

2010

Financial Statements of RWE AG

FINANCIAL STATEMENTS OF RWE AG

The financial statements and review of operations of RWE AG for the 2010 fiscal year are submitted to Bundesanzeiger Verlagsgesellschaft mbH, Cologne, Germany, the operator of the electronic Bundesanzeiger (Federal Gazette), and published in the electronic Bundesanzeiger. The review of operations of RWE AG has been combined with the review of operations of the RWE Group and is published in our annual report on pages 51 to 134.

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¹ The information (list of investments) pursuant to Sec. 285, No. 11 of the German Commercial Code (HGB), which forms part of the Notes as Appendix A, is not included in the printed version. This information can be found on the company's Internet pages at www.rwe.com.

Balance Sheet at 31 December 2010

Assets € million	(Note)	31 Dec 2010	31 Dec 2009
Non-current assets	(1)		
Financial assets		39,849	40,039
Current assets			
Accounts receivable and other assets	(2)		
Accounts receivable from affiliated companies		3,950	3,896
Other assets		792	690
Marketable securities ¹	(3)	452	582
Cash and cash equivalents	(4)	1,227	1,169
		6,421	6,337
Prepaid expenses	(5)	84	88
		46,354	46,464
Equity and liabilities € million	(Note)	31 Dec 2010	31 Dec 2009
Equity¹	(6)		
Subscribed capital			
Common shares		1,340	1,340
Preferred shares		100	100
		1,440	1,440
Less nominal value of own shares		-74	-74
		1,366	1,366
Capital reserve		1,158	1,158
Retained earnings			
Other retained earnings		3,755	3,102
Distributable profit		1,867	1,867
		8,146	7,493
Provisions	(7)		
Provisions for pensions and similar obligations		575	3,309
Provisions for taxes		2,993	2,567
Other provisions		1,283	1,484
		4,851	7,360
Liabilities	(8)		
Bonds		2,609	756
Bank debt		228	161
Trade accounts payable		31	41
Accounts payable to affiliated companies		29,462	29,966
Other liabilities		983	632
		33,313	31,556
Deferred income	(9)	44	55
		46,354	46,464

1 Previous-year figures adjusted.

Income Statement for the period from 1 January 2010 to 31 December 2010

€ million	(Note)	2010	2009
Net income from financial assets	(12)	3,184	3,662
Net interest	(13)	-681	-1,091
Other operating income	(14)	2,227	2,062
Staff costs	(15)	-133	-169
Other operating expenses	(16)	-681	-911
Profit from ordinary activities		3,916	3,553
Extraordinary result	(17)	1	
Taxes on income	(18)	-1,397	-1,115
Net profit		2,520	2,438
Profit carried forward from the previous year			7
Transfer to retained earnings		-653	-578
Distributable profit		1,867	1,867

Notes at 31 December 2010

Roll-forward of non-current assets	Cost				Accu- mulated amortisation	Carrying amounts		Amortisa- tion for the reporting period
	Balance at 31 Dec 2009	Additions	Disposals ¹	Balance at 31 Dec 2010		Balance at 31 Dec 2009	Balance at 31 Dec 2010	
€ million								
Financial assets								
Shares in affiliated companies	28,635	5,272	4,444	29,463	89	28,546	29,374	
Loans to affiliated companies	8,501	2,434	808	10,127		8,501	10,127	
Investments	343		188	155		290	155	
Long-term securities ¹	2,730	95	2,635	190	1	2,699	189	1
Other loans	3	1		4		3	4	
	40,212	7,802	8,075	39,939	90	40,039	39,849	1

¹ Includes the effects of the first-time netting of the special-purpose funds against provisions for pensions and similar obligations (shares in affiliated companies of €5 million, investments of €188 million and long-term securities of €2,491 million).

Basis of presentation

The financial statements have been prepared in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). Individual balance sheet and income statement items have been combined in order to improve clarity. These items are stated and explained separately in the notes to the financial statements. The income statement has been prepared using the nature of expense method. The financial statements have been prepared in euros (€) and amounts are stated in millions of euros (€ million).

Accounting policies

Investments in affiliated companies and investments are stated at cost, or at lower fair values in individual cases.

Long-term securities are valued at cost or lower market value.

Loans and employer loans are accounted for at nominal value or at lower fair value.

Accounts receivable and other assets are disclosed at nominal value after deducting required value adjustments. All identifiable individual risks are taken into account. Non-interest-bearing accounts receivable for other assets are discounted to their present value. Current securities are valued at cost or lower market value. With first-time application of BilMoG, previously capitalised own shares are deducted from subscribed capital and netted against other equity capital; the reserves for own shares reported in the previous year were released. The previous-year figures were adjusted.

Within the framework of the corporate and trade tax group, all deferred taxes of the group are attributable to RWE AG as the parent company and hence as the entity liable to pay tax, insofar as continued existence of the group is expected. Exercising the option pursuant to Sec. 274 of HGB, deferred taxes were not recognised due to a net asset position.

Provisions for pensions and similar obligations are based on actuarial computations using Klaus Heubeck's 2005G reference tables – which take into account generation-dependent life expectancies – applying the projected unit credit method. They were discounted using the average market interest rates for the previous seven years published by the German Bundesbank in

Due to first-time application of reporting-related regulations of the Act to Modernise Accounting Law (BilMoG), certain items are not comparable with the previous year; pursuant to Sec. 67, Para. 8, Sentence 2 of the Introductory Act to the German Commercial Code (EGHGB), no adjustment of the previous-year figures was carried out, with the exception of current securities and equity items (subscribed capital, reserves for own shares, other retained earnings) in relation to the reporting of own shares.

October 2010, taking an assumed remaining maturity of 15 years as a basis (Sec. 253, Para. 2, Sentence 2 of HGB); the interest rate used was 5.16%. In respect of other calculation assumptions, annual wage increases of 2.75% and pension increases of 1.5% were taken as a basis. Insofar as there are special-purpose funds pursuant to Sec. 246, Para. 2 of HGB, the provision derives from the balance of the actuarial present value of the obligations and the fair value of the special-purpose funds; the fair value essentially corresponds to the market value of the special-purpose funds. With first-time application of BilMoG, the accrual option pursuant to Sec. 67, Para. 1, Sentence 1 of EGHGB was exercised; in accruing the difference, the write-up from the first fair value measurement of the special-purpose funds was taken into account.

All identifiable risks, uncertain liabilities and anticipated losses from pending business transactions are taken into account in the assessment of other provisions. Provisions are recognised at the settlement amount dictated by prudent business judgement. Insofar as possible, the retention option pursuant to Sec. 67, Para. 1, Sentence 2 of EGHGB has been exercised. Liabilities are valued at settlement amounts.

Contingent liabilities are valued according to the extent of liability existing as of the balance-sheet date.

Foreign currency transactions are valued at the exchange rate prevailing at the time of first entry or – when hedged – at the forward rate. Receivables and liabilities which are not hedged are measured as at the balance-sheet date, taking into account the imparity principle for maturities over one year.

Notes to the Balance Sheet

(1) Non-current assets

An analysis and description of the movements of non-current assets summarised in the balance sheet for the 2010 financial year is provided on page 3. The following is an overview of material changes in the fiscal year:

With the contract of merger dated 14 July 2010, GBV Zwanzigste Gesellschaft für Beteiligungsverwaltung mbH, Essen, was merged with GBV Fünfte Gesellschaft für Beteiligungsverwaltung mbH, Essen, with retroactive effect to 1 January 2010. This had an effect of €3,825 million on additions and disposals in Shares in affiliated companies.

During the year under review, all of the shares in Deutsche Essent GmbH, Düsseldorf, were acquired from Essent N.V., 's-Hertogenbosch, Netherlands. Following this, the wind power generation division of Deutsche Essent was merged into RWE Innogy GmbH, Essen, and Deutsche Essent was merged into RWE Gasspeicher GmbH, Dortmund. These changes resulted in additions of €1,212 million and disposals of €606 million in Shares in affiliated companies.

Due to a capital increase, the carrying amount of Scaris Investment Ltd., Valletta, Malta, increased by a total of €100 million.

A payment to the capital reserves of RWE Supply & Trading GmbH, Essen, resulted in an increase of €57 million in the carrying amount.

Due to capital increases, the carrying amount of RWE Turkey Holding A.S., Istanbul, Turkey, increased by a total of €70 million.

During fiscal 2010, the wholly-owned subsidiaries RWE Com Geschäftsführungs-GmbH, Essen, and RWE Beteiligungsmanagement GmbH, Essen, were merged into RWE AG. The merger occurred without adjustment of the carrying amounts, with effect from 1 January 2010.

In addition to RWE Deutschland AG, Essen, additions and disposals reported under loans pertain primarily to RWE Innogy GmbH, GBV Fünfte Gesellschaft für Beteiligungsverwaltung mbH and RWE Supply & Trading GmbH, Essen.

Long-term securities consist exclusively of units in securities funds.

The list of investments pursuant to Sec. 285, No. 11 of HGB is presented in Appendix A, as a material part of the Notes.

(2) Accounts receivable and other assets

€ million	31 Dec 2010	Of which: RT ¹ > 1 year	31 Dec 2009	Of which: RT ¹ > 1 year
Accounts receivable from affiliated companies	3,950	1,052	3,896	1,121
Other assets	792	572	690	473
	4,742	1,624	4,586	1,594

¹ RT = remaining term.

Accounts receivable from affiliated companies include claims arising from loans, tax group accounting settlements and ongoing clearing transactions.

Other assets primarily include claims from corporate tax credits. As this receivable is non-interest bearing, it is stated at present value. An increase in these claims was registered, based on the annual tax act for 2010, which contains new regulations on the assessment of corporate tax credits.

In addition, interest accruals and receivables are disclosed.

(3) Marketable securities

Other marketable securities consist of fixed-interest securities from the investment of cash and cash equivalents.

The previous-year figure was adjusted, in relation to the reporting of own shares in equity pursuant to BilMoG.

(4) Cash and cash equivalents

Cash and cash equivalents nearly exclusively relate to bank balances.

(5) Prepaid expenses

€ million	31 Dec 2010	31 Dec 2009
Discount	54	55
Other	30	33
	84	88

(6) Equity¹

Changes in equity € million		Balance at 31 Dec 2009	Dividend payments	Net profit	Balance at 31 Dec 2010
Subscribed capital	1,440				
Less nominal value of own shares	-74	1,366			1,366
Capital reserve		1,158			1,158
Retained earnings					
Other retained earnings		3,102		653	3,755
Distributable profit		1,867	-1,867	1,867	1,867
		7,493	-1,867	2,520	8,146

¹ Previous-year figures adjusted.

RWE AG's share capital remained unchanged at €1,439,756,800 and breaks down as follows:

Common shares: 523,405,000 no-par-value common shares in the name of the bearer with 523,405,000 votes (93.1 % of the subscribed capital).

Preferred shares: 39,000,000 no-par-value preferred shares in the name of the bearer without voting rights (6.9% of the subscribed capital).

In the course of the distribution of profits, the non-voting preferred shares are entitled to a preferred dividend of €0.13 per preferred share under certain conditions.

Pursuant to a resolution passed by the Annual General Meeting on 17 April 2008, the Executive Board of RWE AG was authorised to increase the company's capital stock, subject to the Supervisory Board's approval, by up to €287,951,360.00 until 16 April 2013, through the issuance of new, bearer common shares in return for contributions in cash or in kind (authorised capital). In certain cases, the subscription rights of shareholders can be waived, with the approval of the Supervisory Board.

Pursuant to a resolution passed by the Annual General Meeting on 22 April 2009, the Executive Board was further authorised to issue option or convertible bonds until 21 April 2014. The total nominal value of the bonds is limited to €6,000 million. Shareholders' subscription rights may be waived under certain conditions. The Annual General Meeting decided to establish €143,975,680 in conditional capital divided into 56,240,500 bearer common shares, in order to redeem the bonds. Shares from the authorised capital are to be deducted from the shares from the conditional capital, insofar as they are both issued with a waiver of shareholders' subscription rights. Accordingly, the share capital may not be increased by more than 20% by the issue of new shares.

Pursuant to a resolution passed by the Annual General Meeting on 22 April 2010, the Company was authorised to purchase shares of any class in RWE totalling up to 10% of the company's capital stock until 21 October 2011. Share buy-backs may also be conducted with put or call options. Furthermore, the resolution also authorises the Executive Board to withdraw own shares, without requiring an additional resolution by the Annual General Meeting or – under certain conditions and waiver of shareholders' subscription rights – to sell them to third parties.

On 31 December 2010, RWE AG held 28,846,473 no-par-value common shares in RWE AG. As of the balance-sheet date, these shares accounted for €73,846,970.88 of the company's share capital (5.13 % of subscribed capital).

Due to first-time application of BilMoG, the nominal value of own shares was deducted directly from subscribed capital (€74 million); the difference between the nominal value and amortised cost (€1,886 million) was netted against freely available reserves.

Furthermore, RWE AG acquired 567,474 RWE common shares on the capital market in fiscal 2010, at an average cost of €50.17 per share. They account for €1,452,733.44 of the company's share capital (0.1 % of subscribed capital). Within the scope of capital formation schemes, employees of RWE AG and subsidiaries received a total of 558,344 common shares at an average price of €39.81 per share as well as 9,130 common

shares at an average price of €35.96 on the occasion of service anniversaries. Total proceeds amounted to €22,555,989.44. The differences compared to the respective purchase price were recognised for the first time in equity without an effect on profit and loss.

The write-up from the fair value measurement of the special-purpose funds over and above cost results in a total amount of €261 million, which is subject to prohibition of distribution; this amount is covered by the freely available reserves.

In the year under review, the groupwide share-based payment systems for executives of RWE AG and subordinate affiliates consisted of the following: Beat 2005 and Beat 2010. If the persons holding notional stocks are not employed by RWE AG, the expenses associated with the exercise of the performance shares are borne by the respective Group company.

	Beat 2005		
	2007 tranche	2008 tranche	2009 tranche
Grant date	1 Jan 2007	1 Jan 2008	1 Jan 2009
Number of conditionally granted performance shares	1,468,132	1,668,836	3,251,625
Term	3 years	3 years	3 years
Pay-out conditions	Automatic pay-out, if – following a waiting period of three years – an outperformance compared to 25 % of the peer group of the Dow Jones STOXX Utilities Index has been achieved, measured in terms of their index weighting as of the inception of the programme. Measurement of outperformance is carried out using Total Shareholder Return (TSR), which takes into account both the development of the share price together with reinvested dividends.		
Determination of payment	<ol style="list-style-type: none"> 1. Determination of the index weighting of the peer group companies which exhibit a lower TSR than RWE at the end of the term. 2. Performance factor is calculated by squaring this percentage rate and multiplying it by 1.25. 3. Total number of performance shares which can be paid out is calculated by multiplying the performance shares conditionally granted by the performance factor. 4. Payment corresponds to the final number of performance shares valued at the average RWE share price during the last 20 exchange trading days prior to expiration of the programme. The payment is limited to twice the value of the performance shares as of the grant date. 		
Change in corporate control/merger	<ul style="list-style-type: none"> ▪ If during the waiting period there is a change in corporate control, a compensatory payment is made. This is calculated by multiplying the price paid in the acquisition of the RWE shares by the final number of performance shares. The latter shall be determined as per the plan conditions with regard to the time when the bid for corporate control is submitted. ▪ In the event of merger with another company, the compensatory payment shall be calculated on the basis of the fair value of the performance shares at the time of the merger multiplied by the prorated number of performance shares corresponding to the ratio between the total waiting period and the waiting period until the merger takes place. 		
Form of settlement	Cash settlement		

	Beat 2010	
	2010 tranche; Waiting period: 3 years	2010 tranche; Waiting period: 4 years
Grant date	1 Jan 2010	1 Jan 2010
Number of conditionally granted performance shares	784,421	1,012,331
Term	3 years	5 years
Pay-out conditions	Automatic pay-out, if – following a waiting period of three years (valuation date: Dec 31 of the third year) – an outperformance compared to at least 25% of the peer group of the Dow Jones STOXX Utilities Index has been achieved, measured in terms of their index weighting as of the issue of the tranche. Measurement of outperformance is carried out using Total Shareholder Return (TSR), which takes into account both the development of the share price together with reinvested dividends.	Possible pay-out on three exercise dates (valuation dates: Dec 31 of the fourth year, June 30 and Dec 31 of the fifth year) if – as of the valuation date – an outperformance compared to at least 25% of the peer group of the Dow Jones STOXX Utilities Index has been achieved, measured in terms of their index weighting as of the issue of the tranche. Measurement of outperformance is carried out using Total Shareholder Return (TSR), which takes into account both the development of the share price together with reinvested dividends. Automatic pay-out occurs on the third valuation date; the number of performance shares available for pay-out can be freely chosen on the first and second valuation date.
Determination of payment	<ol style="list-style-type: none"> 1. Determination of the index weighting of the peer group companies which exhibit a lower TSR than RWE at the valuation date. 2. The total number of performance shares which can be paid out is determined on the basis of a linear payment curve. If the index weighting of 25% is outperformed, 7.5% of the conditionally-granted performance shares can be paid out. Another 1.5% of the performance shares granted can be paid out for each further percentage point above and beyond the index weighting of 25%. 3. Payment corresponds to the number of payable performance shares valued at the average RWE share price during the last 60 exchange trading days prior to the valuation date. The payment is limited to twice the value of the performance shares as of the grant date. 	
Change in corporate control/merger	<ul style="list-style-type: none"> ▪ If during the waiting period there is a change in corporate control, a compensatory payment is made. This is calculated by multiplying the price paid in the acquisition of the RWE shares by the final number of performance shares which have not been used. The latter shall be determined as per the plan conditions with regard to the time when the bid for corporate control is submitted. ▪ In the event of merger of RWE AG with another company, the performance shares shall expire and a compensatory payment shall be made. First, the fair value of the performance shares as of the time of merger shall be calculated. This fair value is then multiplied by the number of performance shares granted, reduced pro-rata. The reduction factor is calculated as the ratio of the time from the beginning of the total waiting period until the merger takes place to the entire waiting period of the programme, multiplied by the ratio of the performance shares not yet used as of the time of the merger to the total number of performance shares granted at the beginning of the programme. 	
Personal investment	As a prerequisite for participation, plan participants must demonstrably invest one sixth of the gross grant value of the performance shares before taxes in RWE common shares and hold such investment for the waiting period of the tranche in question.	
Form of settlement	Cash settlement	

The fair value of the performance shares conditionally granted in the Beat programme amounted to €25.96 per share as of the grant date for the 2010 tranche (four-year waiting period), €28.80 per share for the 2010 tranche (three-year waiting period), €11.93 per share for the 2009 tranche, and €22.25 per share for the 2008 tranche. These values were calculated externally using a stochastic, multivariate Black-Scholes standard model via Monte Carlo simulations on the basis of one million scenarios each. In the calculations, due consideration was taken

of the maximum payment stipulated in the programme's conditions for each conditionally granted performance share, the remaining term, the discount rates for the remaining term, the current prices of the underlying shares, the related volatilities and correlations, and the expected dividends of RWE AG and of peer companies.

In the year under review, the number of performance shares developed as follows:

Performance Shares from Beat 2005	2007 tranche	2008 tranche	2009 tranche
Outstanding at the start of the fiscal year	1,447,103	1,662,036	3,243,641
Granted			
Change (granted/expired)		-10,011	-16,832
Paid out	-1,447,103		
Outstanding at the end of the fiscal year	0	1,652,025	3,226,809
Payable at the end of the fiscal year	0	1,652,025	

Performance Shares from Beat 2010	2010 tranche; Waiting period: 3 years	2010 tranche; Waiting period: 4 years
Outstanding at the start of the fiscal year		
Granted	784,421	1,012,331
Change (granted/expired)	-11,934	-13,439
Paid out		
Outstanding at the end of the fiscal year	772,487	998,892
Payable at the end of the fiscal year		

The remaining contractual term amounted to four years for the 2010 tranche with four-year waiting period, two years for the 2010 tranche with three-year waiting period and one year for

the 2009 tranche. The contractual term for the 2008 tranche ended upon completion of the year under review; the payment amount is €16.70 per performance share.

(7) Provisions

€ million	31 Dec 2010	31 Dec 2009
Provisions for pensions and similar obligations	575	3,309
Provisions for taxes	2,993	2,567
Other provisions	1,283	1,484
	4,851	7,360

Based on existing guarantees, the reported provisions for pensions also include benefits payable to current and former employees of Amprion GmbH, RWE Deutschland AG, RWE Effizienz GmbH, RWE IT GmbH, RWE Power AG, RWE Rhein-Ruhr Verteilnetz GmbH, RWE Service GmbH, RWE Supply & Trading GmbH, RWE Vertrieb AG, RWE Westfalen-Weser Ems Verteilnetz GmbH

and Thyssengas GmbH. Expenses incurred for the retirement benefits of the companies concerned are reimbursed by them.

By exercising the accrual option for pension obligations within the framework of first-time application of BilMoG, the unreported provision amounts to €300 million.

Netting of the special-purpose funds measured at fair value with the provisions for pensions covered by the funds was carried out for the first time.

€ million	31 Dec 2010		
	Cost	Fair value	Settlement amount
Netted assets (special-purpose funds)			
Shares in affiliated companies	5	4	
Investments	227	193	
Long-term securities	2,531	2,754	
Other assets	25	25	
	2,788	2,976	
Netted liabilities			
Provisions for pensions and similar obligations			3,231
			3,231
Balance of netting assets (pension provisions)			255

Provisions for pensions and similar obligations also includes provisions for concessionary power allowances of €320 million.

Provisions for taxes predominantly concern the year under review as well as tax auditing periods which are still open.

Other provisions primarily relate to risks associated with investments, interest payment obligations, and contingent losses from pending financial transactions. As of the balance-sheet date, the difference stemming from the exercise of the retention option pursuant to Sec. 67, Para. 1, Sentence 2 of EGHB amounted to €0.2 million.

(8) Liabilities

€ million	31 Dec 2010	Of which: RT ¹ < 1 year	Of which: RT ¹ > 5 year	31 Dec 2009	Of which: RT ¹ < 1 year
Bonds	2,609		2,609	756	56
Bank debt	228	211		161	139
Trade accounts payable	31	31		41	41
Accounts payable to affiliated companies	29,462	8,538	8,870	29,966	7,715
Other liabilities	983	836	144	632	524
of which: tax	(275)	(275)		(179)	(179)
of which: social security	(5)	(2)	(1)	(7)	(2)
	33,313	9,616	11,623	31,556	8,475

¹ RT = remaining term.

In addition to the medium-term notes of RWE AG with varying maturities and interest rates, bonds consist mainly of a hybrid bond with a volume of €1,750 million issued by RWE AG in September 2010. The bond, which is subordinated to all other creditor securities, is a perpetual and may be called only by RWE AG on specific, contractually agreed call dates or occasions. It bears an interest rate of 4.625% p.a. until the first call date, which is in 2015. If the bond is not called as of this date, its interest rate until the next call date, which is in 2020, will be

the sum of the then applicable five-year interbank rate and a credit spread of 265 basis points. If it is not called as of that date, either, it will be converted into a variable-interest bond with an annual call right and an interest rate equalling the 12-month EURIBOR plus 365 basis points. Interest payments may be deferred under certain conditions, especially if the Executive and Supervisory Boards propose to the Annual General Meeting that a dividend not be paid. Deferred interest payments must be made up for when payment of a dividend is pro-

posed again. After ten years, the hybrid bond may only be redeemed by issuing equity or equity-like financial instruments, for example new hybrid bonds. At the first call date, which is after five years, the hybrid bond may be redeemed without restrictions with respect to the follow-up financing. The first interest payment is due on 28 September 2011.

Bank debt principally relates to bank loans and interest accruals for existing swap agreements.

Accounts payable to affiliated companies concern the transfer of financial resources as well as ongoing clearing transactions.

Other liabilities primarily relate to commercial paper and tax liabilities.

(9) Deferred income

This item exclusively relates to accrued interest equalisation payments.

(10) Contingent liabilities and other financial obligations

Contingent liabilities include warranty agreements, bank guarantees and liabilities from guarantees.

Warranty agreements reflect €6,302 million in warranties granted to third parties, of which €6,239 million is for the benefit of affiliated companies.

Accounts payable due to bank guarantees amount to €322 million, of which €314 million relate to current business conducted by affiliated companies.

Furthermore, the guarantees comprise performance and warranty guarantees totalling €108 million, €89 million of which is from current business conducted by affiliated companies.

Within the scope of the acquisition of the Dutch utility Essent N.V., in 2009 RWE Benelux Holding B.V., Hoofddorp, Netherlands, undertook to acquire shares in Energy Resources B.V., 's-Hertogenbosch, Netherlands (previously Essent Business Development B.V., 's-Hertogenbosch, Netherlands) under certain conditions. RWE AG as the parent company will guarantee that this obligation is met.

There are joint and several liabilities from the transfer of pension obligations to seven affiliated companies and to one investment of an affiliated company.

RWE AG is a co-guarantor for a joint and several liability within the scope of a notional cashpool between affiliates.

Above and beyond this, the following payment guarantees to the creditors of the bonds of RWE Finance B.V., Hoofddorp, Netherlands, (a subsidiary wholly owned by RWE AG) existed as of the balance-sheet date within the scope of the debt issuance programme:

Issuer	Issue volume	Coupon in %	Maturity
RWE Finance B.V.	€1,500 million	2.5	September 2011
RWE Finance B.V.	€1,808 million	6.125	October 2012
RWE Finance B.V.	US\$250 million	2.000	February 2013
RWE Finance B.V.	£630 million	6.375	June 2013
RWE Finance B.V.	€1,000 million	5.75	November 2013
RWE Finance B.V.	€530 million	4.625	July 2014
RWE Finance B.V.	€2,000 million	5.0	February 2015
RWE Finance B.V.	€850 million	6.25	April 2016
RWE Finance B.V.	€980 million	5.125	July 2018
RWE Finance B.V.	€1,000 million	6.625	January 2019
RWE Finance B.V.	£570 million	6.5	April 2021
RWE Finance B.V.	€1,000 million	6.5	August 2021
RWE Finance B.V.	£500 million	5.5	July 2022
RWE Finance B.V.	£488 million	5.625	December 2023
RWE Finance B.V.	£760 million	6.25	June 2030
RWE Finance B.V.	£1,000 million	6.125	July 2039

By signing a mutual benefit agreement, RWE AG and other parent companies of German nuclear power plant operators undertook to provide €2,244 million in funding to liable nuclear power plant operators to ensure that they are able to meet their payment obligations in the event of nuclear damages. RWE AG has a 25.851% contractual share in the liability, plus 5% for damage settlement costs.

The 11th Amendment of the German Atomic Energy Act (AtG), which entered into force on 14 December 2010, grants additional generation quotas for nuclear power plants. This ultimately represents an extension of the operating times. Against this background, the operators of nuclear power plants committed to make payments to a fund which will be used to promote measures for the implementation of the energy strategy of the German Federal Government. This is regulated in an agreement with the Federal Republic of Germany which was signed on 10 January 2011. According to this agreement, starting from 2017 nuclear power plant operators will pay a levy for the additional power quantities generated within the framework of the extended operating times. The levy amounts to €9/MWh and will be adjusted on an annual basis in accordance with the development of the consumer price index and the EEX electricity prices. From 2011 to 2016, the nuclear power plant operators will be making lump-sum pre-payments on the levies. These pre-payments will total €1,400 million for the period as a whole and will be applied towards the levies in equal annual instalments for the period 2017 to 2022. RWE's share of these pre-payments will amount to a maximum of €385 million; RWE AG is liable for performance of the pre-payments up to that amount.

Due to the transfer of certain pension obligations to RWE Pensionsfonds AG in previous years, RWE AG and the affiliated companies that entered into the Pensionsfonds agreement are legally obligated to contribute further capital in their function as employer in the event that the Pensionsfonds has insufficient funds in the future.

RWE AG is a co-guarantor for a joint and several liability in accordance with Sec. 133 of the German Company Transformation Act (UmwG) in connection with transactions under company transformation law.

RWE AG and some of its subsidiaries are involved in regulatory and anti-trust procedures, lawsuits and arbitration proceedings in connection with their business operations. However, RWE does not expect this to have any material negative effects on the RWE Group's economic or financial situation.

A number of shareholder compensation claims were filed by outside shareholders in connection with restructuring programmes under company law to examine the reasonability of the conversion ratios and/or the amount of the cash compensations. RWE AG assumes that the conversion ratios and cash compensations determined by appraisers and verified by auditing firms were reasonable. If a different legally enforceable decision is reached, the compensation will be carried out by making an additional cash payment to the affected shareholders, including those who are not involved in the conciliation proceedings.

€189 million in long-term securities have been deposited in a trust for RWE AG and subsidiaries to secure entitlements from the old-age part-time block model in accordance with Sec. 8a of the German Old-Age Part-Time Employment Act (AltTZG). This collateral benefits both its own employees as well as the employees of group companies.

€17 million in accounts receivable from reinsurance policies have been pledged in connection with company pension benefit obligations from deferred compensation schemes.

The co-shareholders of an affiliated company have the right to tender their shares in this company. Full exercise of this right to tender can lead to a financial obligation of €1,527 million.

In relation to a control agreement, there is an obligation to an affiliated Czech company to assume losses if certain conditions are fulfilled.

Other future – undiscounted – financial obligations from leases and rent amounted to €123 million as of 31 December 2010, of which €83 million is payable to affiliated companies.

Liabilities are not recognised for the contingent liabilities, as the underlying obligations are expected to be discharged by the parties with primary liability, and thus no outflow of resources is probable.

(11) Derivative financial instruments and valuation units

Derivative financial instruments are used to hedge currency, interest rate and price risks from foreign currency items, cash investments and financing transactions. The nominal volume of derivatives concluded with external counterparties amounts to

€24.8 billion as of the balance-sheet date. Offsetting derivatives with a nominal volume of €27.3 billion have been concluded with Group companies.

The following overview shows our derivative financial instruments as of 31 December 2010:

€ million	Nominal volume		Remaining term > 1 year		Fair value	
	External	Within the Group	External	Within the Group	External	Within the Group
Foreign currency derivatives						
Foreign exchange forwards	4,174	20,747	1,077	6,981	25	-94
Interest-rate/cross-currency swaps	16,529	6,004	3,933	2,299	246	-579
	20,703	26,751	5,010	9,280	271	-673
Interest rate derivatives	3,932	443	3,932	443	194	0
Credit derivatives	116	116	103	103	0	0
	24,751	27,310	9,045	9,826	465	-673

The fair value generally corresponds to the market value of the derivative financial instrument, if such value can be reliably determined. If the market value cannot be determined reliably, the fair value is derived from the market value of similar financial instruments or using generally accepted valuation methods, such as the discounted cash flow method and the Black-Scholes model, if options are involved.

The derivatives listed in the table are contained in valuation units described below, mainly as underlying or hedging transactions.

Within the scope of currency hedging, among other things, interest-rate/cross-currency swaps as well as matching off-setting transactions have been concluded with wholly-owned subsidiaries. RWE AG's derivative transactions concluded with banks and the respective offsetting transactions are grouped into valuation units, to avoid re-measurement gains or losses. This occurs with the use of micro hedges (i.e. clear allocation of underlying transactions and hedges). The subsidiaries use these swaps and foreign currency liabilities to hedge the prices of their foreign investments. On termination of a swap, the positive or negative market value is offset against the cost of the underlying transactions without an effect on profit or loss.

RWE AG concluded cross-currency swap transactions and combined interest-rate/cross-currency swaps to hedge its Group companies' foreign-currency receivables and liabilities (micro hedges).

Interest-rate and interest-rate/cross-currency swaps are used to hedge bonds and notes payable (micro hedges).

Furthermore, currency futures and cross-currency swaps were purchased for contractually agreed and forecast payments payable by – and individual currency risks associated with – RWE AG and Group companies. Most of them were passed on to Group companies congruently. These include both micro hedges and portfolio hedges, in which derivatives with the same currency risks are pooled together.

Credit derivatives (credit default swaps) were concluded to hedge risks of default at a subsidiary and were passed on congruently.

Changes in the market value of derivatives are offset by the corresponding offsetting changes in the market value of the existing underlying transactions. Provisions for possible losses of €38 million were formed for the negative balances of portfolio hedges, while provisions of €3 million were formed for derivatives which did not belong to a valuation unit.

Internal directives that are binding upon RWE AG and its subsidiaries define the range of action, responsibilities and controls allowable when trading with derivatives. In particular, with the exception of proprietary energy trading transactions, derivative financial instruments may only be used to hedge risks arising from underlying transactions and associated liquidity investment and financing procedures. All external counterparties have good credit ratings.

Original financial instruments which are included with the aforementioned derivative financial instruments in valuation units

(micro hedges) are shown in the following table. The amount of the hedged risks can be derived from the fair value.

€ million	Fair value		Change in fair value 2010	Of which: pertaining to transactions with remaining terms of		
	31 Dec 2010	31 Dec 2009		Up to 1 year	2 - 5 years	> 5 years
Financial receivables						
Hedged risk:						
Currency	5,397	5,422	-25	-83	-2	60
Financial liabilities						
Hedged risk:						
Currency	-4,279	-4,190	-89	17	-23	-83
Interest rates and currencies	-1,229	-1,165	-64	-1	-59	-4
Interest rates	-433	-423	-10			-10
	-5,941	-5,778	-163	16	-82	-97

Measurement gains and losses on the financial receivables and liabilities are offset by the corresponding opposing amounts from realisations and changes in the fair value of the hedging transactions. The carrying amounts of the hedged financial re-

ceivables and liabilities were €6,147 million and -€7,126 million as of the balance sheet date.

The valuation units were marked by a high level of efficiency, based on the similarity of the amounts, risks and terms involved.

Notes to the Income Statement

(12) Net income from financial assets

€ million	2010	2009
Income from profit and loss transfer agreements with affiliated companies	3,025	3,051
Income from investments in		
affiliated companies	141	1,042
other companies	36	44
	177	1,086
Expenses from profit and loss transfer agreements with affiliated companies	-260	-798
Income from other securities and loans held as financial assets	243	388
of which: from affiliated companies	(237)	(287)
Amortisation of financial assets and current securities	-1	-65
	3,184	3,662

(13) Net interest

€ million	2010	2009
Other interest and similar income	624	409
of which: from affiliated companies	(73)	(130)
Interest and similar expenses	-1,305	-1,500
of which: from affiliated companies	(-1,082)	(-1,180)
of which: from the discounting of other provisions	(-19)	(-42)
	-681	-1,091

During the reporting period, the expense for the discounting of pension provisions (€11 million) was netted for the first time against the increase in fair value and other expenses and in-

come of the special-purpose funds (€344 million) for pension obligations. The resulting balance is reported in other interest and similar income and is shown in the following summary:

€ million	2010
Netted expenses	
Amortisation of financial assets and current securities	-6
Interest and similar expenses	-11
	-17
Netted income	
Income from investments	1
Other operating income	249
Income from other securities and loans held as financial assets	100
	350
Balance from netting expenses and income as reported in other interest and similar income	333

(14) Other operating income

Other operating income mainly consists of income from intra-group tax allocations. It also includes income from the release

of provisions. Currency translations resulted in income of €6 million.

(15) Staff costs

€ million	2010	2009
Wages and salaries	-124	-118
Cost of social security, pensions and other benefits	-9	-51
of which: for pensions		(-39)
	-133	-169

Expenses for pensions amount to a small sum, consisting – for the first time – primarily of the service cost component of the additions to provisions for pensions, while the interest component is reported in net interest.

Annual average full time equivalents	2010	2009
Salaried staff	801	661
of which: part-time and fixed-term employees	(82)	(73)
Apprentices	11	10
	812	671

(16) Other operating expenses

Other operating expenses primarily concern expenses associated with the interest share credited to the RWE Group's divisional management companies for the pension provisions reported on RWE AG's balance sheet and administrative expenses. This item also includes other taxes.

(17) Extraordinary result

Pursuant to Sec. 67, Para. 7 of EGHGB, expenses and income resulting from the first-time application of BilMoG are to be reported as extraordinary expenses or extraordinary income. First-time measurement of the special-purpose funds at fair value resulted in extraordinary income of €42 million. Extraordinary expenses amounted to €41 million, after exercise of the option to accrue the difference from the measurement of pension obligations.

(18) Taxes on income

Taxes on income primarily relate to the fiscal year and prior years.

Due to the various measurement approaches for plant and equipment in terms of commercial and tax law at the subsidiaries, deferred tax liabilities occur at the tax group. These deferred tax liabilities are significantly overcompensated by the deferred tax assets on provisions on impending losses which are not taken into consideration for tax purposes and measurement differences in relation to pension provisions. Measurement of the deferred taxes is based on a tax rate of 31.23%

Other disclosures

Information on the members of the Supervisory Board and Executive Board pursuant to Sec. 285, No. 10 of the German Commercial Code (HGB) is provided on pages 24 to 28.

The Executive and Supervisory Boards have issued the declaration regarding the German Corporate Governance Code pursuant to Sec. 161 of the German Stock Corporation Act (AktG) and made it permanently accessible to the shareholders on RWE AG's website (www.rwe.com).

The principles of the compensation system and the amount of compensation for the Executive and Supervisory Boards are presented in the compensation report. The compensation report is part of the combined review of operations.

In total, the Executive Board received €16,608 thousand in short-term compensation components in fiscal 2010. In addition to this, long-term compensation components from the 2010 tranche of the Beat programme amounting to €3,750 thousand were allocated (144,455 performance shares). Total compensation of the Executive Board for fiscal 2010 thus amounts to €20,358 thousand.

The fixed remuneration paid to members of the Supervisory Board was €1,177 thousand, and the variable remuneration amounted to €2,257 thousand.

During the period under review, no loans or advances were granted to members of the Executive or Supervisory Boards, with the exception of an advance of €1 thousand for travel expenses granted to an employee representative on the Supervi-

sory Board. One employee representative on the Supervisory Board has an outstanding loan of €11 thousand from the period before his membership of the Board.

Former members of the Executive Board of RWE AG and their surviving dependants received €4,307 thousand. This includes €1,842 thousand in long-term incentive components. €21,817 thousand in provisions have been made to cover pension obligations to former members of the Executive Board and their surviving dependants.

As of the balance-sheet date, the Executive Board held 76,405 performance shares from the 2008 tranche of the long-term incentive plan (Beat), 251,468 performance shares from the 2009 tranche and 115,564 performance shares from the 2010 tranche. The long-term incentive plan is described in detail in the section on equity.

On 3 September 2010, BlackRock, Inc., New York, USA, BlackRock Financial Management, Inc., New York, USA, and BlackRock Holdco 2, Inc., Wilmington, Delaware, USA, informed us of the following in accordance with Sec. 21 of the German Securities Trading Act (WpHG):

- BlackRock, Inc.'s share of voting rights fell below the threshold of 3% on 31 August 2010 and amounted to 2.75% on that day. Pursuant to Sec. 22 of WpHG, all of these voting rights are allocable to BlackRock, Inc.
- BlackRock Financial Management, Inc.'s share of voting rights fell below the threshold of 3% on 31 August 2010 and amounted to 2.59% on that day. Pursuant to Sec. 22 of WpHG, all of these voting rights are allocable to BlackRock Financial Management, Inc.

- BlackRock Holdco 2, Inc.'s share of voting rights fell below the threshold of 3% on 31 August 2010 and amounted to 2.59% on that day. Pursuant to Sec. 22 of WpHG, all of these voting rights are allocable to BlackRock Holdco 2, Inc.

On 10 September 2010, BlackRock, Inc., New York, USA, BlackRock Financial Management, Inc., New York, USA, and BlackRock Holdco 2, Inc., Wilmington, Delaware, USA, informed us of the following in accordance with Sec. 21 of the German Securities Trading Act (WpHG):

- BlackRock, Inc.'s share of voting rights exceeded the threshold of 3% on 6 September 2010 and amounted to 3.69% on that day. Pursuant to Sec. 22 of WpHG, all of these voting rights are allocable to BlackRock, Inc.
- BlackRock Financial Management, Inc.'s share of voting rights exceeded the threshold of 3% on 6 September 2010 and amounted to 3.52% on that day. Pursuant to Sec. 22 of WpHG, all of these voting rights are allocable to BlackRock Financial Management, Inc.
- BlackRock Holdco 2, Inc.'s share of voting rights exceeded the threshold of 3% on 6 September 2010 and amounted to 3.52% on that day. Pursuant to Sec. 22 of WpHG, all of these voting rights are allocable to BlackRock Holdco 2, Inc.

The following fees were recognised as expenses for services rendered in fiscal 2010 by the auditor of the financial state-

ments, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft:

€ million	2010	2009
Audit services	0.6	0.8
Other assurance services	4.6	4.0
Other services		0.1
	5.2	4.9

The fees for audit services consist of the fees for the legally required audit of the financial statements of the parent company (RWE AG) and of the RWE Group, insofar as these are directly borne by RWE AG. Fees for other assurance services related principally to the audit-like review of the interim Group financial statements of RWE AG. This item also includes consulting services relating to, and the audit of, the implementation of group-wide accounting principles and ongoing or planned transactions and other special audits. This item also includes fees for the audit of the internal controlling system and, above all, of IT systems as well as expenses incurred in connection with statutory regulations and court orders.

As of the balance-sheet date, RWE AG held ownership interests of more than 10% in the following investment assets:

	Carrying amount 31 Dec 2010 € million	Fair value 31 Dec 2010 € million	Dividends € million	Option of daily redemption	Write-downs not performed
Investment goal					
Real estate funds	166	166	3	No	No
Mixed funds	2,588	2,588	97	Yes	No

The investment focus of the real estate funds is restricted exclusively to European office and commercial retail property. The mixed funds primarily contain international equity and bond funds. The contractual conditions allow for redemption on a quarterly basis for the real estate funds.

Dividend proposal

Distributable profit developed as follows:

Net profit	€2,520,741,028.56
Profit carried forward from the previous year	€52,782.63
Transfer to retained earnings	€653,300,000.00
Distributable profit	€1,867,493,811.19

We propose to the Annual General Meeting that RWE AG's distributable profit for fiscal 2010 be appropriated as follows:

Distribution of a dividend of €3.50 per individual dividend-bearing share:

Dividend	€1,867,454,844.50
Profit carryforward	€38,966.69
Distributable profit	€1,867,493,811.19

The dividend proposal takes into account the non-dividend-bearing shares held by the company as of 31 December 2010. The number of dividend-bearing shares may decline before the Annual General Meeting if further own shares are purchased. Conversely, the number of dividend-bearing shares may rise if own shares are sold prior to the Annual General Meeting. In these cases, based on an unchanged dividend per dividend-bearing share, an adjusted proposal for the appropriation of the distributable profit will be made to the Annual General Meeting, in which the total amount of the appropriation is reduced by the partial amount that would be distributable for the own shares additionally purchased between 1 January 2011 and the date of the proposal for the appropriation of distributable profit and is increased by the partial amount that is distributable for the own shares sold between 1 January 2011 and the date of the proposal for the appropriation of distributable profit. The profit carryforward will increase or decline by these partial amounts.

Essen, 11 February 2011

The Executive Board



Großmann



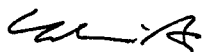
Birnbaum



Fitting



Pohl



Schmitz

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the review of operations includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Essen, 11 February 2011

The Executive Board



Großmann



Birnbaum



Fitting



Pohlig



Schmitz

Auditor's report

We have audited the consolidated financial statements prepared by the RWE Aktiengesellschaft, Essen, comprising the income statement and statement of recognised income and expenses, balance sheet, cash flow statement, statement of changes in equity and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the RWE Aktiengesellschaft, Essen, for the business year from 1 January to 31 December 2010. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the parent Company's Executive Board. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standards on Auditing (ISA). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the

evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Executive Board, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Essen, 14 February 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Manfred Wiegand
(German Public Auditor)

Markus Dittmann
(German Public Auditor)

MATERIAL INVESTMENTS

As of 31 December 2010

I. Affiliates	Investment in acc. with Sec. 16 of the German Stock Corporation Act %	Equity of the last fiscal year € '000	Net income/ loss of the last fiscal year € '000	Revenue 2010 € million	Employees ² 2010 average
RWE Aktiengesellschaft, Essen		8,146,208	2,520,741	-	801
Power Generation, Germany					
RWE Power Aktiengesellschaft, Cologne and Essen	100	3,476,964	- ¹	10,886	13,560
Kernkraftwerke Lippe-Ems GmbH, Lingen (Ems)	99	432,269	- ¹	433	329
Kernkraftwerk Gundremmingen GmbH, Gundremmingen	75	84,184	8,343	295	743
Rheinbraun Brennstoff GmbH, Cologne	100	63,316	- ¹	611	168
Sales and Distribution Networks, Germany					
Emscher Lippe Energie GmbH, Gelsenkirchen	79	77,955	23,301	501	642
Energis GmbH, Saarbrücken	64	140,934	26,867	385	299
envia Mitteldeutsche Energie AG, Chemnitz	59	1,200,692	276,468	3,097	2,085
envia Netzservice GmbH, Kabelsketal	100	4,046	- ¹	406	13
envia Verteilnetz GmbH, Halle (Saale)	100	24	- ¹	1,883	5
eprimo GmbH, Neu-Isenburg	100	4,600	- ¹	498	93
EWV Energie- und Wasser-Versorgung GmbH, Stolberg	54	39,539	13,586	346	382
Koblenzer Elektrizitätswerk und Verkehrs-Aktiengesellschaft, Koblenz	58	78,542	15,273	451	492
Lechwerke AG, Augsburg	90	385,369	70,903	1,388	1,102
LEW Verteilnetz GmbH, Augsburg	100	4,816	- ¹	814	100
MITGAS Mitteldeutsche Gasversorgung GmbH, Halle (Saale)	75	134,041	40,255	713	331
rhenag Rheinische Energie Aktiengesellschaft, Cologne	67	272,158	158,093	254	341
RWE Beteiligungsgesellschaft mbH, Essen	100	7,820,490	- ¹	-	-
RWE Deutschland Aktiengesellschaft, Essen	100	504,974	- ¹	1,886	4,906
RWE Effizienz GmbH, Dortmund	100	25	- ¹	5	83
RWE Gasspeicher GmbH, Dortmund	100	115,426	- ¹	135	49
RWE Kundenservice GmbH, Bochum	100	25	- ¹	246	14
RWE Rhein-Ruhr Netzservice GmbH, Siegen	100	25	- ¹	789	26
RWE Rhein-Ruhr Verteilnetz GmbH, Wesel	100	25	- ¹	2,312	222
RWE Vertrieb Aktiengesellschaft, Dortmund	100	11,002	- ¹	12,574	2,044
RWE Westfalen-Weser-Ems Netzservice GmbH, Dortmund	100	25	- ¹	675	19
RWE Westfalen-Weser-Ems Verteilnetz GmbH, Recklinghausen	100	25	- ¹	1,914	183
RWW Rheinisch-Westfälische Wasserwerksgesellschaft mbH, Mülheim an der Ruhr	80	75,730	10,267	106	403
Stadtwerke Düren GmbH, Düren	75	23,345	2,614	150	221
Süwag Energie AG, Frankfurt am Main	78	347,675	82,300	1,657	1,197
Süwag Netz GmbH, Frankfurt am Main	100	961	- ¹	576	274
VSE Aktiengesellschaft, Saarbrücken	69	159,255	28,766	456	321
Netherlands/Belgium					
RWE Benelux Holding B.V., 's-Hertogenbosch/Netherlands	100	3,709,689	-112,679	-	-
Essent Energie Productie B.V., 's-Hertogenbosch/Netherlands	100	599,732	-16,118	-	518
Essent Energie Verkoop Nederland B.V., 's-Hertogenbosch/Netherlands	100	82,757	24,135	1,146	172
Essent Retail Energie B.V., 's-Hertogenbosch/Netherlands	100	65,552	50,552	2,847	914
RWE Energy Nederland N.V., Hoofddorp/Netherlands	100	50,330	12,984	1,539	32

1 Profit- and loss-pooling agreement

2 Converted to full-time positions

I. Affiliates	Investment in acc. with Sec. 16 of the German Stock Corporation Act %	Equity of the last fiscal year € '000	Net income/ loss of the last fiscal year € '000	Revenue 2010 € million	Employees ¹ 2010 average
United Kingdom					
RWE Npower Holdings plc, Swindon/United Kingdom ²	100	61,272	-374,895	7,770	11,908
Central Eastern and South Eastern Europe					
Budapesti Elektromos Művek Nyrt. (ELMÜ), Budapest/Hungary	55	929,519	27,068	832	354
ELMÜ Hálózati Elosztó Kft., Budapest/Hungary	100	977,568	37,201	377	228
ÉMÁSZ Hálózati Kft., Budapest/Hungary	100	318,160	14,027	155	125
Észak-magyarországi Áramszolgáltató Nyrt. (ÉMÁSZ), Miskolc/Hungary	54	327,131	19,928	309	116
Jihomoravská plynárenská, a.s., Brno/Czech Republic	50	328,653	74,793	675	711
JMP Net, s.r.o., Brno/Czech Republic	100	433,148	49,806	150	45
Mátrai Erőmű Zártkörűen Működő Részvénytársaság (MÁTRA), Visonta/Hungary	51	309,034	71,715	352	2,407
NET4GAS, s.r.o., Prague/Czech Republic	100	2,119,563	198,936	404	521
RWE & Turcas Güney Elektrik Üretim A.S., Ankara/Turkey	70	130,309	-1,024	-	-
RWE Energie, a.s., Ústí nad Labem/Czech Republic	100	381,092	119,851	796	28
RWE Gas International B.V., Hoofddorp/Netherlands	100	4,389,763	775,287	-	-
RWE GasNet, s.r.o., Ústí nad Labem/Czech Republic	100	581,831	87,885	217	200
RWE Gas Storage, s.r.o., Prague/Czech Republic	100	600,468	53,112	155	223
RWE Polska S.A., Warsaw/Poland	100	522,916	42,293	700	608
RWE Stoen Operator Sp. z o.o., Warsaw/Poland	100	670,597	9,165	220	584
RWE Transgas, a.s., Prague/Czech Republic	100	3,070,682	-192,336	4,683	308
Severomoravská plynárenská, a.s., Ostrava/Czech Republic	68	230,836	66,608	490	19
SMP Net, s.r.o., Ostrava/Czech Republic	100	291,307	46,688	121	-
VCP Net, s.r.o., Hradec Králové/Czech Republic	100	217,374	27,253	72	-
Východočeská plynárenská, a.s., Hradec Králové/Czech Republic	67	152,041	40,776	294	49
Renewables					
RWE Innogy GmbH, Essen	100	514,583	- ³	123	267
Agrupació Energías Renovables, S.A.U., Barcelona/Spain					
AERSA-Group ² with 9 subsidiaries in Spain	100	293,897	287	79	36
RWE Innogy Cogen GmbH, Dortmund	100	54,813	- ³	78	171
RWE Npower Renewables Ltd., Swindon/United Kingdom	100	452,547	-24,662	20	341
Upstream Gas & Oil					
RWE Dea AG, Hamburg	100	1,407,378	- ³	808	989
RWE Dea Norge AS, Oslo/Norway	100	160,130	36,336	306	61
RWE Dea Suez GmbH, Hamburg	100	87,226	- ³	213	133
Trading/Gas Midstream					
RWE Supply & Trading GmbH, Essen	100	426,294	- ³	26,308	1,146
RWE Supply & Trading Netherlands B.V., Eindhoven/Netherlands	100	1,870,231	-57,561	4,742	74
RWE Supply & Trading Switzerland S.A., Geneva/Switzerland	100	373,941	-43,874	842	193
Other subsidiaries					
Amprion GmbH, Dortmund	100	613,025	118,527	6,439	797
RWE Finance B.V., 's-Hertogenbosch/Netherlands	100	9,749	2,441	-	-
RWE Service GmbH, Dortmund	100	248,451	- ³	2,303	1,395

1 Converted to full-time positions

2 Figures from the Group's consolidated financial statements

3 Profit and loss-pooling agreement

II. Companies accounted for using the equity method	Investment in acc. with Sec. 16 of the German Stock Corporation Act %	Equity of the last fiscal year €'000	Net income/loss of the last fiscal year €'000
Power Generation, Germany			
Grosskraftwerk Mannheim Aktiengesellschaft, Mannheim	40	114,141	6,647
Sales and Distribution Networks, Germany			
AVU Aktiengesellschaft für Versorgungs-Unternehmen, Gevelsberg	50	117,176	12,672
Dortmunder Energie- und Wasserversorgung GmbH (DEW 21), Dortmund	47	157,589	23,741
Enovos International S.A., Luxembourg/Luxembourg	20	469,083	140,541
Kärntner Energieholding Beteiligungs GmbH, Klagenfurt/Austria ¹	49	543,739	49,686
KEW Kommunale Energie- und Wasserversorgung AG, Neunkirchen	29	71,803	9,165
Niederrheinische Versorgung und Verkehr Aktiengesellschaft, Mönchengladbach ¹	50	471,315	42,250
Pfalzwerke Aktiengesellschaft, Ludwigshafen	27	194,732	17,763
Regionalgas Euskirchen GmbH & Co. KG, Euskirchen	43	53,482	11,381
RheinEnergie AG, Cologne	20	564,045	184,476
RWE-Veolia Berlinwasser Beteiligungs GmbH, Berlin	50	305,559	87,167
Stadtwerke Duisburg Aktiengesellschaft, Duisburg	20	154,409	40,733
Stadtwerke Essen Aktiengesellschaft, Essen	29	117,257	22,568
Stadtwerke Remscheid GmbH, Remscheid	25	113,503	5,767
Stadtwerke Velbert GmbH, Velbert	50	76,466	8,312
Südwestfalen Energie und Wasser AG, Hagen	19	287,283	20,272
Zagrebačke Otpadne Vode d.o.o., Zagreb/Croatia	49	123,559	11,529
Central Eastern and South Eastern Europe			
Fővárosi Gázművek Zrt., Budapest/Hungary	50	136,888	16,717
TIGÁZ Tiszántúli Gázszolgáltató Zrt., Hajdúszoboszló/Hungary	44	508,633	-9,481
Východoslovenská energetika a.s., Košice/Slovakia	49	672,621	54,344
Renewables			
Fri-El S.p.A., Bolzano/Italy ¹	50	16,622	-1,421
Greater Gabbard Offshore Winds Limited, Reading/United Kingdom	50	40	89
Zephyr Investments Limited, Swindon/United Kingdom ¹	33	-12,234	-4,265
Trading/Gas Midstream			
Excelerate Energy LP, The Woodlands/Texas/USA ¹	50	310,220	-183,626

¹ Figures from the Group's consolidated financial statements

BOARDS

As of 11 February 2011

Supervisory Board¹

Dr. Manfred Schneider

Leverkusen

Chairman

Year of birth: 1938

Member since: 10 December 1992

Other appointments:

- Bayer AG (Chairman)
- Daimler AG
- Linde AG (Chairman)

Frank Bsirske²

Berlin

Deputy Chairman

Chairman of ver.di Vereinte Dienstleistungsgewerkschaft

Year of birth: 1952

Member since: 9 January 2001

Other appointments:

- Deutsche Lufthansa AG
- IBM Central Holding GmbH
- Deutsche Postbank AG
- KfW Bankengruppe

Dr. Paul Achleitner

Munich

Member of the Board of Management of

Allianz SE

Year of birth: 1956

Member since: 16 March 2000

Other appointments:

- Allianz Global Investors AG
- Bayer AG
- Daimler AG
- Allianz Investment Management SE (Chairman)

Werner Bischoff²

Monheim am Rhein

Former member of the Main Executive Board of IG Bergbau, Chemie, Energie

Year of birth: 1947

Member since: 13 April 2006

Other appointments:

- Continental AG
- Evonik-Degussa GmbH
- Evonik Industries AG
- RWE Dea AG
- RWE Power AG
- THS TreuHandStelle für Bergmannswohnstätten im rheinisch-westfälischen Steinkohlenbezirk GmbH (Chairman)

Carl-Ludwig von Boehm-Bezing

Bad Soden

Former member of the Board of Management of

Deutsche Bank AG

Year of birth: 1940

Member since: 11 December 1997

Heinz Büchel²

Trier

Chairman of the General Works Council of RWE Deutschland AG

Year of birth: 1956

Member since: 13 April 2006

Dieter Faust²

Eschweiler

Chairman of the General Works Council of RWE Power AG

Year of birth: 1958

Member since: 1 August 2005

Other appointments:

- RWE Power AG

Dr. Thomas R. Fischer³

Berlin

Year of birth: 1947

Member until: 31 January 2010

▪ Member of other mandatory supervisory boards.
- Member of comparable domestic and foreign supervisory bodies of commercial enterprises.

1 The terms of all members end with effect from the end of the Annual General Meeting on 20 April 2011.

2 Employee representative.

3 Information valid as of the date of retirement from the Supervisory Board.

Andreas Henrich²

Mülheim an der Ruhr

Head of HR Management at RWE Deutschland AG

Year of birth: 1956

Member since: 1 April 2008

Other appointments:

- ELE Emscher Lippe Energie GmbH
- RWE Deutschland AG

Heinz-Eberhard Holl³

Osnabrück

Former Chief Administrative Officer, Osnabrück Rural District

Year of birth: 1940

Member until: 31 January 2010

Other appointments:

- Georgsmarienhütte GmbH
- Georgsmarienhütte Holding GmbH

Frithjof Kühn

Siegburg

Chief Administrative Officer, Rhein Sieg Rural District

Year of birth: 1943

Member since: 1 February 2010

Other appointments:

- RW Holding AG (Chairman)
- Kreissparkasse Köln

Hans Peter Lafos²

Bergheim

Regional District Sector Head, Utilities and Disposal (Sector 2), ver.di Vereinte Dienstleistungsgewerkschaft, District of NRW

Year of birth: 1954

Member since: 28 October 2009

Other appointments:

- GEW Köln AG
- RWE Power AG
- RWE Vertrieb AG

Dr. Gerhard Langemeyer

Dortmund

Former Mayor of the City of Dortmund

Year of birth: 1944

Member since: 4 January 2001

Dagmar Mühlenfeld

Mülheim an der Ruhr

Mayor of the City of Mülheim an der Ruhr

Year of birth: 1951

Member since: 4 January 2005

Other appointments:

- Beteiligungsholding Mülheim an der Ruhr GmbH
- Flughafen Essen/Mülheim GmbH (Chairwoman)
- medl GmbH (Chairwoman)
- Mülheim & Business GmbH (Chairwoman)
- Ruhrbania Projektentwicklungsgesellschaft mbH (Chairwoman)

Dr. Wolfgang Reiniger

Essen

Lawyer

Year of birth: 1944

Member since: 4 January 2001

Günter Reppien²

Lingen

Former Chairman of the General Works Council of RWE Power AG

Year of birth: 1951

Member since: 9 January 2001

Other appointments:

- RWE Power AG
- Stadtwerke Lingen GmbH

Dagmar Schmeer²

Saarbrücken

Chairwoman of the Works Council of VSE AG

Year of birth: 1967

Member since: 9 August 2006

Other appointments:

- VSE AG

▪ Member of other mandatory supervisory boards.
- Member of comparable domestic and foreign supervisory bodies of commercial enterprises.

1 The terms of all members end with effect from the end of the Annual General Meeting on 20 April 2011.

2 Employee representative.

3 Information valid as of the date of retirement from the Supervisory Board.

Dr.-Ing. Ekkehard D. Schulz

Krefeld

Member of the Supervisory Board of ThyssenKrupp AG

Year of birth: 1941

Member since: 13 April 2006

Other appointments:

- AXA Konzern AG
- Bayer AG
- MAN SE
- ThyssenKrupp Elevator AG (Chairman)
 - until 21 January 2011 –
- ThyssenKrupp Steel Europe AG (Chairman)
 - until 21 January 2011 –

Dr. Wolfgang Schüssel

Vienna

Former Federal Chancellor

Year of birth: 1945

Member since: 1 March 2010

Other appointments:

- Bertelsmann Stiftung

Uwe Tigges²

Bochum

Chairman of the Group Works Council of RWE AG

Year of birth: 1960

Member since: 1 December 2003

Other appointments:

- RWE Vertrieb AG

Manfred Weber²

Wietze

Chairman of the General Works Council of RWE Dea AG

Year of birth: 1947

Member since: 1 December 2008

Other appointments:

- RWE Dea AG

Dr. Dieter Zetsche

Stuttgart

Chairman of the Executive Board of Daimler AG

Year of birth: 1953

Member since: 16 July 2009

Supervisory Board Committees

Executive Committee of the Supervisory Board

Dr. Manfred Schneider (Chairman)

Frank Bsirske

Dr. Paul Achleitner

Heinz Büchel

Dieter Faust

Dagmar Mühlenfeld

Dagmar Schmeer

Dr.-Ing. Ekkehard D. Schulz

Mediation Committee in accordance with Sec. 27, Para. 3 of the German Co-Determination Act (MitbestG)

Dr. Manfred Schneider (Chairman)

Frank Bsirske

Werner Bischoff

Dr.-Ing. Ekkehard D. Schulz

Personnel Affairs Committee

Dr. Manfred Schneider (Chairman)

Frank Bsirske

Dr. Paul Achleitner

Heinz-Eberhard Holl – until 31 January 2010 –

Frithjof Kühn – since 1 February 2010 –

Günter Reppien

Uwe Tigges

Audit Committee

Carl-Ludwig von Boehm-Bezing (Chairman)

Werner Bischoff

Dr. Gerhard Langemeyer

Günter Reppien

Dr.-Ing. Ekkehard D. Schulz

Uwe Tigges

Nomination Committee

Dr. Manfred Schneider (Chairman)

Dr. Paul Achleitner

Heinz-Eberhard Holl – until 31 January 2010 –

Frithjof Kühn – since 1 February 2010 –

▪ Member of other mandatory supervisory boards.
- Member of comparable domestic and foreign supervisory bodies of commercial enterprises.

2 Employee representative.

Executive Board

Dr. Jürgen Großmann

President and CEO of RWE AG,
appointed until 30 September 2012

Born in 1952 in Mülheim an der Ruhr; studied ferrous metallurgy and economics, doctorate in ferrous metallurgy; active within the Klöckner Group from 1980 to 1993, exiting as member of the Executive Board of Klöckner-Werke AG; acquired Georgsmarienhütte in 1993; Owner and Managing Director of Georgsmarienhütte Holding GmbH from 1993 to 2006; joined RWE AG as President and CEO with effect from 1 October 2007.

Group-level responsibilities: Public Affairs/Energy Politics, Compliance/Management Board Office, Communication, Executive Management and Audit.

Other appointments:

- BATIG Gesellschaft für Beteiligungen mbH
- British American Tobacco (Industrie) GmbH
- British American Tobacco (Germany) GmbH
- Deutsche Bahn AG
- SURTECO SE (Chairman)
- Volkswagen AG
- Hanover Acceptances Limited

Dr. Leonhard Birnbaum

Executive Vice-President of RWE AG,
appointed until 30 September 2013

Born in 1967 in Ludwigshafen am Rhein; doctorate in chemical engineering; consultant at McKinsey & Company Inc. from 1996 to 2008; promoted to partner (principal) in 2000 and to senior partner (director) at McKinsey in 2006, exiting as member of McKinsey's global management team for the energy sector; joined RWE AG as Head of Corporate Strategy and Business Development with effect from 7 April 2008; Executive Vice-President since 1 October 2008; Chief Strategy Officer of RWE AG from January 2009 to September 2010; Chief Commercial Officer of RWE AG since 1 October 2010.

Group-level responsibilities: Commodity Management, Strategy, Mergers & Acquisitions and Research & Development.

Other appointments:

- RWE Dea AG (Chairman)
- RWE Supply & Trading GmbH
- RWE Turkey Holding A.S.

Alwin Fitting

Executive Vice-President of RWE AG,
appointed until 31 March 2013

Born in 1953 in Westhofen (Rhine-Hesse); joined the RWE Group in 1974; trained master electrician; Executive Vice-President and Labour Director of RWE Power AG from October 2000 to July 2005; Executive Vice-President and Labour Director of RWE AG since August 2005.

Group-level responsibilities: Security, HR Management & Labour Law, Diversity Office and Corporate Responsibility/ Environmental Protection.

Other appointments:

- Amprion GmbH
- RWE IT GmbH (Chairman)
- RWE Pensionsfonds AG
- RWE Service GmbH (Chairman)

Dr. Ulrich Jobs¹

Executive Vice-President of RWE AG,
until 30 September 2010

Born in 1953 in Herne; holds a diploma in engineering and a doctorate in mining/mine engineering; joined the RWE Group in 1977; Executive Vice-President of RWE AG since April 2007; concurrently CEO of RWE Power AG from May 2007 to February 2008; Chief Operating Officer of RWE AG from April 2008 to April 2009; Chief Operating Officer International of RWE AG from May 2009 to September 2010.

Other appointments:

- Deutsche Steinkohle Aktiengesellschaft
- RAG AG
- RWE Dea AG (Chairman)
- ELMÜ Nyrt. (Chairman)
- EMASZ Nyrt. (Chairman)
- Essent N.V.
- Mátrai Kraftwerk G.AG (Chairman)
- NET4GAS, s.r.o.
- RWE Npower Holdings plc (Chairman)
- RWE Polska Spółka Akcyjna (Chairman)
- RWE Supply & Trading GmbH (Chairman)
- RWE Transgas, a.s. (Chairman)
- RWE Turkey Holding A.S.
- Východoslovenská energetika, a.s.

▪ Member of other mandatory supervisory boards.
- Member of comparable domestic and foreign supervisory bodies of commercial enterprises.

¹ Information valid as of the date of retirement from the Executive Board.

Dr. Rolf Pohlig

Executive Vice-President of RWE AG,
appointed until 31 December 2011

Born in 1952 in Solingen; doctorate in economics; Executive Vice-President Finance and Accounting of VEBA AG from 1993 to 2000; Executive Vice-President Mergers & Acquisitions of E.ON AG from 2000 to 2006; joined the RWE Group in January 2007 as Executive Vice-President; Chief Financial Officer of RWE AG since May 2007.

Group-level responsibilities: Controlling/Organisational Efficiency, Finance, Investor Relations, Legal/Board Affairs, Accounting and Tax.

Other appointments:

- RWE Dea AG
- RWE Pensionsfonds AG (Chairman)
- RWE Power AG
- RWE Deutschland AG
- Essent N.V.
- RWE Transgas, a.s.

Dr. Rolf Martin Schmitz

Executive Vice-President of RWE AG,
appointed until 30 April 2014

Born in 1957 in Mönchengladbach; doctorate in engineering; i.a. in charge of corporate development and economic policy at VEBA AG from 1988 to 1998; Executive Vice-President of rhenag Rheinische Energie AG, Cologne, from 1998 to 2001; Member of the Board of Management of Thüga AG from 2000 to 2004; Chairman of the Board of Directors of E.ON Kraftwerke GmbH from 2004 to 2005; Chairman of the Executive Board of RheinEnergie AG and Managing Director of Stadtwerke Köln from 2006 to 2009; Chief Operating Officer National of RWE AG from May 2009 to September 2010; since 1 October 2010 Chief Operating Officer of RWE AG.

Group-level responsibilities: Participation Management, Municipalities and Generation/Networks/Sales Coordination.

Other appointments:

- envia Mitteldeutsche Energie AG
- Lechwerke AG (Chairman)
- RWE Power AG (Chairman)
- RWE Deutschland AG (Chairman)
- Süwag Energie AG (Chairman)
- Essent N.V.
- KELAG-Kärntner Elektrizitäts-AG
- RWE Transgas, a.s.
- RWE Turkey Holding A.S.

▪ Member of other mandatory supervisory boards.
- Member of comparable domestic and foreign supervisory bodies of commercial enterprises.

IMPRINT

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the German Investor Relations Association.



FINANCIAL CALENDAR 2011/2012

20 April 2011	Annual General Meeting
21 April 2011	Dividend payment
12 May 2011	Interim report for the first quarter of 2011
11 August 2011	Interim report for the first half of 2011
10 November 2011	Interim report for the first three quarters of 2011
6 March 2012	Annual report for fiscal 2011
19 April 2012	Annual General Meeting
20 April 2012	Dividend payment
10 May 2012	Interim report for the first quarter of 2012
14 August 2012	Interim report for the first half of 2012
14 November 2012	Interim report for the first three quarters of 2012

The Annual General Meeting and all events concerning the publication of the financial reports are broadcast live on the internet and recorded. We will keep the recordings on our website for at least twelve month.

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