

Maintaining robustness and growth in a challenging environment

Investor and Analyst Conference
Fiscal Year 2009
Essen, 25 February 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.

“Maintaining robustness and growth in a challenging environment”

Dr. Jürgen Großmann, CEO

Achievements

Performance 2009	<ul style="list-style-type: none">> 2009 financial forecasts fully achieved> Dividend of €3.50¹ per share (payout ratio 53%)	✓
Growth initiative/ internationalisation	<ul style="list-style-type: none">> Acquisition of Dutch utility Essent> Expansion of RWE Dea's gas resources in UK North Sea> Preparation of new-build CCGT project in Turkey	✓
CO₂ reduction/ renewables	<ul style="list-style-type: none">> RWE Innogy's capacity up by 79% to 2.2 GW (including Essent)> Extension of renewable project pipeline to ~17 GW> Low carbon new-build programme: further milestones reached	✓
Efficiency enhancement / leaner structures	<ul style="list-style-type: none">> Efficiency programme: €450m accumulated profit contribution in 2009 compared to 2006> Realignment of German retail and network activities	✓

¹ Dividend proposal for fiscal year 2009, subject to approval by the Annual General Meeting on April 22, 2010

2009 financial targets fully achieved

	2009 € million	change to 2008	Outlook for 2009 ¹	
EBITDA	9,165	+4.5%	In the order of last year's level	✓
Operating result	7,090	+3.9%	In the order of last year's level	✓
Recurrent net income	3,532	+4.9%	In the order of last year's level	✓
Dividend (€)	3.50 ²		Payout ratio 50 – 60%	✓

¹ Outlook excluded Essent contribution

² Dividend proposal for fiscal year 2009, subject to approval by the Annual General Meeting on 22 April 2010

The environment has become more challenging

Challenging demand outlook

- > Unprecedented demand reduction in 2009 versus 2008
- > Subdued economic recovery

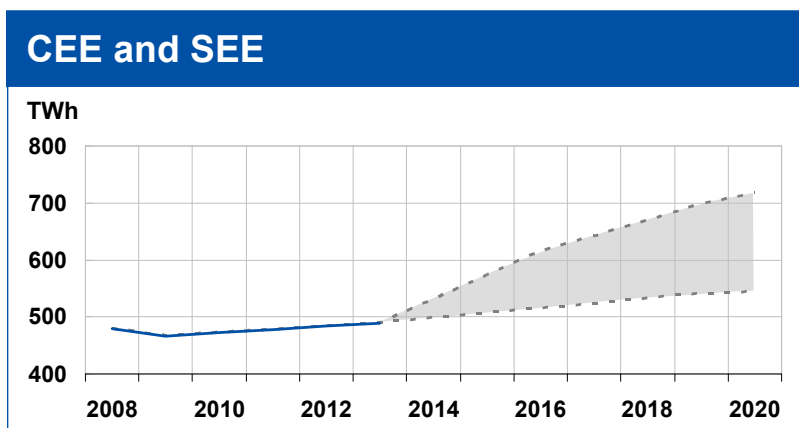
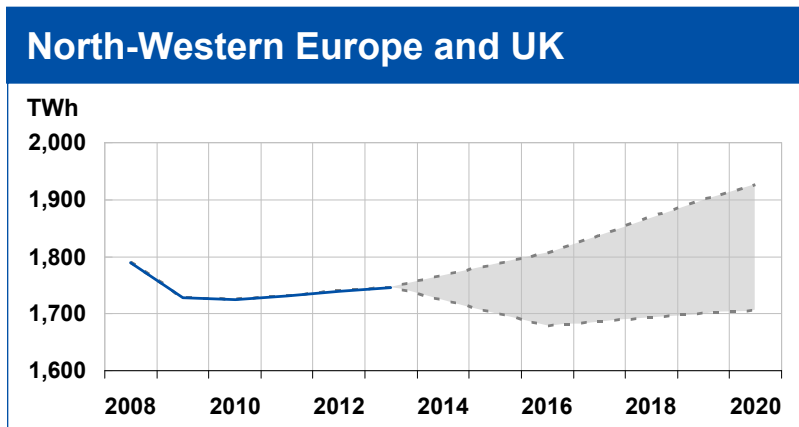
Ambitious but unclear regulatory boundary conditions

- > Strong political commitment to reduce CO₂ emissions but failure in Copenhagen
- > No clarity on nuclear in Germany

Increasing volatility of markets

- > Larger price swings in electricity markets due to higher share of renewables
- > Gas wholesale price decoupling from oil-indexed long-term import contracts
- > Impediments for executing new builds (public resistance, quality deficiencies, lack of incentives for conventional generation)

Subdued economic recovery provides challenging outlook for energy demand



- > Stabilisation of energy demand in Q4 2009
- > However, return to pre-crisis level of demand in NW-Europe will take a few years
- > Demand structure will be more peak-loaded (e.g. increased use of air-conditioning and electric heating)
- > Improved energy efficiency will be offset by rising electrification (heat pumps, electric vehicles, etc.)
- > Longer-run potential growth rates in CEE and SEE unaffected by the crisis
 - Rising standards of living and industrial growth will be accompanied by higher energy demand

Note: For further information refer to fact book "The need for Smart Megawatts"

Source: RWE

Strong political commitment to achieve ambitious climate targets

Climate commitments and renewable energy

- > EU target of 20% CO₂ emissions reduction by 2020 strongly supported by all member states
- > Pioneering role by Germany and UK with national renewable energy targets exceeding EU commitment
- > Economic and financial considerations are increasingly taken into consideration when setting regulatory framework conditions
- > Copenhagen climate summit without any result

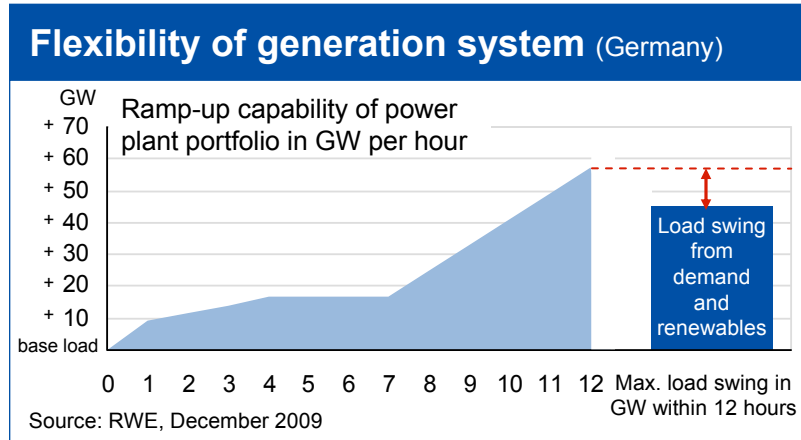
EU Emission Trading Scheme

- > NAP 3 framework set for power sector
- > Banking opportunity between phase 2 and 3 of EU Emission Trading Scheme (EU ETS)

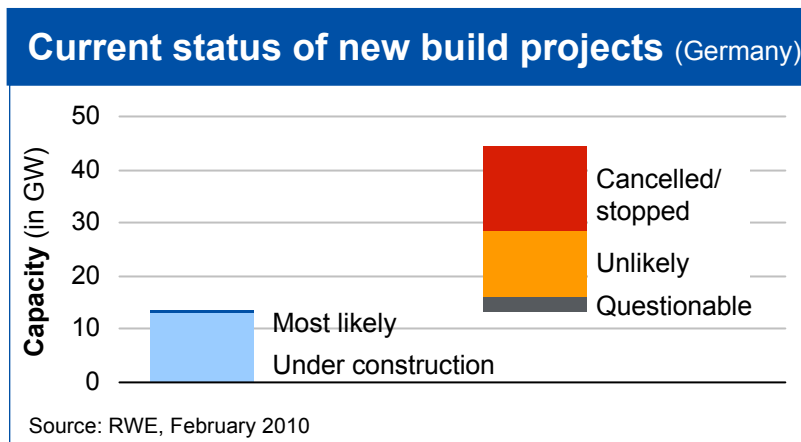
German nuclear legislation

- > Thorough analysis of nuclear energy as part of the overall national energy plan which is expected for October 2010
- > Nuclear energy considered a bridge technology
- > Lifetime extension is expected

Growing number of cancellations increases efficiency gap and value of our new-build projects



- > Rising share of renewables generation will lead to:
 - Increase of load swings in the system
 - Price spikes and negative prices due to lack of flexibility in current power plant portfolio
 - Shut downs of old inefficient and inflexible power plants
- > The efficiency gap is amplified by increasing number of cancellations and delays of new-build projects
 - Eight large power plant projects with a combined capacity of 8.6 GW cancelled in the last 12 months
 - Local public opposition and quality problems cause delays in projects under construction



Dramatic changes in the gas market create risks but provide opportunities for a well-managed portfolio

The old days

- > Distributors closed long term contracts:
 - Producers aim to cover investment cost
 - Linkage to substitute fuels to ensure competitiveness of gas
- > Distributors have secured supply and retained flexibility (weather dependency)
- > “Take-or-Pay” of typically 90%
- > Customer contracts priced at cost plus

The new market

- > Hybrid situation:
 - long-term oil-indexed gas contracts, and
 - liquid markets with fixed price gas trading
- > Decoupling of supply and demand:
 - managing the gas-to-oil spread
 - potential to procure back-to-back from wholesale market
- > Customer contracts increasingly priced at gas wholesale price level



- > **Potential of price differentials between long-term procurement contracts and wholesale market prices, with risk of negative gas-to-oil spreads**
- > **Opportunity to manage flexibilities provided in long-term procurement contracts**

Essent further increases robustness of our portfolio – integration is well underway

Generation

- > Increased exposure to flexible mid-merit portfolio
- > Transfer of Eemshaven project to Essent
- > Application of biomass co-firing expertise to RWE power plants

**Essent's stand-alone
EBIT and EBITDA CAGR
2008 – 2012 of
approximately 10%**

**ROCE \geq 9.5%
from 2012 onwards**

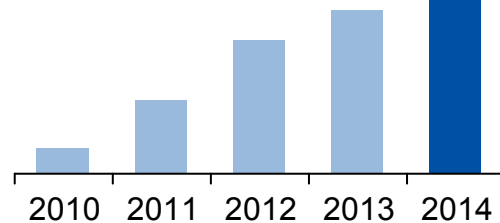
Retail

- > Integration of RWE's Dutch customer portfolio into Essent
- > Elimination of parallel client service systems
- > Cost savings from combined marketing and branding efforts

Renewables

- > Joint operation of wind assets by RWE Innogy
- > Streamlining of combined development pipeline
- > Leveraging of RWE Innogy's component framework agreements for Essent projects

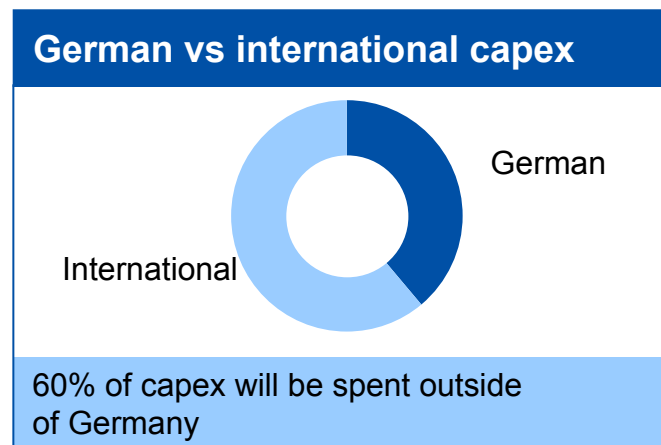
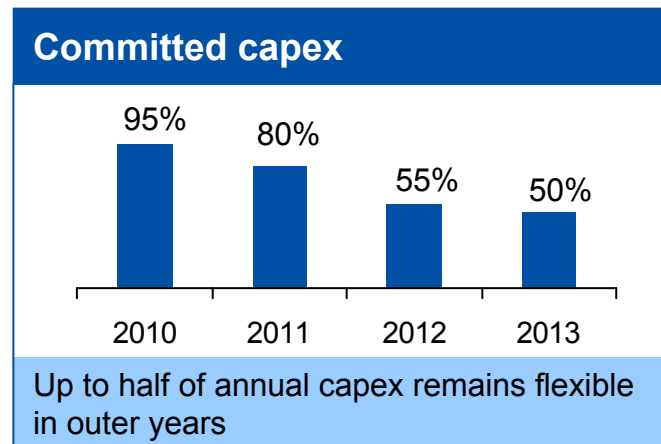
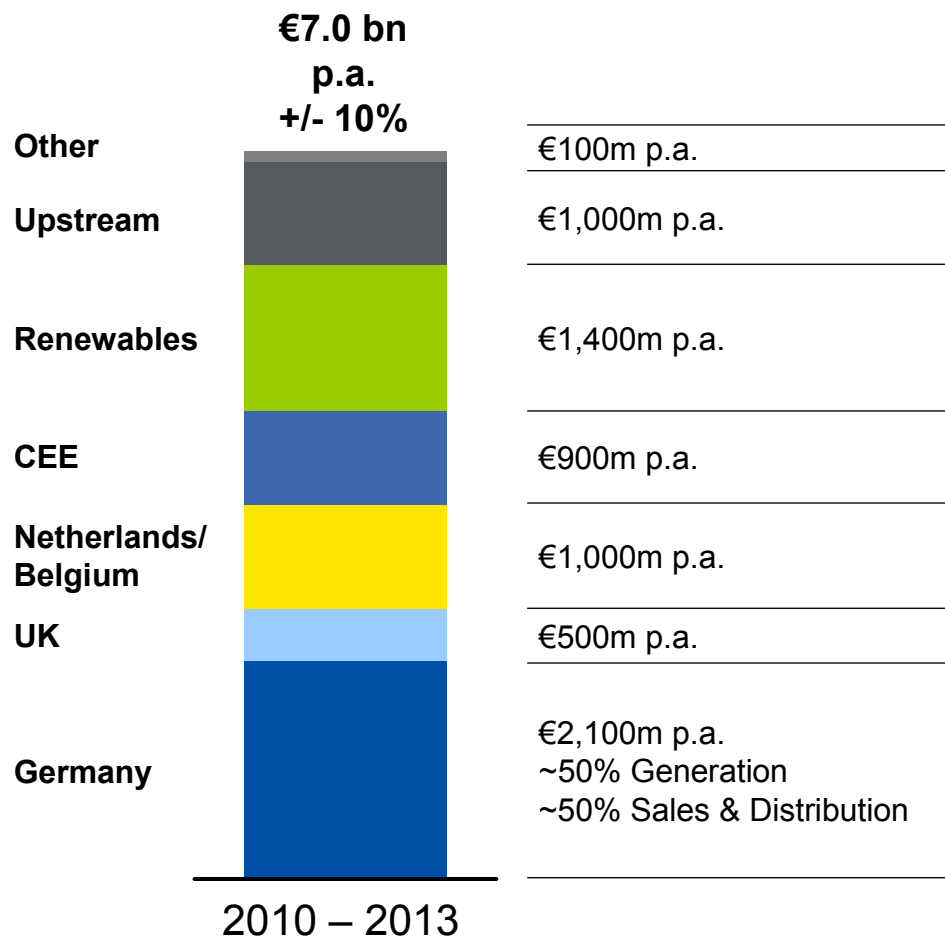
Gross synergies >€100m



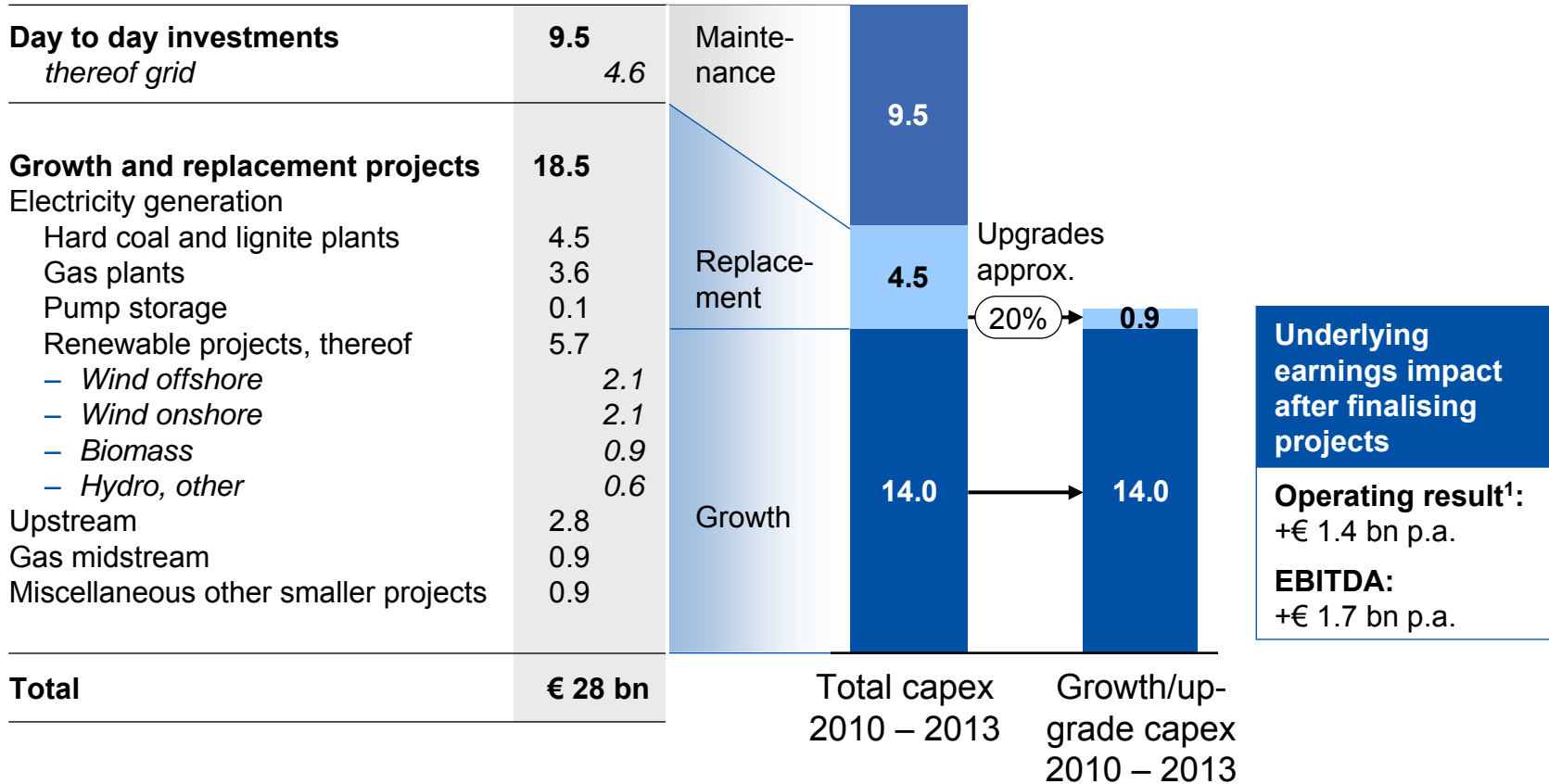
Supply & Trading

- > Standardisation of trading and risk management systems
- > Central management of gas procurement portfolios and storage flexibility

Continuous investment commitment: €28 bn capex programme 2010 – 2013



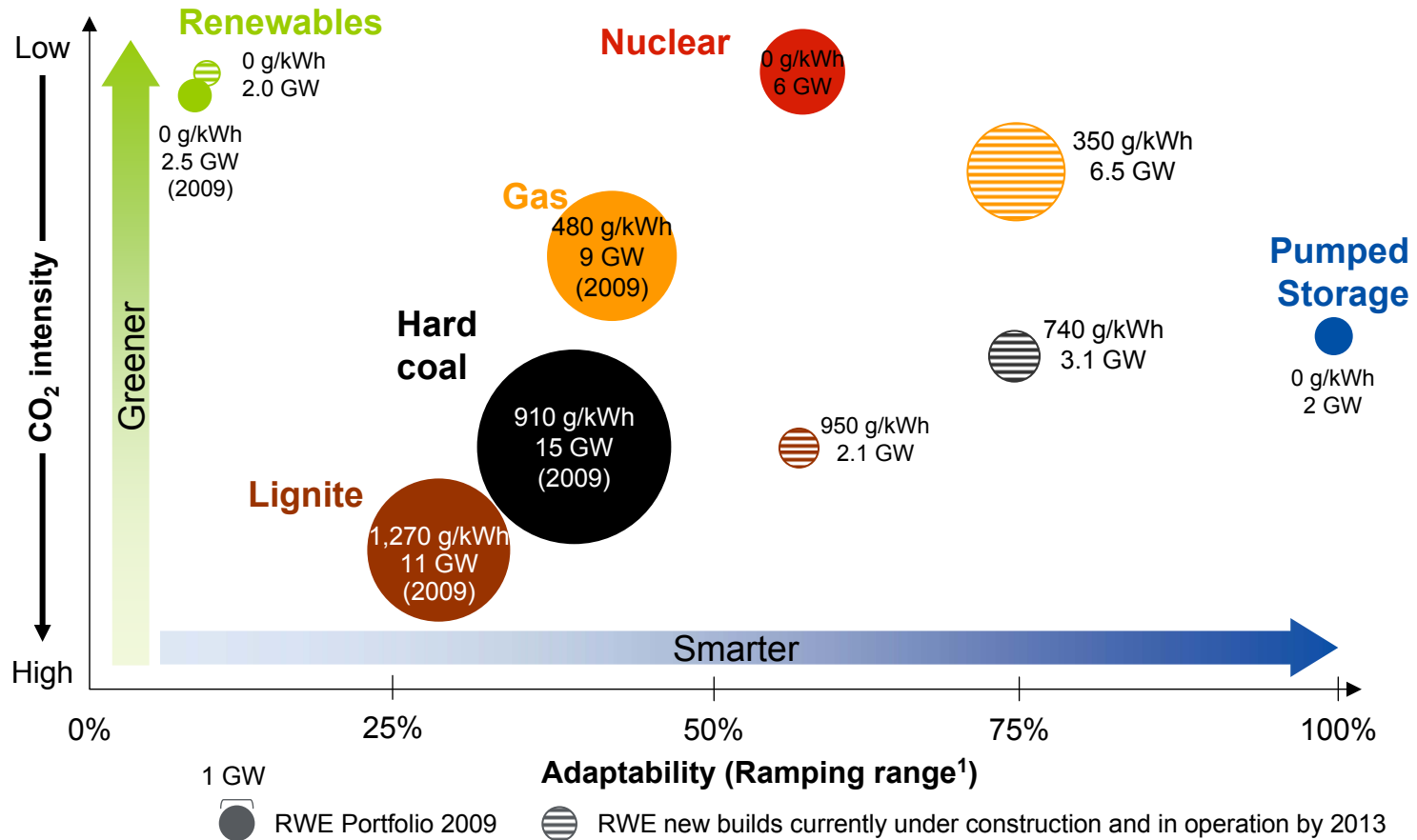
Focus on low carbon organic growth and efficiency enhancement



¹ Average impact. Depending on depreciation period, operating result lower in early years and higher in later years

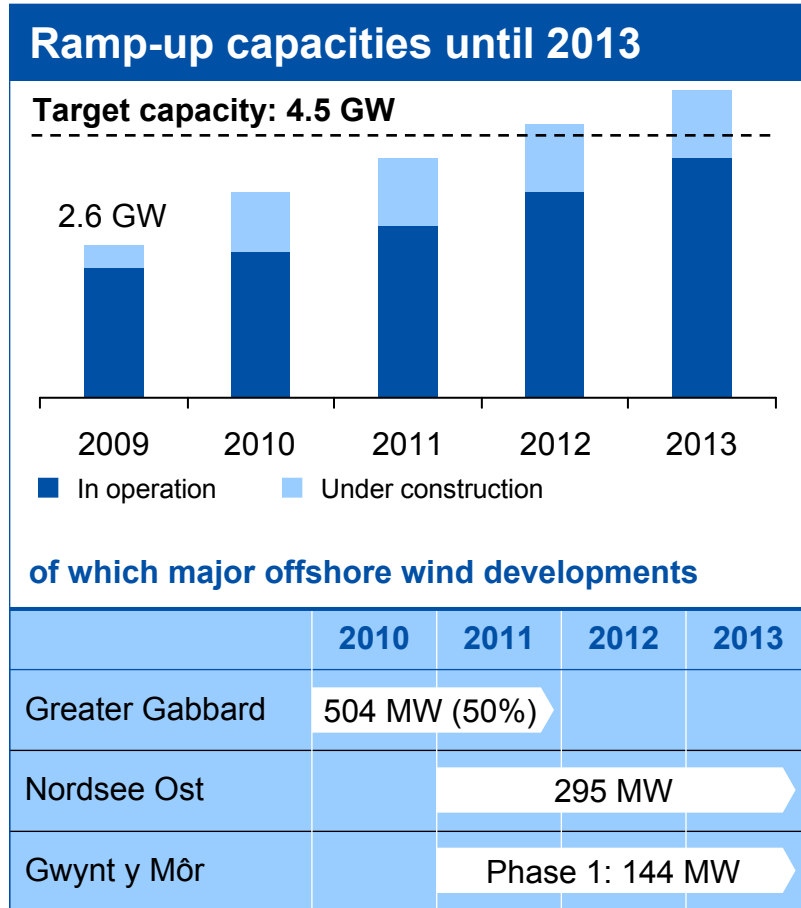
Diverse new-build programme will enhance flexibility and reduce specific CO₂ exposure

Generation portfolio 2009 vs. power plants under construction



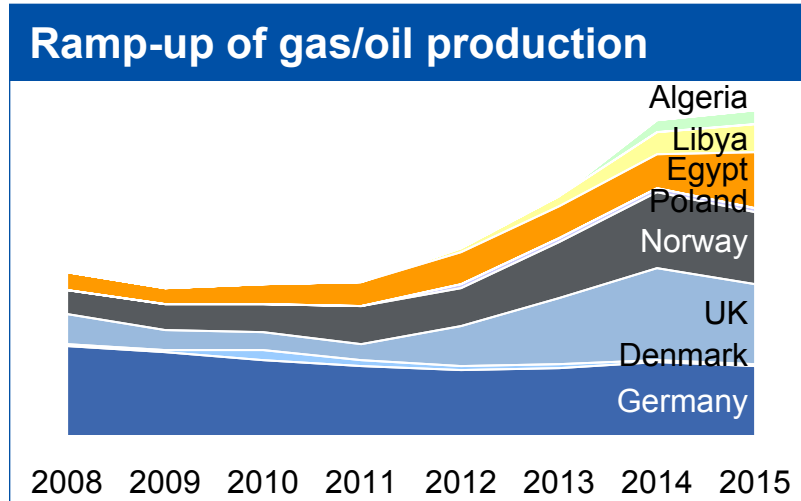
¹ Δ between min and max load

Renewables: RWE Innogy on the way to significant carbon-free profits



- > Capacity of 4.5 GW in operation or under construction by 2012
- > Targeted operating result of €500 million p.a. by 2013
- > Risk diversification across geographies, technologies and incentive mechanisms
- > Value enhancement by addressing bottlenecks (e.g. installation vessels, pellet sourcing)

RWE Dea: Defined development projects secure future earnings growth



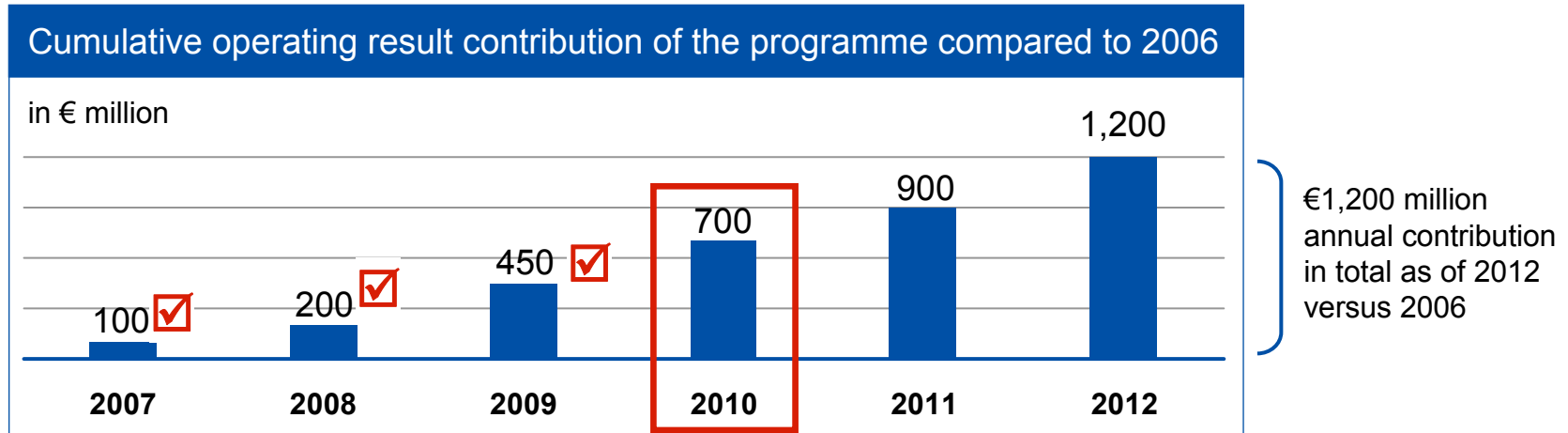
- > Doubling of gas and oil production by 2015 at the latest
- > Organic growth through designated development projects
- > Increasing production volumes leading to economies of scale
- > Targeted operating result of €900 million p.a. in 2013 despite delays in individual projects

Largest field developments

Production start	2010	2011	2012	2013	2014	2015	2016	2016 Target production
(Status as of December 31, 2009)								
West Nile Delta (Egypt)								n/a ¹
Breagh (UK)								7.0 mmboe
Reggane (Algeria)								n/a ²
Luno (Norway)								5.3 mmboe
Gjøa (Norway)								2.2 mmboe

¹ Under negotiation ² Confidential

Group efficiency enhancement programme on track



- > Fully accretive to operating result (i.e. post cost inflation and one-off cost of programme)
- > Underpinned by a significant portfolio of projects across the group. For example:
 - Cost savings by RWE's German sales & distribution businesses (e.g. merging of call centres, standardisation of back-office processes, bundling of purchasing in IT and grid maintenance)
 - Key performance improvement projects in RWE Power and RWE npower to increase thermal efficiency, availability and capacity of existing stations as well as regular cost cutting measures

Outlook for 2010

		2009 € million	2010 forecast
EBITDA		9,165	+ 5 – 10%
Operating result		7,090	+ ca. 5%
Recurrent net income		3,532	+ ca. 5%
Dividend	€	3.50	Payout ratio 50% – 60% ¹
Capex on fixed assets	€bn	5.9	ca. 7.0

¹ Based on recurrent net income

Mid-term outlook: Major assumptions

The mid-term guidance for 2012 and for 2013 is based on the following assumptions as well as the nuclear phase out according to current legislation.

	2012	2013
Average realised German electricity price (€/MWh)	≥60	≥60
Carbon costs (€/t CO ₂)	<20	20 – 30
Oil price (\$/bbl)	≥80	≥80
Gas prices (NBP and TTF) (€/MWh)	≥25	≥25
f/x rate €//\$	1.40	1.40
f/x rate €/GBP	0.85	0.85

Mid-term outlook: Update on last year's guidance for 2012 versus 2008

	2008 reported € million	February 2009 forecast 2012 versus 2008 ¹	February 2010 forecast 2012 versus 2008 ¹
Operating result	6,826	CAGR + 5 - 10%	CAGR + ca. 5%
Recurrent net income	3,367	CAGR in the order of + 10%	CAGR + ca. 5%

Reasons for lower earnings expectations

- > Project delays:
 - Power plant projects (e.g. BoA 2/3 Neurath, Hamm)
 - Development of gas/oil fields at RWE Dea
- > Commodity price assumptions
 - Lower gas and electricity margins
 - Tighter generation spreads

¹ Excluding Essent

Mid-term outlook: Outlook for 2013 and dividend target

	2009 reported € million	2013 forecast versus 2009
EBITDA	9,165	above 2009
Operating result	7,090	above 2009
Recurrent net income	3,532	above 2009

Dividend target 2010 – 2013




Dividend	€	3.50	Payout ratio 50% – 60% ¹ with goal to at least match the previous year's dividend for each fiscal year from 2010 to 2013
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¹ Based on recurrent net income.

“Managing the value drivers – How we optimise our long and short positions”

Dr. Leonhard Birnbaum, CSO

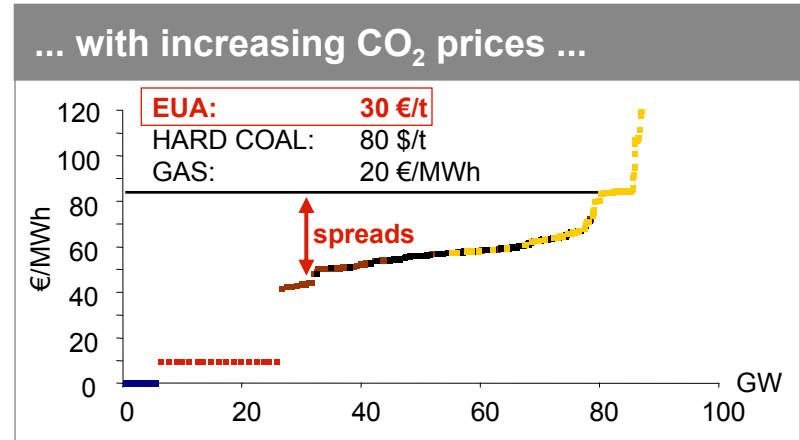
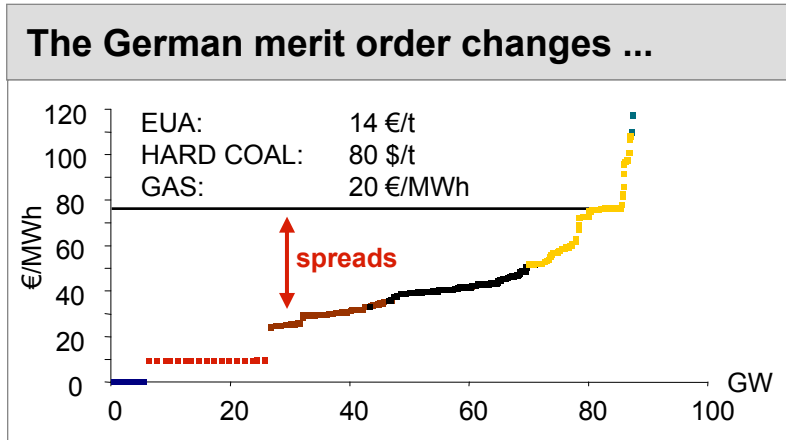
RWE's three biggest positions – and our strategy to manage them

Problems you think we have		Options we have to solve them	
“short” CO₂		Managing “short” CO ₂ position physically and financially	Target: “Market Average”
“long” Power		Managing “long” generation options via strategic portfolio management, prudent forward selling and asset optimisation	“long” Generation Options
“long” Gas		Managing “long” gas and “long” supply options by consolidating the group’s entire gas positions and by optimising utilisation of overall contract portfolio	“long” Supply Options

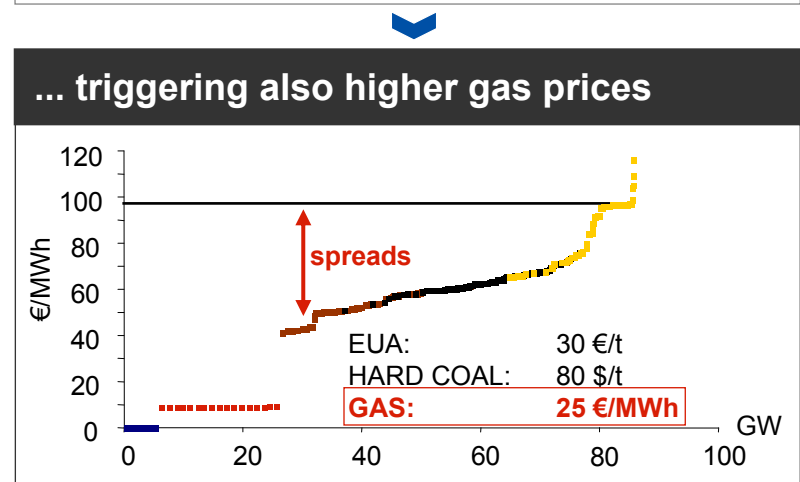


A well balanced generation portfolio is more important than a CO₂ reduction at any price

Illustrative



- > Rising CO₂ prices result initially in an increasing utilisation of gas plants due to an improved merit order position
- > A stronger demand for gas will push up gas prices
- > Rising gas prices will leverage power prices and consequently lead to higher nuclear spreads and a CO₂ cost compensation for lignite plants

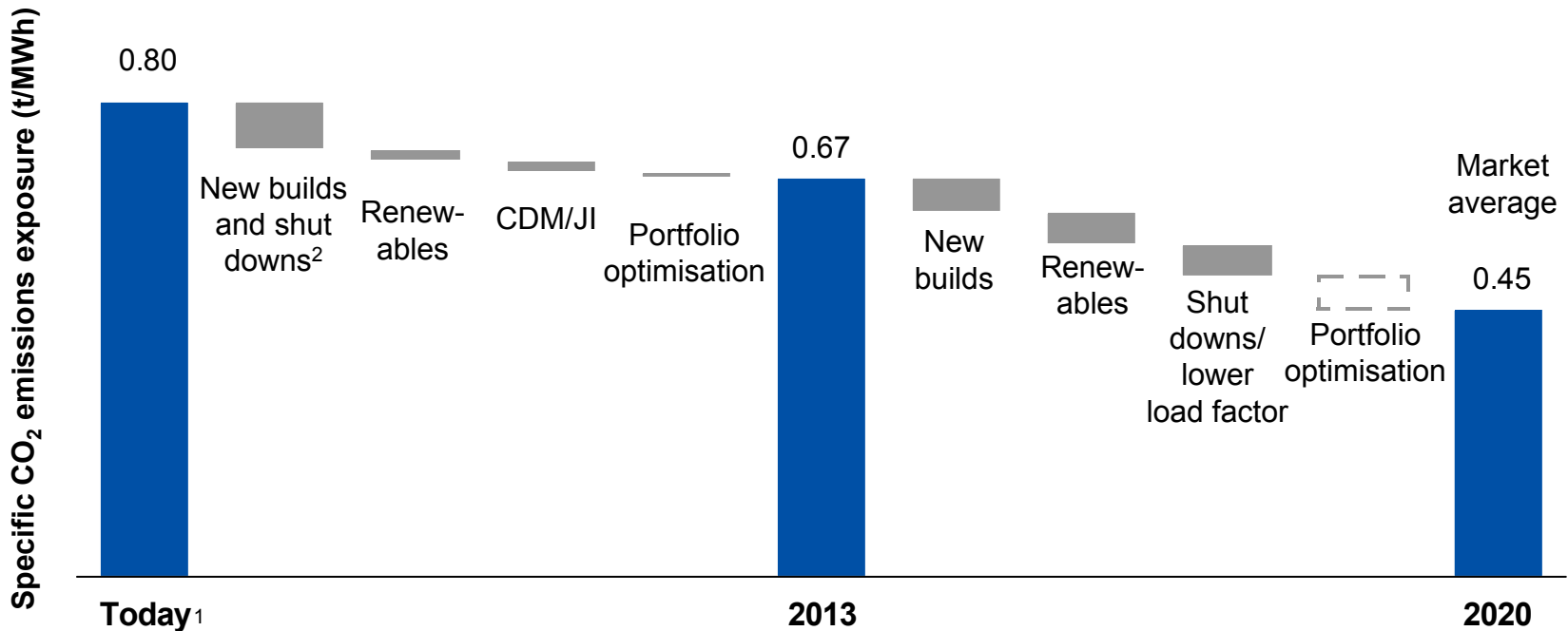


■ run-of-river ■ nuclear ■ lignite ■ hard coal ■ gas ■ oil



Managing CO₂: We complement physical measures by comprehensive financial optimisation

- > Our large low carbon new-build programme as well as our investments in renewables will lead to substantial improvement of our CO₂ intensity until 2013
- > For phase 3 (2013-2020) we aim to reach a “market average” position in terms of our exposure to changes in CO₂ prices



¹ Assumes standardised load factors for RWE portfolio including Essent based on commodity price levels and power demand in 2007-2009

² Conventional new builds currently under construction and agreed plant shut down; assumes nuclear lifetime extension



Physical measures: New-build projects can reduce our CO₂ exposure by some 14 % by 2013

New-build projects			Shutdowns / load factor reductions			CO ₂ reduction by 2013	
						Relative	Absolute
Lingen	887 MW	0.34t/MWh	Fossil mix	4 TWh	0.75t/MWh	-0.41 t/MWh	-2 m t p.a.
BoA Neurath	2,100 MW	0.95t/MWh	Lignite	2,160 MW	1.35t/MWh	-0.40 t/MWh	-6 m t p.a.
Hamm	1,528 MW	0.74t/MWh	Fossil mix	10 TWh	0.75t/MWh	>0 t/MWh	>0 m t p.a.
Staythorpe	1,650 MW	0.35t/MWh	Fossil mix	8 TWh	0.75t/MWh	-0.40 t/MWh	-3 m t p.a.
Pembroke	2,188 MW	0.34t/MWh	Fossil mix	10 TWh	0.75t/MWh	-0.41 t/MWh	-4 m t p.a.
Moerdijk	426 MW	0.35t/MWh	Fossil mix	2 TWh	0.75t/MWh	-0.40 t/MWh	-1 m t p.a.
Claus C	1,304 MW	0.35t/MWh	Fossil mix	6 TWh	0.75t/MWh	-0.40 t/MWh	-2 m t p.a.
Eemshaven	1,560 MW	0.59t/MWh ¹	Fossil mix	11 TWh	0.75t/MWh	-0.16 t/MWh	-2 m t p.a.
Renewables	2,000 MW	0.00t/MWh	Fossil mix	7 TWh	0.75t/MWh	-0.75 t/MWh	-5 m t p.a.
Total CO₂ emissions reduction							-25 m t p.a.
Reduction compared to current average yearly emissions of 180 m t p.a.							>14%²

¹ Assumes 20% biomass co-firing

² Assumes constant electricity generation output of 220 TWh per annum

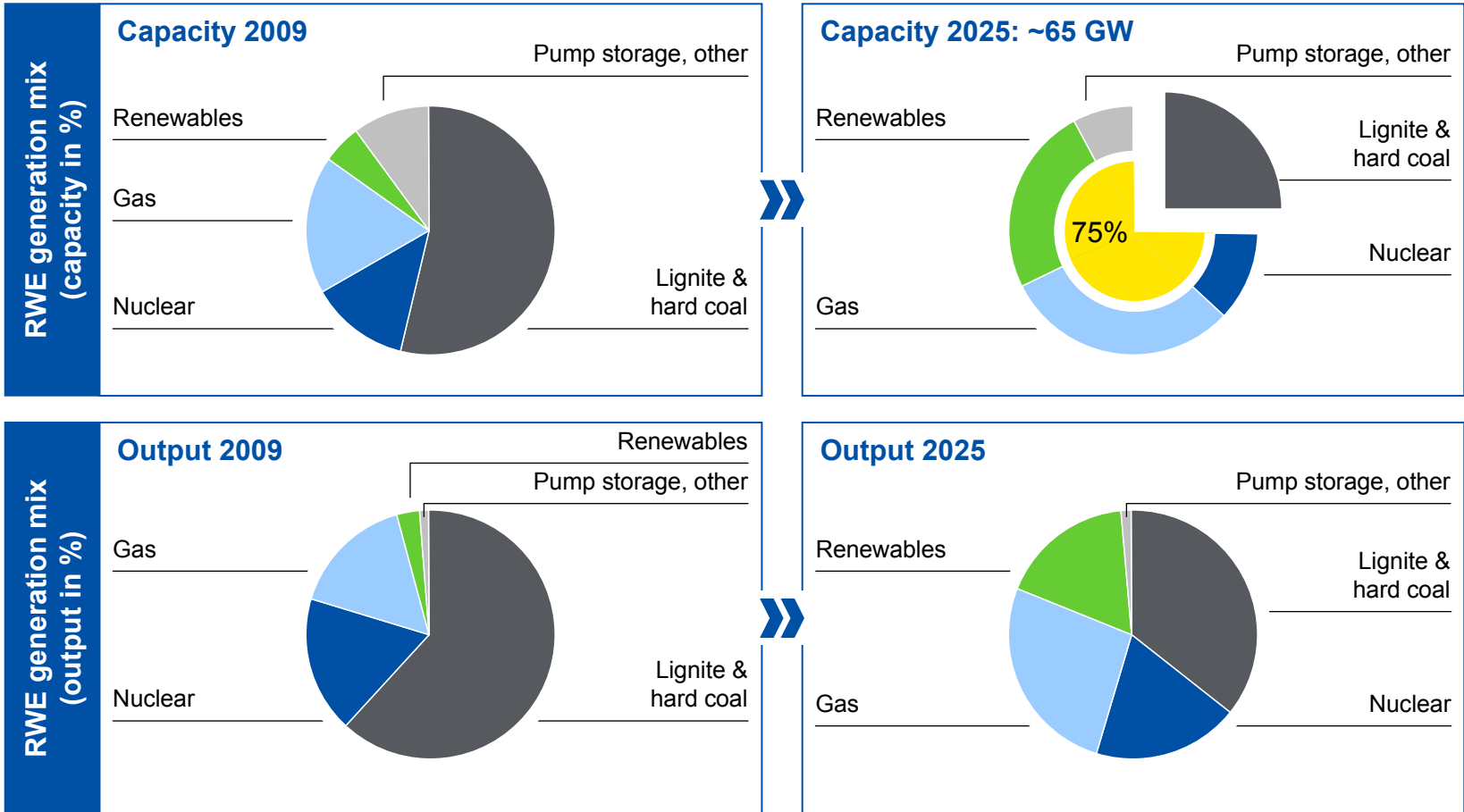


Non-physical measures: Balancing CO₂ risks

<p>CDM/JI</p>	<ul style="list-style-type: none"> > Allowance to cover up to 100 million tons via CDM/JI projects > Secured projects to procure 75 million tons of CO₂ (44 million tons of CO₂ adjusted for project risks) > Average achieved project price below current market price for Certified Emission Reductions (CERs) 						
<p>Portfolio optimisation</p>	<table border="1"> <tr> <td data-bbox="542 639 813 848"> <p>Asset swaps</p> </td> <td data-bbox="819 639 1785 848"> <ul style="list-style-type: none"> > Swap of generation assets to improve fuel and load mix: <ul style="list-style-type: none"> – e.g. swap of lignite/hard coal capacity against hydro capacity </td> </tr> <tr> <td data-bbox="542 852 813 1053"> <p>Long term supply contracts</p> </td> <td data-bbox="819 852 1785 1053"> <ul style="list-style-type: none"> > Long-term supply contracts with full transfer of CO₂ position: <ul style="list-style-type: none"> – 2013 – 2020 lignite based supply contract (264 MW) – 2013 – 2037 lignite based supply contract (110 MW) </td> </tr> <tr> <td data-bbox="542 1058 813 1263"> <p>Procurement of CO₂ certificates</p> </td> <td data-bbox="819 1058 1785 1263"> <ul style="list-style-type: none"> > Building of position in CO₂ certificates (EUAs) to support our move towards market average CO₂ exposure in next compliance period (2013 – 2020) </td> </tr> </table>	<p>Asset swaps</p>	<ul style="list-style-type: none"> > Swap of generation assets to improve fuel and load mix: <ul style="list-style-type: none"> – e.g. swap of lignite/hard coal capacity against hydro capacity 	<p>Long term supply contracts</p>	<ul style="list-style-type: none"> > Long-term supply contracts with full transfer of CO₂ position: <ul style="list-style-type: none"> – 2013 – 2020 lignite based supply contract (264 MW) – 2013 – 2037 lignite based supply contract (110 MW) 	<p>Procurement of CO₂ certificates</p>	<ul style="list-style-type: none"> > Building of position in CO₂ certificates (EUAs) to support our move towards market average CO₂ exposure in next compliance period (2013 – 2020)
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Prepared for post-Kyoto: Our generation portfolio is set to be 75 % “zero or low carbon” by 2025





Maximising commercial value through asset optimisation of generation capabilities



RWE AG

- > Overall hedge strategy and policy

Asset companies

- > Optimise commercial availability of plants
- > Maximise efficiencies and minimise cost
- > Position gradually transferred to RWE Supply & Trading

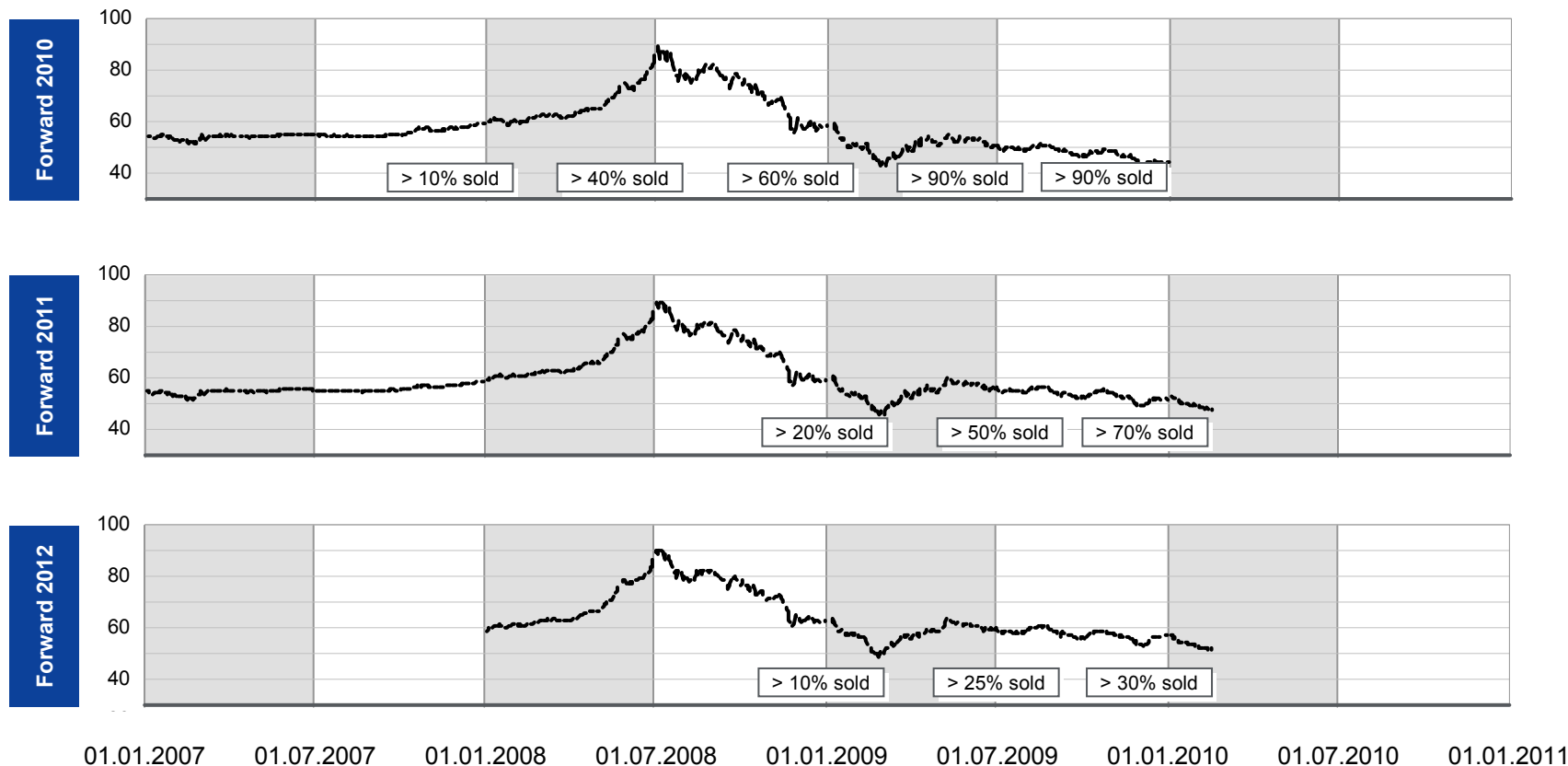
RWE Supply & Trading

- > Integrated optimisation of power plant flexibility
- > Asset-backed trading team working alongside proprietary desks
- > Daily "make or buy" decision depending on spot prices and spreads



Forward selling: Prudent hedging secures predictable returns of our generation fleet

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



(average realised price for forward 2008: €58/MWh, for forward 2009: €70/MWh)

¹ Forward selling as of February 1, 2010; price data as of February 17, 2010



Asset optimisation: Realising a premium to the forward price

As the generation fleet margin has already been secured via forward selling, we can decide every day if we produce the contracted power at the locked-in spread or buy the power in the market instead

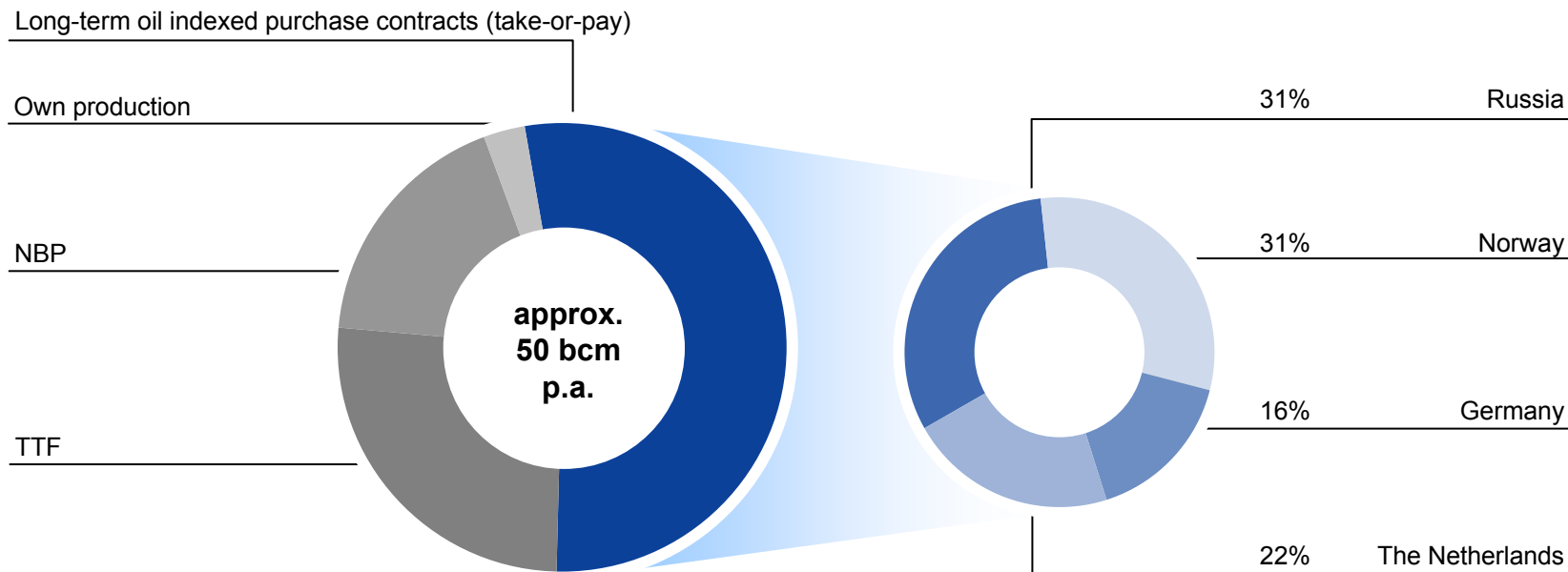
An illustrative example

RWE sold forward Q1 2010 power generation from hard coal units in Q2 2008		Now, in Q1 2010 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	Spot 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
Realised Clean Dark Spread	+15€/MWh



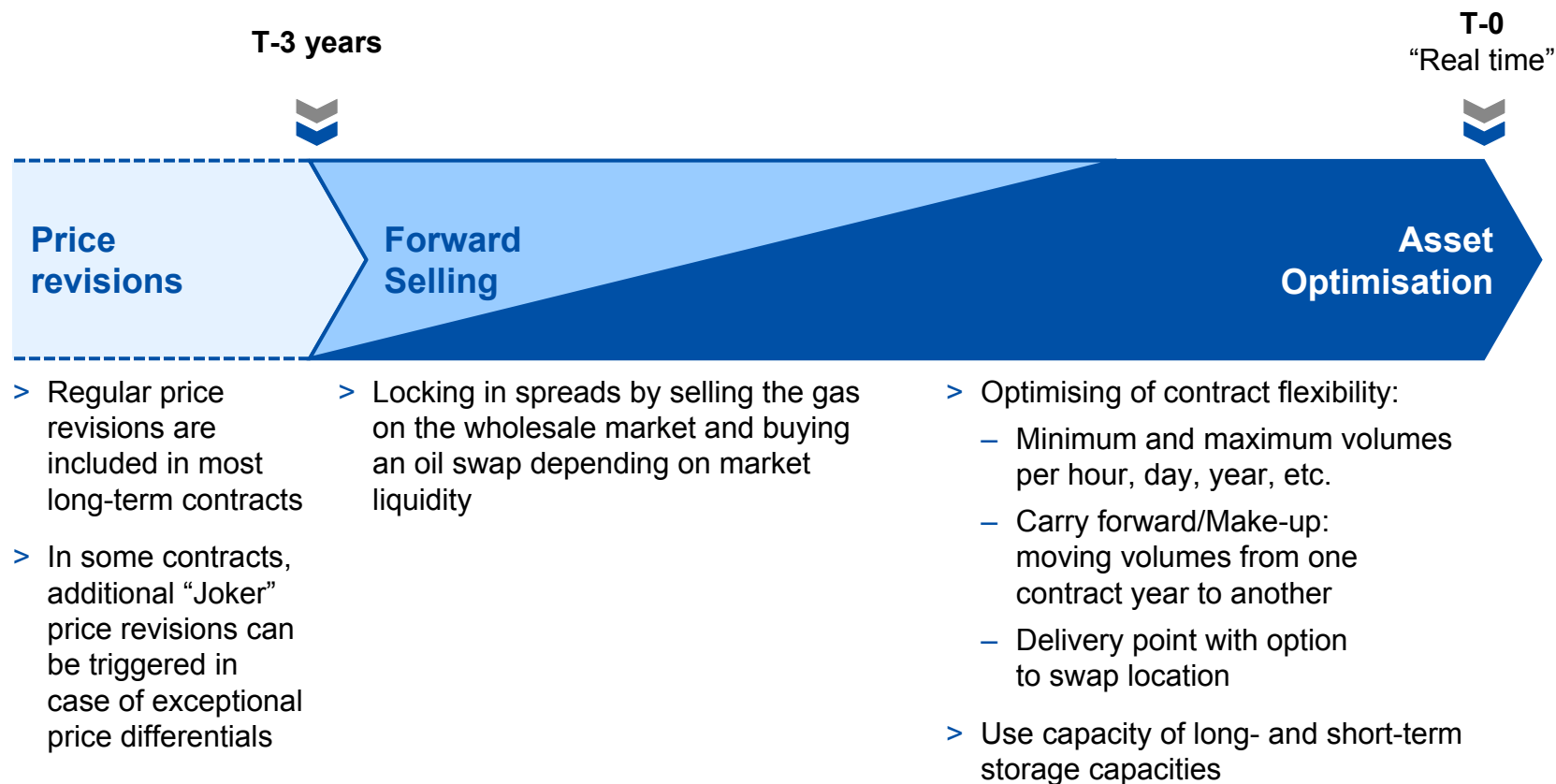
RWE's gas procurement portfolio is only partly exposed to the gas-to-oil spread



- > Our gas procurement portfolio is solely managed by RWE Supply & Trading
- > ~54% or 27 bcm of overall gas procurement based on long-term oil-indexed purchase contracts
 - thereof ~16 bcm carry a gas-to-oil spread exposure which is actively managed



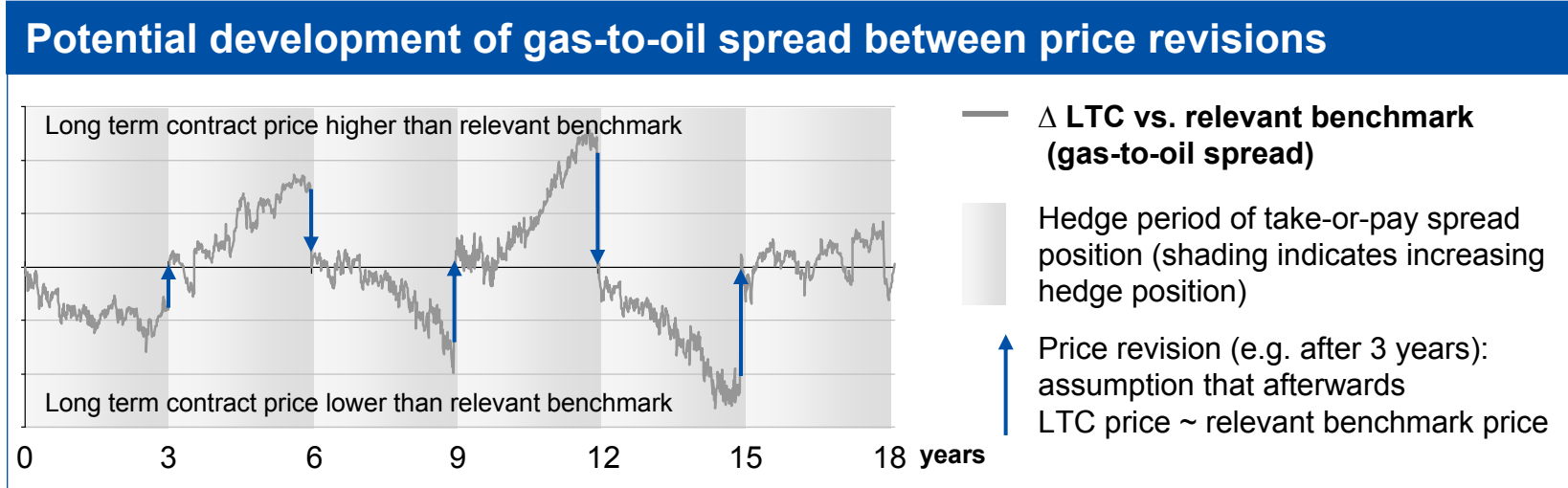
We optimise our gas portfolio in a similar way to power generation





Price revisions and market liquidity determine forward-selling strategy

Illustrative

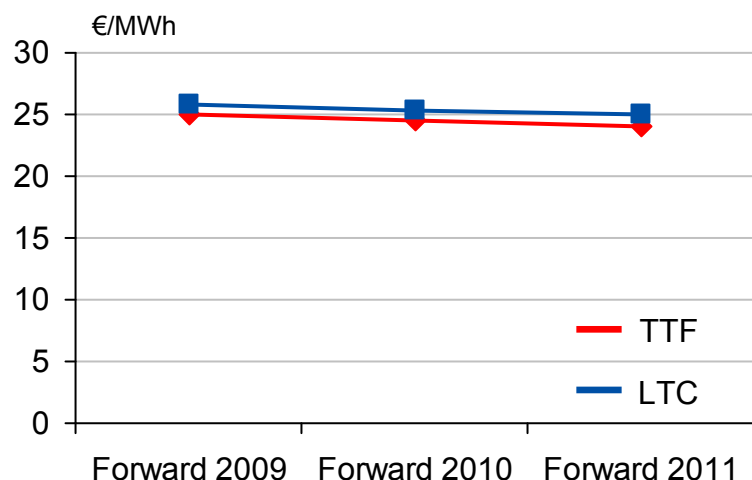


- > A certain amount (~90%) of the long-term contracts is take-or-pay, which represents a gas-to-oil spread position (comparable to a coal plant which represents a power to coal spread position)
- > Depending on market liquidity, we can hedge the spread position over a certain time period until the next price revision date (blue arrow) by selling forward the gas and buying an oil swap
- > Once fully hedged we are not exposed to further changes in the gas-to-oil spread anymore, but continue to optimise our position



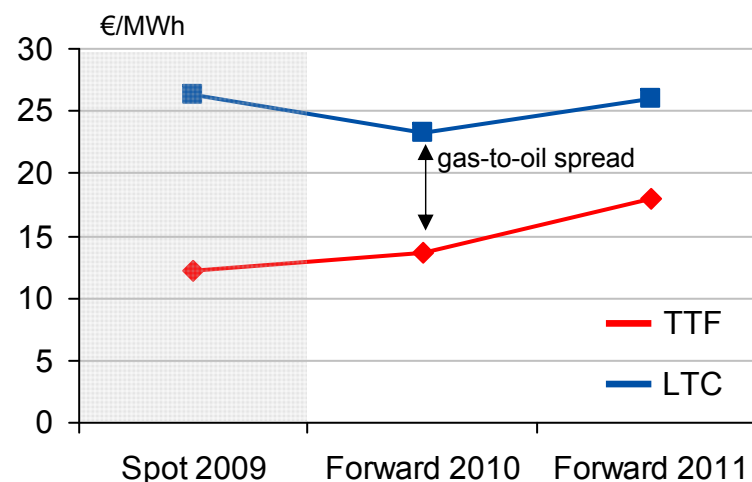
Forward selling: Minimising our exposure to gas-to-oil spread of our long-term contracts

January 2008



In January 2008 long-term oil-indexed gas contracts – at then prevailing oil forwards – were almost on a par with TTF-forwards at that time

January 2010



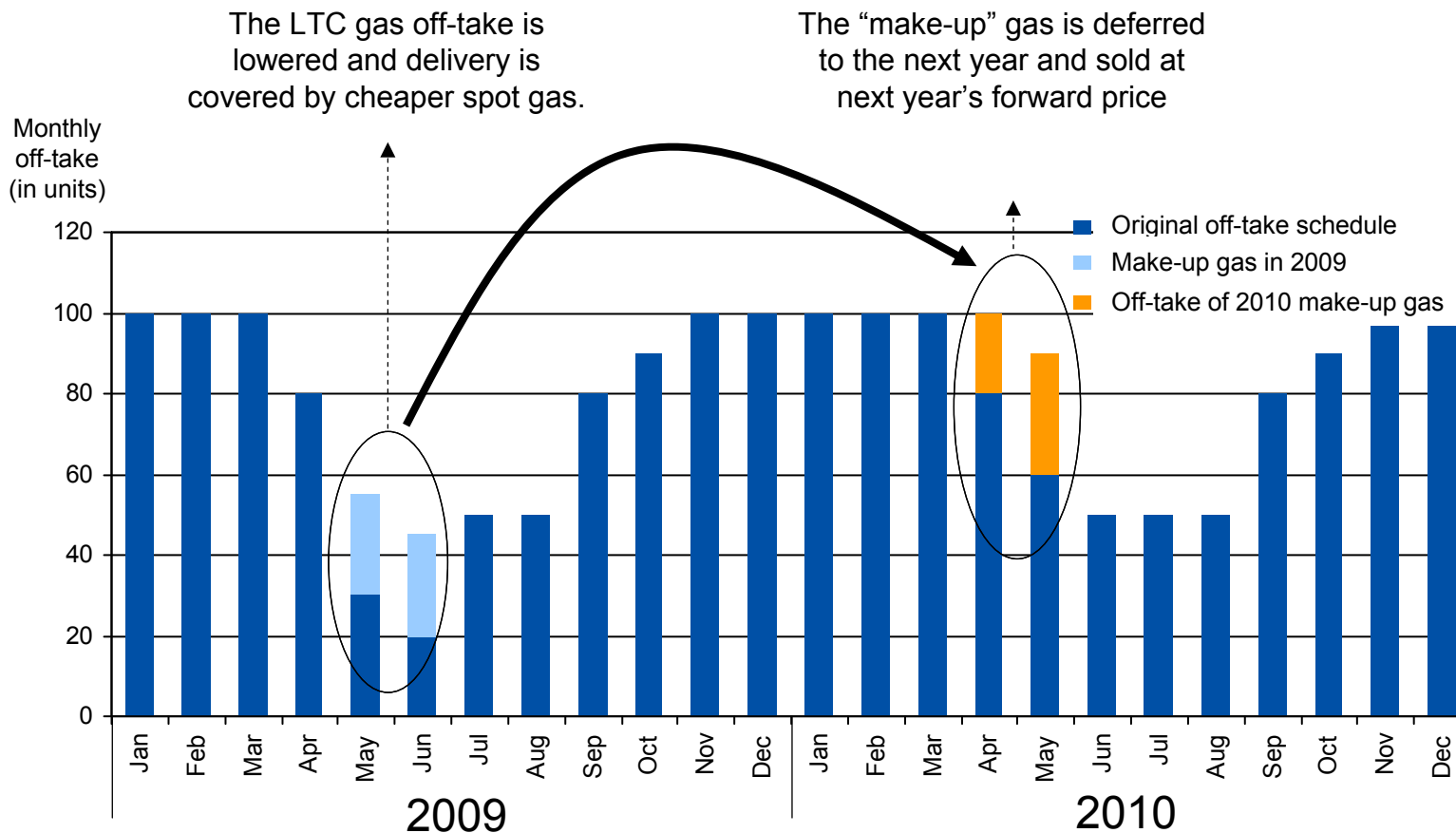
Looking back at 2009, TTF spot prices traded clearly below price levels of long-term oil indexed contracts. The spread for forward years is still large but narrowing

LTC = long-term contract



Asset optimisation: We can defer volumes to later years via “make-up” gas

Illustrative



LTC = long-term contract

2013 is a challenge – but we manage our assets to minimise the impact

- Our assets represent options until physical delivery
- We lock in the intrinsic value of these options early on to reduce risk (e.g. from gas price decoupling)
- On top, we monetise the time value of our options to generate premium returns
- We have the processes, structures and systems to do so

Strong performance in uncertain times

Dr. Rolf Pohlig, CFO

2009 – a successful year

- All financial targets for 2009 achieved – EBITDA, operating result and recurrent net income on record high levels
- Approximately €1 bn burden from Biblis outage digested
- Essent acquisition including financing completed; slightly positive contribution to recurrent net income in 2009 already
- Solid financial position

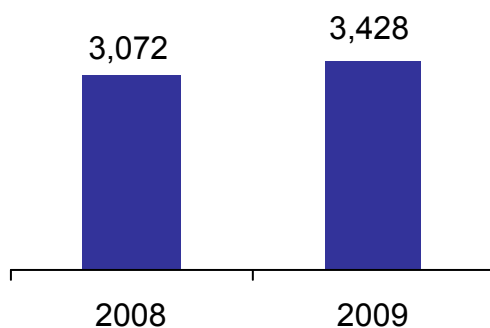
RWE Group key performance indicators

January – December € million	2009	2008	change in %
External revenue	47,741	48,950	-2.5
Cash flows from operating activities	5,299	8,853	-40.1
EBITDA	9,165	8,773	4.5
Operating result	7,090	6,826	3.9
Non-operating result	498	-485	202.7
Financial result	-1,990	-1,475	-34.9
Income from discontinued operations	91	-567	116.0
Net income	3,571	2,558	39.6
Recurrent net income	3,532	3,367	4.9
Average number of shares (thousands)	533,132	538,364	-1.0
Earnings per share (EPS) (€)	6.70	4.75	41.1
Recurrent EPS (€)	6.63	6.25	6.1

Performance of the Germany division (I) – Power Generation business area (RWE Power)

Operating result: +11.6 %

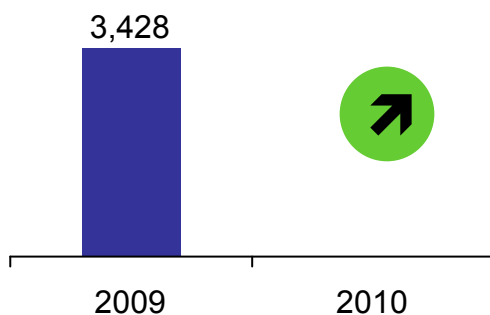
€ million



- ⊕ Higher realised electricity prices and lower volumes (+€490 million) including margin impact of Biblis outage (-€790 million)
- ⊖ Increased costs due to higher fuel prices (-€360 million)
- ⊕ Lower costs for CO₂ certificates (+€130 million)
- ⊖ Higher staff and fixed operating and maintenance costs (-€230 million), especially Biblis

Guidance for 2010: Significantly above previous year

€ million

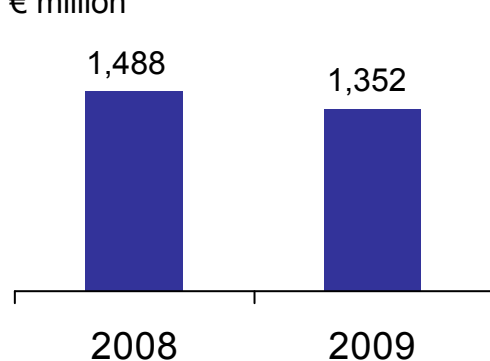


- ⊕ Higher availability of Biblis nuclear power plant
- ⊕ Lower fuel costs and costs for CO₂ emission certificates
- ⊕ Lower fixed operating and maintenance costs
- ⊖ Increased staff costs

Performance of the Germany division (II) – Sales and Distribution Networks business area

Operating result: -9.1%

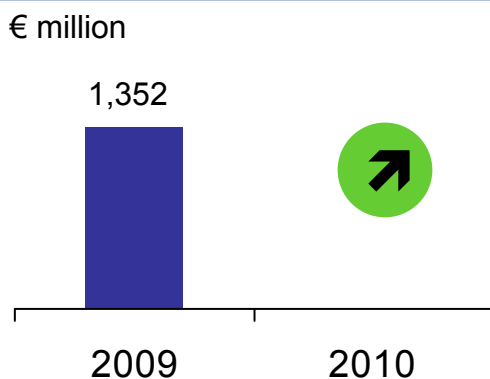
€ million



- Negative impact of gas-to-oil spread
- + Optimised electricity purchasing portfolio

Guidance for 2010: Above previous year

€ million

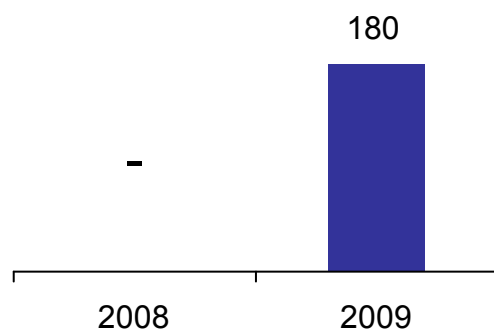


- + Absence of negative impact of gas-to-oil spread in previous year
- + Improved earnings in electricity and gas supply
- German grid regulation – refunding of excess proceeds (“Mehrerlösabschöpfung”)
- + Efficiency enhancements

Performance of the Netherlands/Belgium division (Essent)

Operating result:

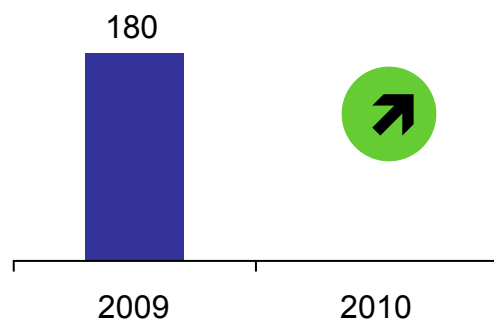
€ million



- + First-time consolidation of Essent in Q4 2009 (+€141 million)
- + Positive earnings contribution of RWE Energy Nederland in Q4 2009 (+€39 million)

Guidance for 2010: Significantly above previous year

€ million

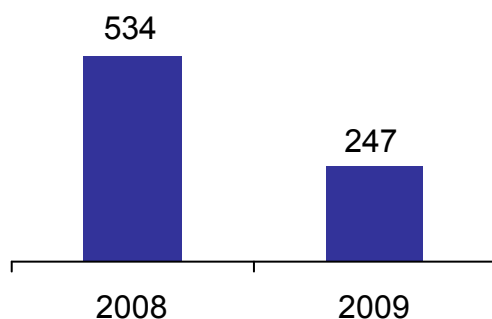


- + Full-year consolidation of Essent in 2010
- Earnings of Essent's proprietary trading activities will be reported in the Trading / Gas Midstream division. Earnings of Essent's wind activities will be reported in the renewables division.

Performance of the United Kingdom division (RWE npower)

Operating result: -53.7 %

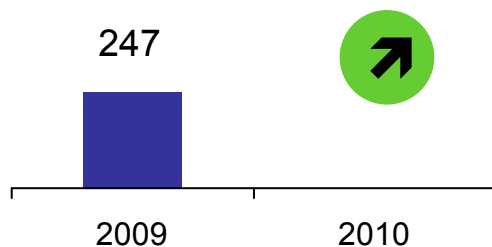
€ million



- Negative f/x effects (-€27 million)
- + Cost & efficiency improvements (€120 million)
- Power generation:
 - Lower generation spreads
 - Reduced income from asset optimisation
- Retail:
 - Higher procurement costs
 - Burden from governmental programmes (ca. -€80 million)

Guidance for 2010: Slightly above previous year

€ million

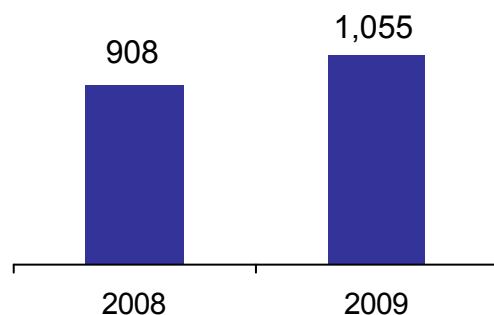


- + Sustained cost & efficiency improvements
- Power generation
 - Lower generation spreads
 - + Commissioning of Staythorpe CCGT in H2 2010
- Retail:
 - Burden from governmental programmes
 - + Slight reduction in energy purchasing costs

Performance of the Central & Eastern Europe division

Operating result: +16.2 %

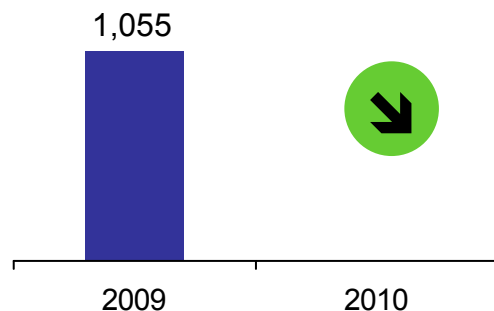
€ million



- + Czech Republic: Higher margins in the Czech gas supply business and improved gas network margin
- + Higher contribution from Mátra, partly due to sales of electricity generation from biomass
- + Efficiency improvements in Hungary
- Lower volumes in the Hungarian electricity and Czech gas sales business
- Negative f/x effects

Guidance for 2010: Below previous year

€ million

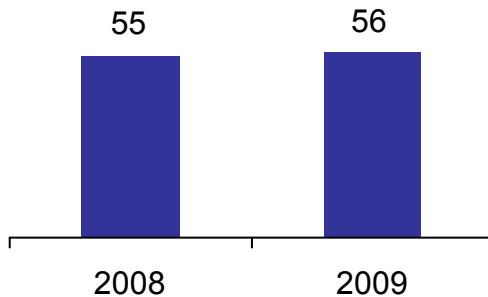


- Lower gas margins in the Czech gas sales business
- Lower sales and generation margins in Hungary
- + Efficiency improvements
- + Higher earnings contribution from our Czech gas network company

Performance of the Renewables division (RWE Innogy)

Operating result: +1.8 %

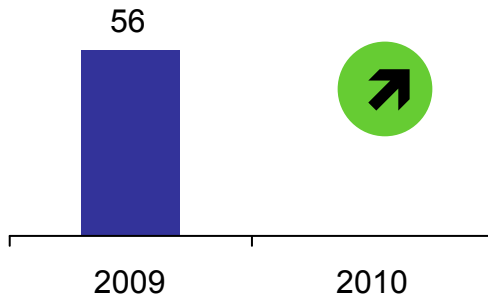
€ million



- + First-time full consolidation of Urvasco Energía and acquisition of Danta de Energías
- + Commissioning of new wind farms
- Upfront costs of large investment programme
- Higher staff costs
- Lower electricity prices

Guidance for 2010: Significantly above previous year

€ million

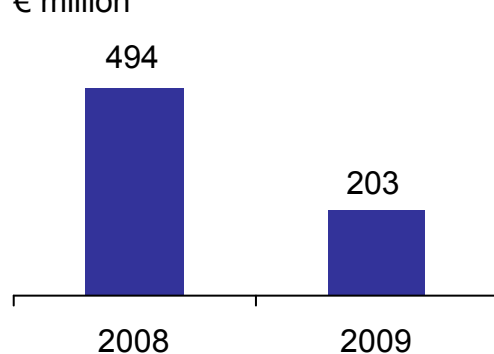


- + First-time consolidation of Essent's wind activities
- + Further results from growth investment programme
- Upfront costs of large investment programme

Performance of the Upstream Gas & Oil division (RWE Dea)

Operating result: -58.9 %

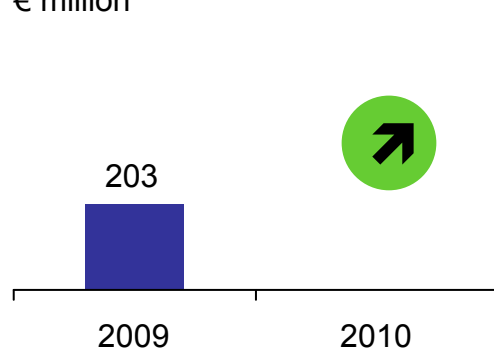
€ million



- Lower gas and oil prices
- Lower gas and oil production volumes
- + Reduced exploration costs due to lower number of dry wells than in 2008

Guidance for 2010: Significantly above previous year

€ million

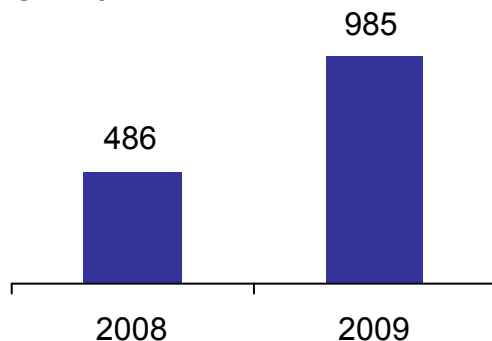


- + Improved oil prices
- + Higher oil production volumes
- Increased production and operating costs

Performance of the Trading / Gas Midstream division (RWE Supply & Trading)

Operating result: +102.7 %

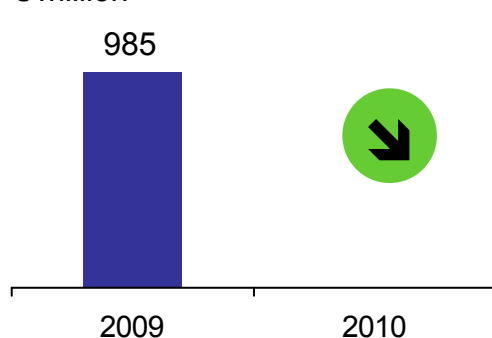
€ million



- Trading
- + Good marked-to-market performance of proprietary trading
- + Reported IFRS numbers significantly benefited from realisation of transactions concluded in earlier years
- + Higher share of direct P&L-relevant trading transactions
- Supply
- + Optimisation of international gas procurement portfolio and successful conclusion of price revisions as one-off

Guidance for 2010: Significantly below previous year

€ million



- Trading
- Lower trading margins
- + Consolidation of Essent's proprietary trading activities
- Lower realisation of transactions concluded in earlier years.
- Supply
- Absence of one-offs we had in the previous year (see above)
- Burdens from oil-indexed gas contracts

Non-operating result

January – December € million	2009	2008	Change (absolute)
Capital gains	35	89	-54
Impairment losses	-	-	-
Restructuring / other	463	-574	1,037
Total	498	-485	983

- Capital gains: No major capital gains in 2009. In 2008 mainly income from sale of the 8 % stake in rhenag to RheinEnergie AG
- Restructuring / other:
 - Positive impact of result of commodity derivatives (+€720 million; 2008: -€404 million)
 - Write-down of ExceleRate LNG joint venture (-€179 million)
 - Amortisation of RWE npower's customer accounts (-€252 million; 2008: -€279 million)
 - Income from change in nuclear and mining provisions (+€411 million; 2008: +€167 million)

Financial result

January – December € million	2009	2008	Change (absolute)
Net interest	-635	-158	-477
Interest accretion to non-current provisions	-957	-738	-219
Other financial result	-398	-579	181
Total	-1,990	-1,475	-515

➤ Net interest

- Higher negative figure because of increased debt used to finance our growth investment programme, especially the Essent acquisition; we have adjusted for the upfront costs of the Essent acquisition in recurrent net income
- Lower interest income due to disposal of securities

➤ Interest accretion to non-current provisions

- Lower expected income from assets in our CTA and pension fund
- Lower discount rates for “other long-term provisions”

➤ Other financial result mainly affected by losses realised by the sale of securities and write-downs of securities

Cash flow statement

January – December € million	2009	2008	Change (absolute)
Funds from operations (FFO)	6,094	7,166	-1,072
Changes in working capital	-795	1,687	-2,482
of which variation margins	+321	+1,753	-1,432
Cash flows from operating activities	5,299	8,853	-3,554
Capex on fixed assets	-5,913	-4,454	-1,459
Free cash flow	-614	4,399	-5,013

➤ FFO

- Higher cash out in 2009 for certificates to cover 2008 CO₂ emissions (-€1.1 bn)

➤ Change in working capital

- Positive but lower impact of variation margins (+€0.3 bn; 2008: +€1.8 bn)

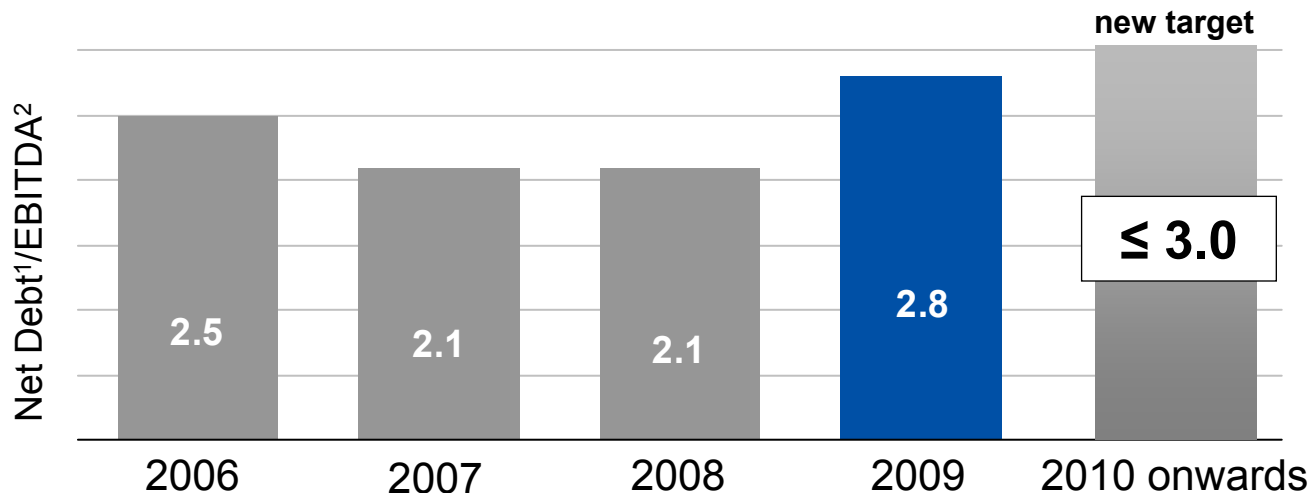
➤ Capex on fixed assets

- Increased mainly due to power plant projects at RWE Power and RWE npower

Major goal remains to secure A-flat / A2 rating, leverage factor as an operational tool

Leverage measured by ratio of **Net Debt/EBITDA (= leverage factor)**:

Net debt	Leverage Factor
<ul style="list-style-type: none"> > Net financial debt + provisions for pensions + provisions for nuclear decommissioning + provisions for mining damage 	<ul style="list-style-type: none"> > Old target had been to bring leverage factor into 2.8x – 3.4x corridor by 2010 > Target was reached in 2009 > New target is to keep leverage factor below or equal to 3.0



¹ Including net debt of American Water (AW) until 2008 (discontinued operations).

² 2007/2008 AW EBITDA not included; from 2008 onwards, EBITDA includes income from investments.

Back-up

Reconciliation to recurrent net income

January – December € million	2009 Reported	2009 non-rec.*	2009 recurrent	2008 recurrent	change absolute
Operating result	7,090	0	7,090	6,826	264
Non-operating result	498	-498	0	0	0
Financial result	-1,990	191	-1,799	-1,571	-228
Taxes on income	-1,858	295	-1,563	-1,721	158
Income from discontinued operations	91	-52	39	64	-25
Minority interest	-260	25	-235	-231	-4
Net income	3,571	-40	3,532	3,367	165

- Non-recurrent items in the financial result*:
 - Essent pre-acquisition financing costs (-€191 million)
- Main non-recurrent item in taxes on income*:
 - Tax-effect from non-operating result line 'restructuring / other' (-€144 million)
 - Tax-effect Excelerate (correction of tax adjustment 'restructuring / other' (-€58 million))
 - Tax-effect on Essent financing cost adjustment (+€59 million)
- Non-recurrent item in income from discontinued operations*:
 - Only RWE's stake of American Water's net result/dividends is defined as recurrent; all other parts of American Waters income have been corrected
- Non-recurrent item in Minority interest*:
 - Minority interest of American Water

*Note: prefix for non recurrent adjustment in the table is a mathematical prefix; prefix in the notes reflects impact on P&L earnings.

RWE Group electricity production (by geographic regions)

January – December
in TWh

	Germany	UK	NL	Other Internat.	Total 2009	Total 2008
Lignite	65.3	-	-	5.6	70.9	73.9
Nuclear	33.9	-	-	-	33.9	49.3
Hard coal	31.1	10.7	1.6	0.7	44.1	62.0
thereof contracts	16.2	-	-	-	16.2	28.6
Gas	11.7	15.8	2.1	0.1	29.7	31.2
Renewable energies	3.6	1.0	0.8	1.1	6.5	5.3
thereof contracts	0.7	0.8	-	-	1.5	1.3
Pumped storage, oil, other	1.9	0.2	-	-	2.1	2.4
thereof contracts	1.4		-	-	1.4	1.4
Subtotal	147.5	27.7	4.5	7.5	187.2	224.1
Electricity purchases ¹	64.7	25.9	2.0	20.2	112.8	110.1
Total	212.2	53.6	6.5	27.7	300.0	334.2

¹ Net, excluding trading. Purchases for physical deliveries to customers only.

RWE Group electricity sales volume (by geographic regions)

January – December in TWh	Germany	UK	NL	Poland	Hungary	Other	Total 2009	Total 2008
Private and commercial customers	26.5	20.1	4.1	2.4	6.2	-	59.3	58.8
Industrial and corporate customers	53.2	29.8	2.7	4.2	5.8	-	95.7	100.6
Distributors	86.6	-	-	0.9	5.3	1.1	93.9	87.6
Electricity trading ¹	32.6	-	1.3	-	-	-	33.9	70.1
Total	198.9	49.9	8.1	7.5	17.3	1.1	282.8²	317.1

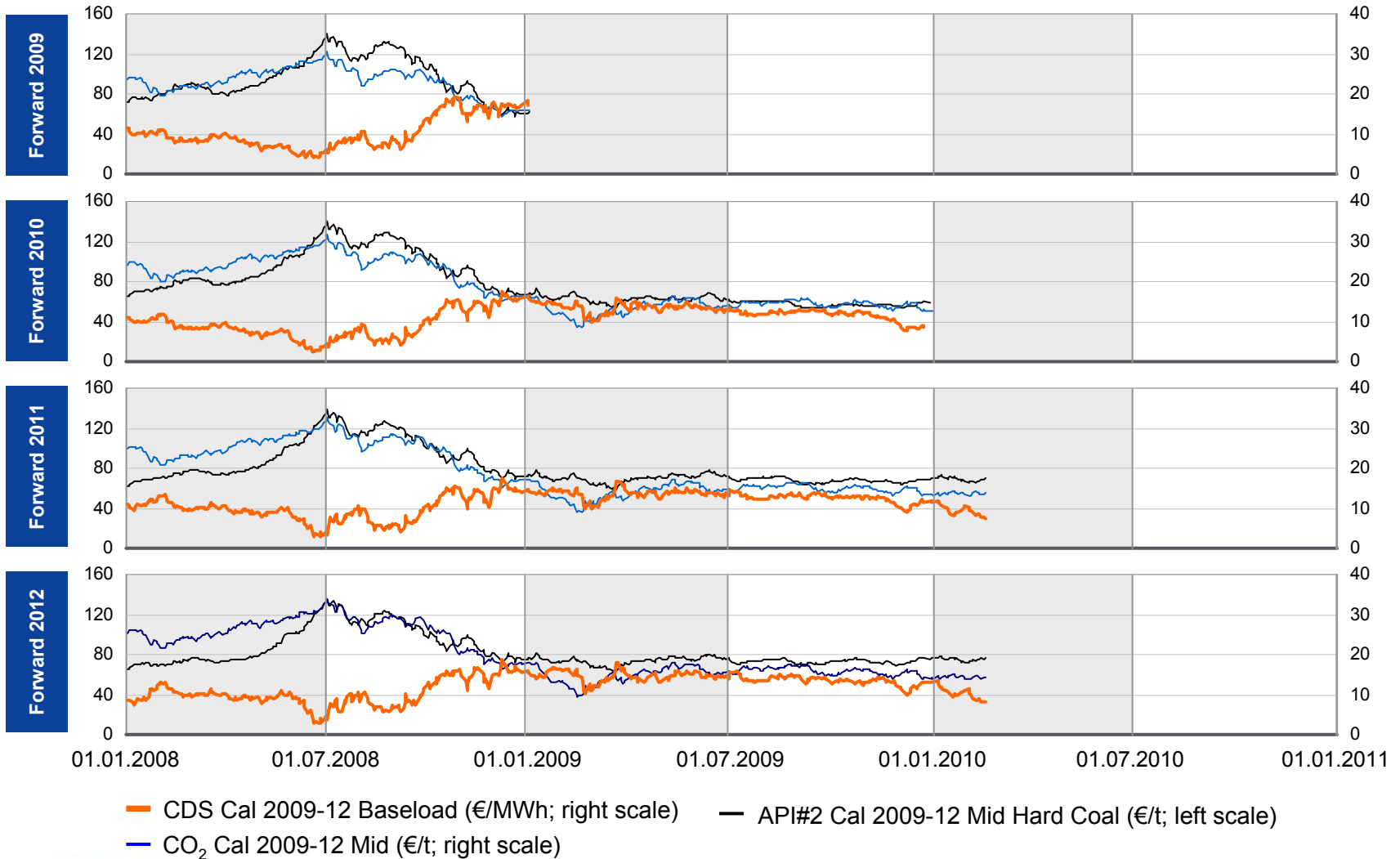
¹ Net of electricity purchased from third parties.

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

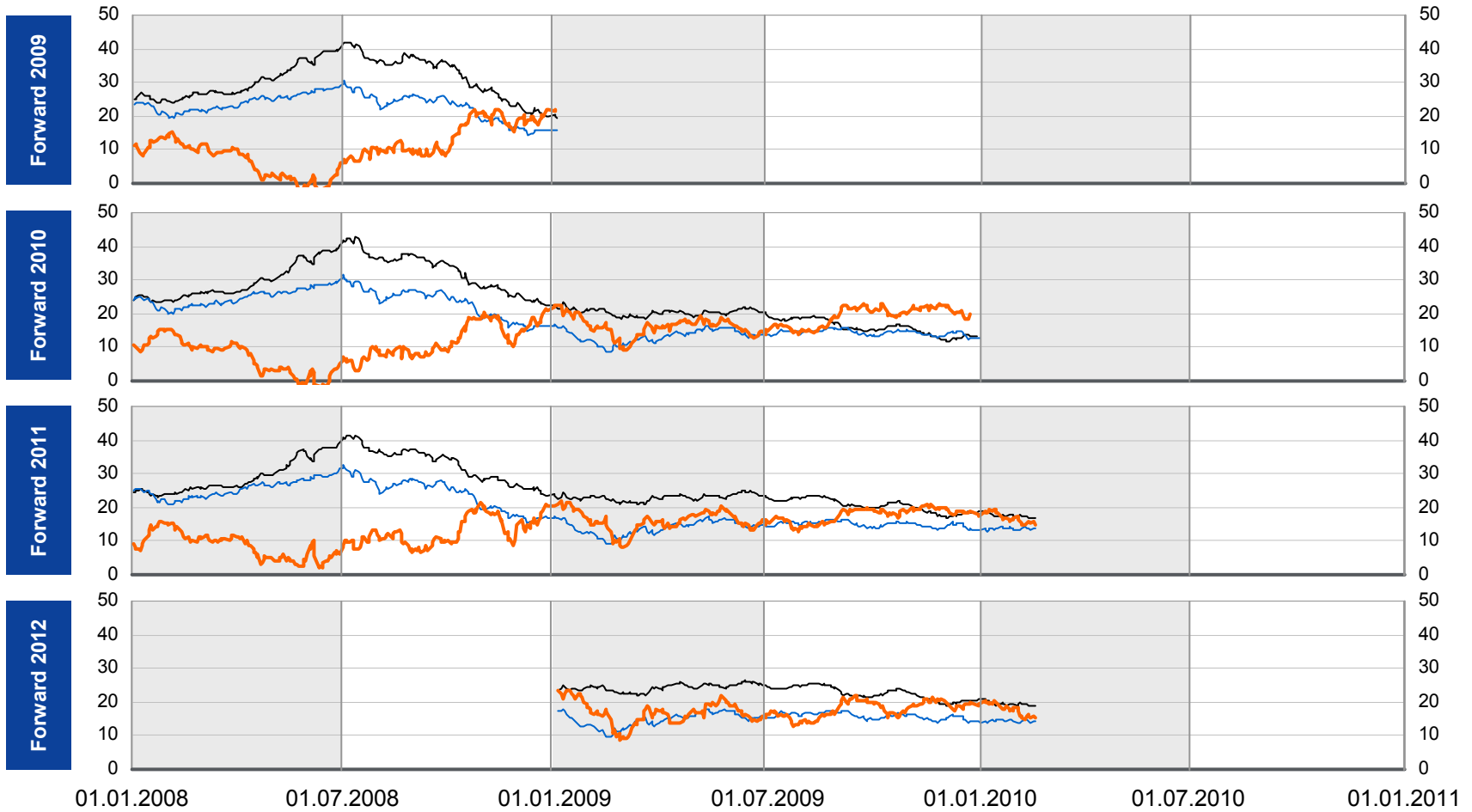
RWE Group gas sales volume (by geographic regions)

January – December in TWh	Ger- many	Czech Rep.	NL	UK	Other	Total 2009	Total 2008
Private and commercial customers	22.8	33.1	24.0	45.2	0.6	125.7	114.2
Industrial and corporate customers	36.0	25.3	30.5	7.3	3.8	102.9	111.6
Distributors	84.4	17.0	2.0	0.0	0.0	103.4	102.0
Total	143.2	75.4	56.5	52.5	4.4	332.0	327.8

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



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

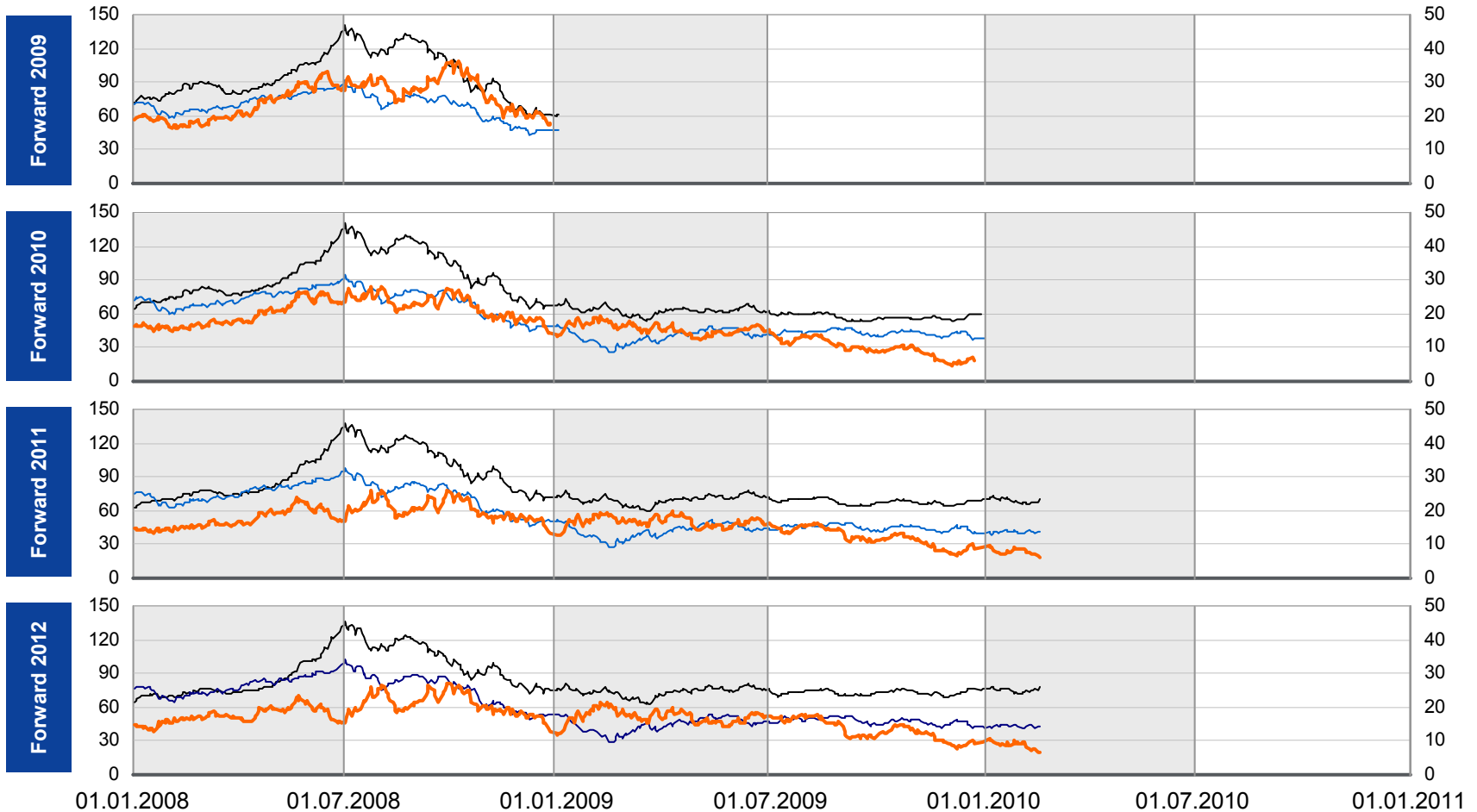


— CSS Peakload Cal 2009-12 (€/MWh)

— Natural Gas TTF Cal 2009-12 Mid (€/MWh)

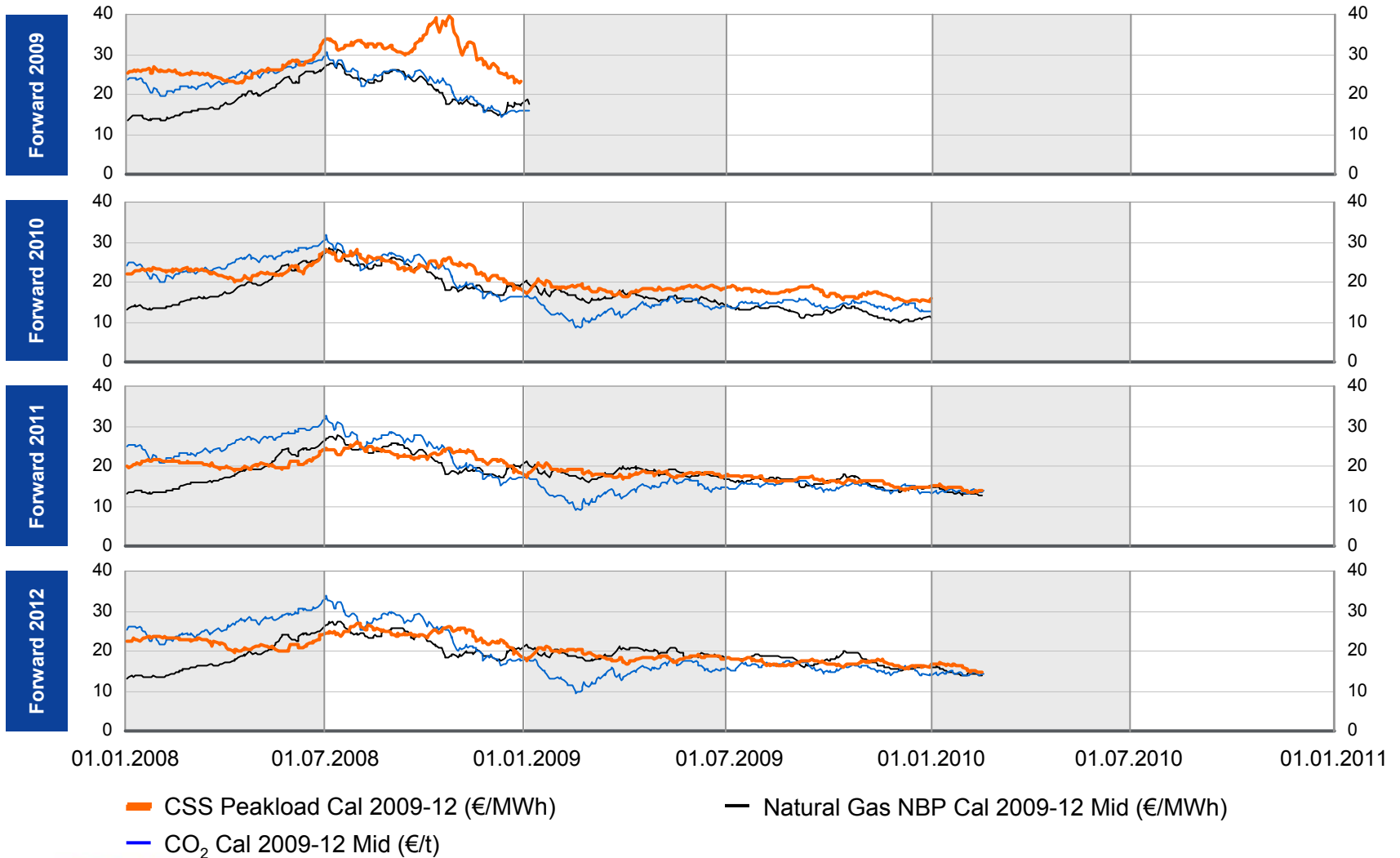
— CO₂ Cal 2009-12 Mid (€/t)

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



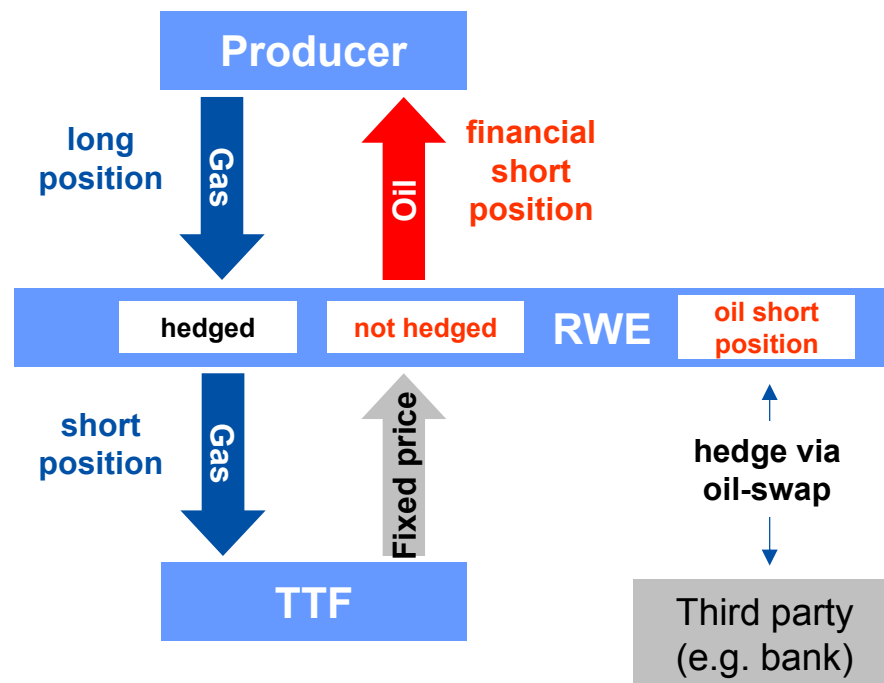
— CDS Cal 2009-12 Baseload (€/MWh; right scale)
 — API#2 Cal 2009-12 Mid Hard Coal (€/t; left scale)
— CO₂ Cal 2009-12 Mid (€/t; right scale)

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



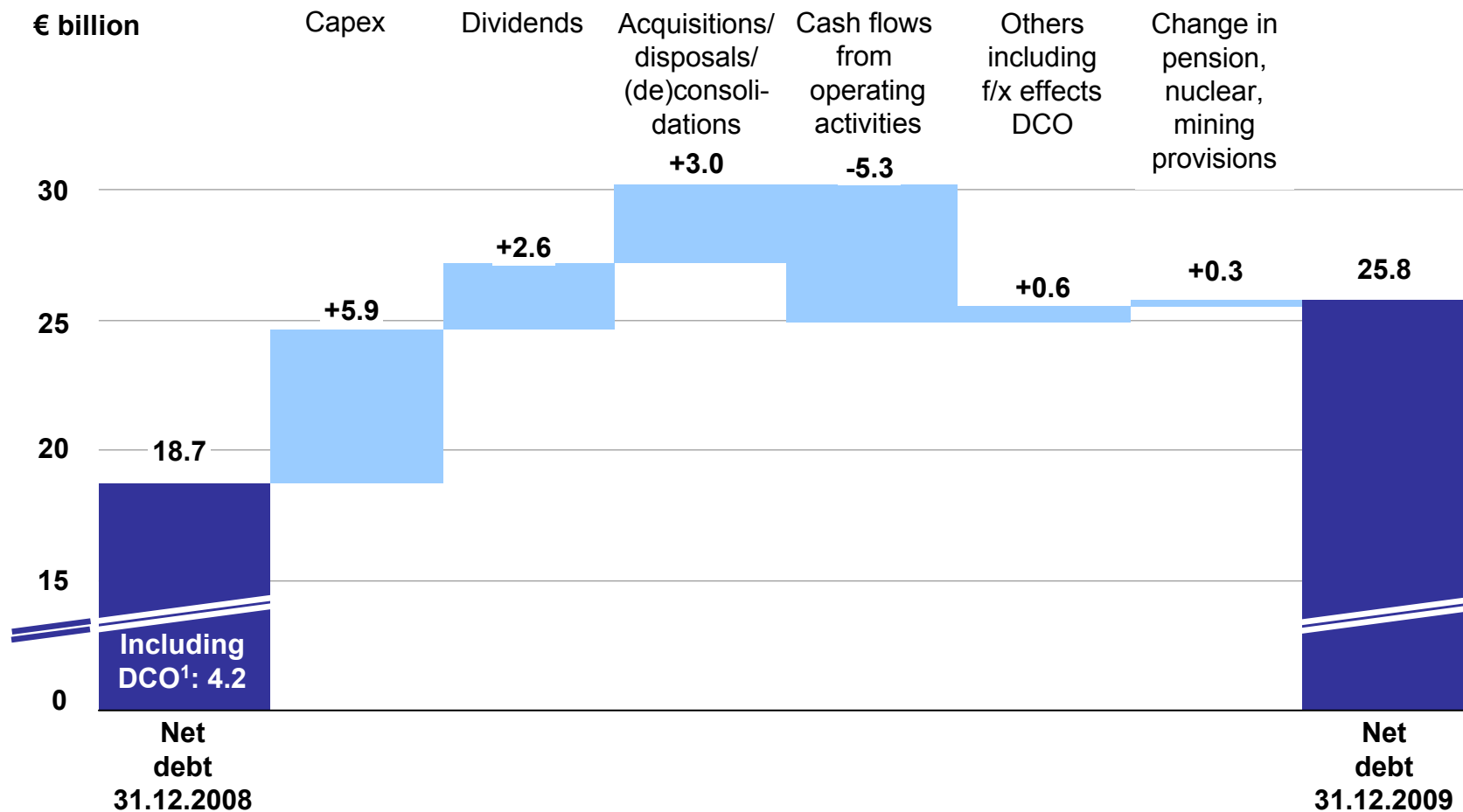
— CSS Peakload Cal 2009-12 (€/MWh)
 — CO₂ Cal 2009-12 Mid (€/t)
 — Natural Gas NBP Cal 2009-12 Mid (€/MWh)

LTCs are virtually paid in oil: When we sell gas at fixed prices we have to hedge the oil risk accordingly



- > When selling gas from long-term oil-indexed gas contracts to the gas wholesale market, we receive a fixed amount of money via the sold gas forward, but would still have to pay a variable amount of money depending on the oil price (**we virtually pay in oil**)
- > This means: we would have a financial short position in oil and would therefore **lose on rising oil prices**
- > To hedge this risk we have to **buy oil swaps** (forwards) from a third party (e.g. a bank) at the same time when selling the gas (e.g. at the TTF)
- > This is comparable with buying hard coal forwards at the same time when selling electricity generation from a hard-coal-fired power plant forward

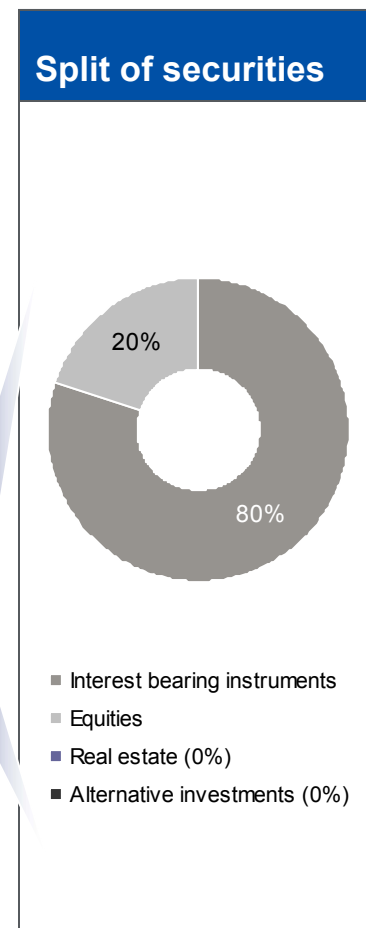
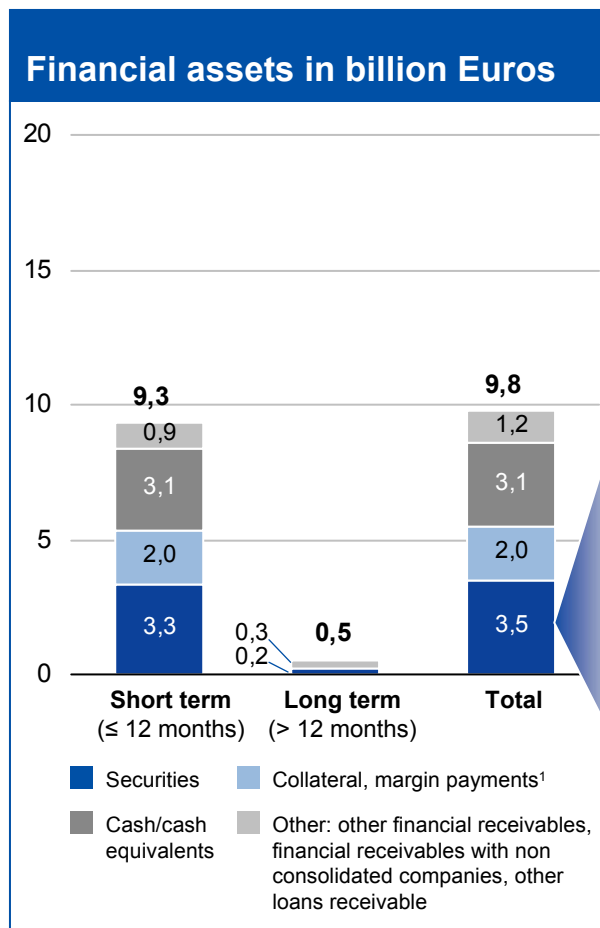
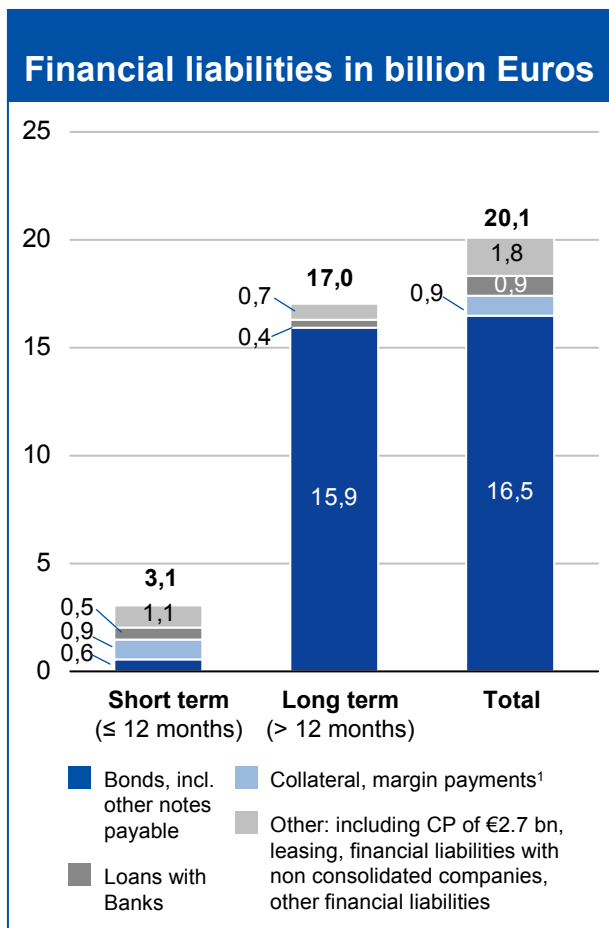
Development of net debt



¹ Net debt of discontinued operations (DCO) – American Water.

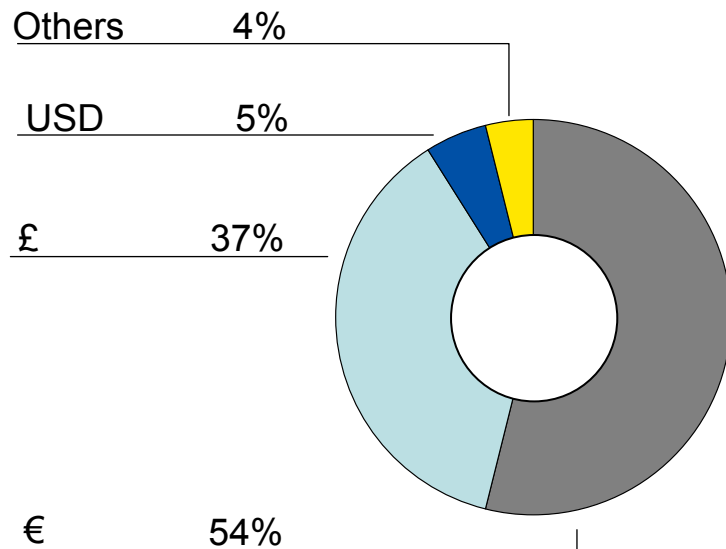
Financial liabilities and assets

(as of 31.12.2009)

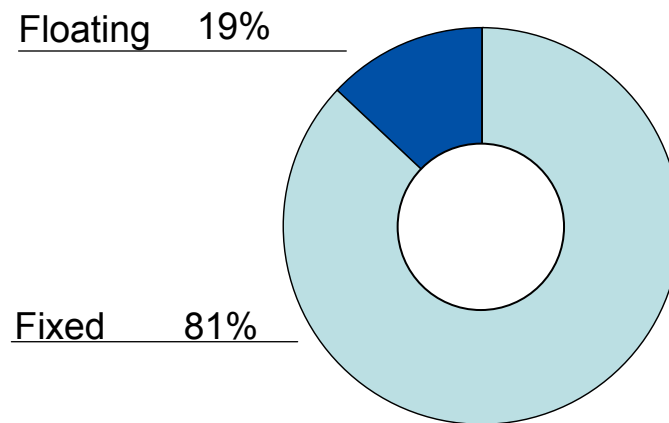


¹ Excluding variation margins under EEX based commodity contracts which are accounted for in the cash flow statement under 'change in working capital' and which are netted against the fair values of the respective derivatives at any point in time.

Gross financial debt currency and interest exposure¹



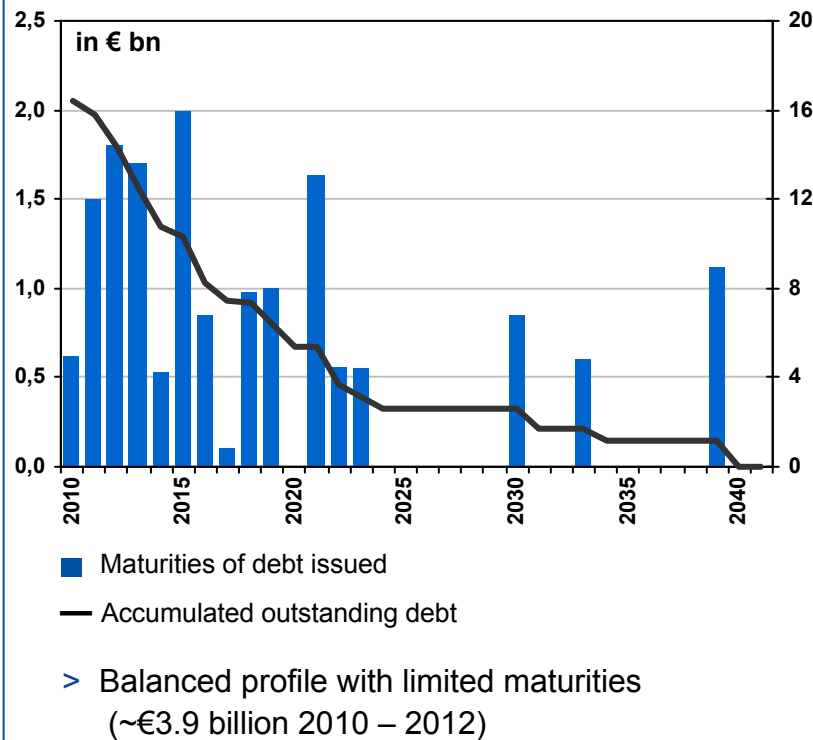
As of December 31, 2009



¹ Including cross-currency swaps.

We maintain a high level of liquidity

Capital market debt maturities¹



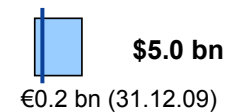
Strong sources of financing

Fully committed syndicated loan
(€4.0 bn up to Oct. 2011)

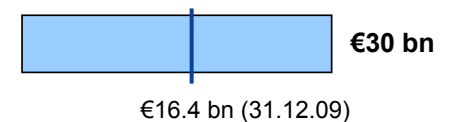


for liquidity back-up

Commercial paper
(up to 1 year)



MTN programme
(up to 30 years)



¹ RWE AG and RWE Finance B.V., as of December 31, 2009