352	stable, not correlated to annual production volumes (€ 200-300 million p.a.)
Production Costs	The cost of extracting oil and gas from the reservoir and other related costs. Includes production expenses, shipping, transportation and handling expenses, gas storage costs and production related general and administrative costs (see also page 14).	ca. 10 \$/bbl OE (oil and gas combined)	Variable, correlated to production volume – cost per bbl OE to increase until 2010; economies of scale + weight of regions with lower specific production cost set to increase thereafter leading to lower cost per bbl OE
Royalties	Royalties for the extraction of oil and gas are currently payable to the German federal states Schleswig-Holstein and Lower Saxony (see also page 16).	200	Relatively stable at € 130-160 million - correlated to volumes produced in relevant regions and prices
Excess Cost from PSA	Excess of oil contractually available for the recovery of costs over costs (see also pages 11-13).		Dependent on volume, price and cost development – expected in the range of € 20-50 million after extraordinary high value in 2008
Other	Includes subgroup cost (administration, accounting etc.), operative services (field developers), currency effects/FX hedges.		Almost overhead character – recurrent level of around € 200 million, increasing below average
Depreciation	Unit-of-Production Depreciation Method: Annual depreciation of the book value is calculated on the basis of the production in the underlying year and the expected total reserves (P90) (see also page 17).	254	To more than double until 2013
Operating result		494	2013 target of € 900

Appendix

RWE Dea's asset resource contribution (2009)

**Discovered reserves + resources (C+S)¹⁾
(RWE Dea share/working interest)**



Discovered reserves + resources (C+S)	in %
Egypt	45
Libya	8
Algeria	6
Germany	17
Norway	12
UK	10
Denmark	1
Poland	1

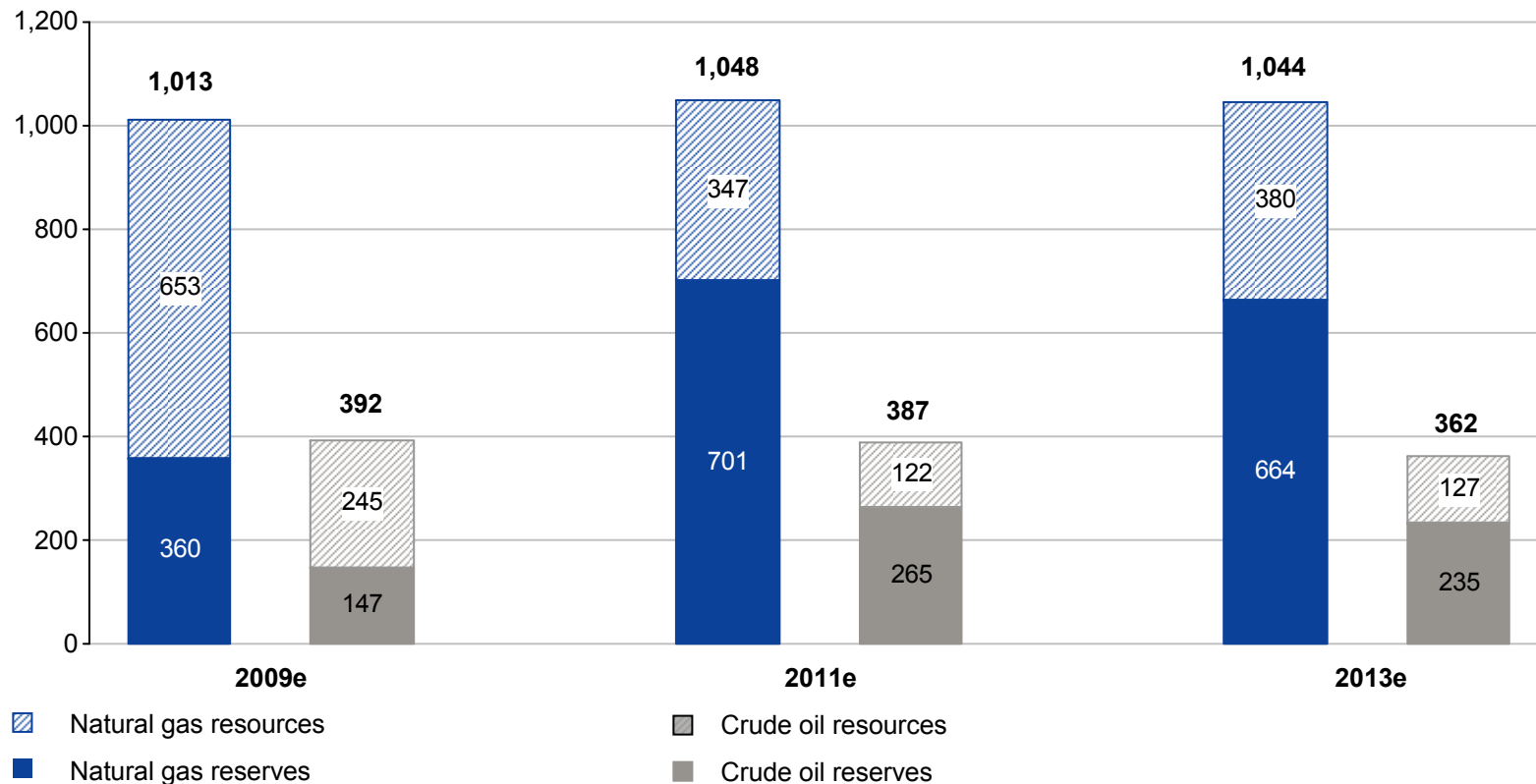
¹⁾ See page 23 for definition

²⁾ CIS = Commonwealth of Independent States.

³⁾ Barrel of oil equivalent.

RWE Dea – reserves/resources 2009 (P50)

in million bbl oil equivalent – end of year status



Reserves = proved + probable.

Resources = S1 + S2.

Classification of reserves & resources

← Range of uncertainty →

			P90 90% chance of more than the estimate	P50 50% chance of more than the estimate	P10 10% chance of more than the estimate	
Reserves	Commercial	C1	1P Proved	2P Proved + Probable	3P Proved + Probable + Possible	On production
		C2				Under development
		C3				Planned for development
Resources	Sub- commercial	S1	Low estimate	Best estimate	High estimate	Discovered (contingent)
		S2				
		E1	Low estimate	Best estimate	High estimate	Undiscovered (prospective)
		E2				

- C-Reserves
- S-Resources

Conversion factors

Oil

1 barrel (bbl)	= 159 litres = 0.159 cubic metres
1 cubic metre	= 6.29 barrels

Gas

1 cubic metre ³⁾	= 37.24 cubic feet
1 therm	= 100,000 British Thermal Unit (Btu) = 97.6 cubic feet of gas (approx.) = 2.62 cubic metres ³⁾ (approx.)
1 m ³ oil equivalent (OE)	= 1,032.33 cubic metres of gas

1) 1 € = 1.44 \$ (31.12.2009)

2) 1 € = 0.89 GBP (31.12.2009)

3) normal metres cubed

4) abbreviation for thousand standard cubic feet

Prices

1 \$/Mscf ⁴⁾	= 6.03 P/therms (approx.)
1 \$/Mscf ⁴⁾	= 2.31 €/MWh (approx.) ¹⁾
1 P/therms	= 0.38 €/MWh (approx.) ²⁾

More information on RWE Dea

RWE Dea Website:

<http://www.rwe.com/web/cms/en/53846/rwe-dea/>

RWE Dea Annual Report 2008:

<http://www.rwe.com/web/cms/en/53822/rwe-dea/media-center/information-material/>

RWE Dea Charts from the Annual Press Conference March 24, 2009 (only available in German):

<http://www.rwe.com/app/Pressecenter/Download.aspx?pmid=4003175&datei=2>

RWE Dea Corporate Brochure:

<http://www.rwe.com/web/cms/mediablob/en/53802/data/37640/More-gas-and-oil-through-expertise.pdf>

RWE Dea Charts from the Analyst and Investor Conference November 9, 2006:

<http://www.rwe.com/web/cms/mediablob/en/213596/data/42812/blob.pdf>

RWE Facts & Figures (December 2009 update):

<http://www.rwe.com/web/cms/mediablob/de/108808/data/114404/56672/rwe/investor-relations/events-praesentationen/fakten-kompakt/Facts-Figures-2009.pdf>